



The Watershed

The Latest Happenings in Indiana's State Revolving Fund Loan Programs

Spring 2020

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**New Vactor Truck at
Fall Creek Regional Waste District**

Message from the Director

The past year has brought exciting developments to the Indiana Finance Authority's State Revolving Fund (SRF) Loan Programs, as we both strengthen existing and develop new partnerships with Indiana communities. To better serve Program Participants, SRF has introduced new programs, such as the Flood Control Program; new incentives, including the Lead Line Incentive; and new financing opportunities, including extended term financing options as well as adding an additional quarter to complete traditional financings.

Together, these ideas, along with other new topics included in this newsletter, such as new PER Submission Dates, and news regarding Regional Meetings and Water Loss Audits, set the stage for what will be an exciting year of new initiatives for the SRF Loan Programs to continue to better serve the water infrastructure financing needs for Indiana.

As we all know, we are living in unprecedented times. Most offices are closed and employees are adjusting to working from home. With the Governor's latest directive, State employees have been asked to do the same. Please know that our SRF Program staff will endeavor to provide the same level of service that you are accustomed to during what we all hope is a temporary period of time. However, there may be some minor delays or other accommodations that will be requested. We appreciate your flexibility and we certainly will try to afford the same.

Bill Harkins



New PER Submission Dates

To assist the Indiana Finance Authority (IFA) to of more evenly distribute financings throughout the State Fiscal Year (SFY), the IFA is implementing a new Preliminary Engineering Reports (PERs) submission schedule. This new schedule will allow Participants the opportunity to better prepare to complete financings in the 1st Quarter of a SFY (July 1 – September 30).

Effective immediately, SRF will give priority to communities that voluntarily submit PERs on or before May 1, 2020, by providing additional points to its score. Note: the official deadline to submit PERs for inclusion on SRF's Project Priority List (PPL) for SFY 2021 remains June 15, 2020.

Beginning in SFY 2022 (July 1, 2021 – June 30, 2022), the deadline for submittal of PERs to be included on the SRF PPL, will be May 1, 2021.

To schedule a financing in a given Quarter, the municipal advisor representing the SRF borrower must contact Bill Harkins, SRF Programs Director, and provide in writing a commitment to complete a financing in the desired quarter (see Municipal Advisor Commitment Letter Template, linked below).

For the Official Program Memo and Municipal Advisor Commitment Letter Template, please visit the Items of Interest section at <https://www.in.gov/ifa/2335.htm>, or visit the links below:

<https://www.in.gov/ifa/srf/index.htm>

Census Data Site is Changing

The American Fact Finder site, previously used to navigate ACS and Census data, will be taken offline on March 31, 2020. All census data will now be available through the US Census Bureau's new platform data.census.gov.

Dun & Bradstreet (DUNS) Numbers

The Federal Government is phasing out the use of the DUNS number as an entity identifier for applicants. Beginning in calendar year 2021, entities will be required to secure a Unique Entity Identifier (UEI) through the System for Award Management (SAM.gov) in order to receive funding through federal programs. This change will streamline the registration in SAM.gov by eliminating the additional step of securing a DUNS number prior to registration.

The UEI will be assigned automatically to any entity with an active record in SAM.gov and no additional actions will be required.



Asset Management Program

On July 1, 2018, the Indiana General Assembly codified asset management planning priorities into law for Participants of Indiana’s State Revolving Fund Loan Programs (SRF), with the purpose of ensuring the long-term sustainability of the water and wastewater systems across the State. Indiana Code 5-1.2-10-16 requires a Participant that receives a loan or other financial assistance from the SRF to certify that the Participant has demonstrated it has the financial, managerial, technical and legal capability to operate and maintain its water or wastewater distribution/collection and treatment system.

The Indiana Finance Authority (Authority) awarded grants to qualifying SRF Participants to assist with the development of the Asset Management Programs (AMPs). To date, the Authority has awarded 47 grants for a total of \$1,175,000 to assist Participants with the development of Asset Management Programs.

It is important to note that the AMP guidance is inclusive of the requirements for a Fiscal Sustainability Plan for SRF financed projects. One document should meet both requirements and two separate documents is not necessary. SRF previously required borrowers financing wastewater projects to provide both an FSP and an AMP certification. Effective July 1, 2019, borrowers financing drinking water and/or wastewater projects will only be required to submit one certification which is modified to include the requirements of the AMP and FSP.

For more information, including the certification, checklist and guidance, please visit SRF’s website: <https://www.in.gov/ifa/srf/2376.htm>. For questions related the Asset Management Program requirements, please contact Camille Meiners at 317-234-3661 or cmeiners@ifa.in.gov.

Water Loss Audit

In 2019, Senate Enrolled Act 4 (“SEA 4”) implemented new water loss audit requirements for Indiana drinking water utilities. Every year, Indiana drinking water utilities are required to conduct a water loss audit. Every even-numbered year, utilities must have an Indiana Certified Water Loss Audit Validator review their audit. Utilities then must submit the validated audit to the Indiana Finance Authority (“IFA”) by August 1 of that year. The first validated water loss audit is due August 1, 2020. Any drinking water utility applying for a State Revolving Fund (“SRF”) loan, grant, or other financial assistance must meet SEA 4’s water loss audit reporting requirements.

To help utilities meet this new requirement, the IFA partnered with the Indiana Section of AWWA and is offering technical assistance and training workshops across the state. The IFA is also offering classes for those wishing to become a Certified Water Loss Audit Validator. Those interested in learning more about either option can find a full list of upcoming training locations and dates, along with audit guidance, a list of certified validators, and other resources at: <https://www.in.gov/ifa/3013.htm>



Flood Control Revolving Fund Program

In 2017, the Flood Control Revolving Fund Program (Flood Program) was transferred from the Indiana Department of Natural Resources to the Indiana Finance Authority (Authority). The Authority assumed both administrative control of the Flood Program, and responsibility for the administration of the Fund. The Authority has financed six (6) projects totaling **\$1,125,000**.

Eligible projects include the following:

- The removal of obstructions and accumulated debris from channels of streams;
- The clearing and straightening of channels of streams;
- The creating of new and enlarged channels of streams, wherever required;
- The building or repairing of dikes, levees, or other flood protective works;
- The construction of bank protection works for streams;
- The establishment of floodways; and
- Conducting all other activities that are permitted by the federal Flood Control Act and federal Clean Water Act.

Project Highlights:

The Town of Mecca, located along Big Raccoon Creek in Parke County, completed the first Flood Control financing with the Authority on May 2, 2017. The total project cost was approximately \$550,000 and funding for this project included \$55,000 from the Authority's Flood Control Revolving Fund and a \$495,000 grant from the Indiana Office of Community and Rural Affairs.

The Town's project included the installation and/or replacement of approximately 2,000-feet of 18- to 36-inch diameter storm sewer and a box culvert with a gravel drive across the channel. This project was necessary to mitigate frequent flooding due to age and condition of existing storm drains. The flooding events have caused property damage and restricted access to homes along certain streets, creating public health and safety concerns.

The project was completed in May 2018, and improvements to drainage in the town have been realized.

The Flood Program accepts applications at any time during the year. Eligible participants receive financing in the form of a low interest loan.



SRF Interest Rates

The Indiana Finance Authority’s State Revolving Fund (SRF) Loan Programs use a Base SRF Program Interest Rate, which is re-set on the first business day of each January, April, July and October.

The Base Rate is calculated by using 90 percent of the average 20-year AAA-rated, general obligation bond Municipal Market Data (“MMD”) composite index for the most recent calendar month. The Base Rate is then discounted further based upon a borrower’s Median Household Income (MHI) from the most recent Census data and projected user rates. The Census data is posted at: <https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml>.

Below are the current SRF Program interest rates, effective January 1, 2020 through March 31, 2020. The interest rates vary based on the three ranges of average monthly user rates for an equivalent dwelling unit (User Rates) within each of the three existing MHI tiers, creating nine possible interest rates.

Wastewater SRF Interest Rates	User Rates (Over \$50)	User Rates(\$30 to \$50)	User Rates (Under \$30)
Tier III (MHI*: under 40,346)	2.00%	2.00%	2.00%
Tier II (MHI: \$40,347 to \$50,432)	2.00%	2.00%	2.00%
Tier I (MHI: over \$50,433)	2.00%	2.00%	2.00%

**MHI reflected in the ACS 5 year estimates.*

Note: Up to an annual .50% reduction may be permitted if a nonpoint source project is financed along with a point source project or a project that includes green/sustainable components, including climate resiliency components.

Drinking Water SRF Interest Rates	User Rates (Over \$45)	User Rates(\$25 to \$45)	User Rates (Under \$25)
Tier III (MHI*: under 40,346)	2.00%	2.00%	2.00%
Tier II (MHI: \$40,347 to \$50,432)	2.00%	2.00%	2.00%
Tier I (MHI: over \$50,433)	2.00%	2.00%	2.00%

**MHI reflected in the ACS 5 year estimates.*

Note: Up to an additional .50% reduction may be permitted if a project is financed that includes green/sustainable components, including climate resiliency components. The SRF interest rate may also be reduced if a project includes lead line replacement.



IFA Lead Sampling Program for Schools and Child Care Facilities

Our Nation's water infrastructure has received increased attention recently, especially as it relates to the potential existence of lead in our drinking water. This matter is of equal importance in Indiana, and as such, the Indiana Finance Authority ("IFA") has developed the *2019-2020 IFA Lead Sampling Program for Schools and Child Care Facilities* and is now accepting applications for this voluntary program.

The purpose of the Program is to help schools and child care facilities assess if there is a presence of lead in the drinking water within their buildings. All Indiana public schools and child care facilities, recognized by the Indiana Department of Education and the Family and Social Services Administration respectively, are eligible to apply. A school or child care facility that is already classified as a Community Water System is not included in the program because these facilities are already required to sample for the presence of lead under the Clean Water Act .

The Program covers the cost of sampling bottles, postage to mail bottles, and the sample analysis cost. Schools and child care facilities are responsible for collecting samples and costs associated with remediation actions identified by sampling. The IFA will provide training webinars to guide participants through the process, as well as remediation guidance specific to each facility's results.

In the event that application requests exceed funds available, priority will be given to facilities that:

- Predominantly serve children younger than six years of age;
- Serve low to moderate income children;
- Operate in a building that was built prior to 1988;
- Can demonstrate an established and sustainable school or child care program with factors indicating that the building will continue to serve as a school or child care facility in the future;
- Have not already participated in an IFA Lead Sampling Program; and/or
- Apply early in the application process.

The IFA will accept applications until the program is fully-subscribed.

As you may recall, the IFA, with assistance from the Indiana Department of Environmental Management, recently concluded the *2017-2018 Lead Sampling for Public Schools Program*. A final report can be found on the [IFA website](#). Results of the study found that 62% of participating schools had at least one (1) fixture with lead over the testing threshold, but that 95% of fixtures per school were under the threshold. Similar results for the current program are anticipated.

For more information and to apply, please visit our website: <https://www.in.gov/ifa/2998.htm>.



Loan Spend-Down Requirements: A Friendly Reminder

When completing an SRF financing, Participants are typically required to complete construction, submit all invoices, and fully draw their loan within two (2) years of a closing. The SRF has the discretion to assess a Non-Use Fee, which is typically 1% of the remaining funds left unspent in the loan, after the two (2) year date has been reached.

SRF Staff communicate with Participants periodically to discuss the status of the loan, including the amount of funds remaining and eligible options for any remaining balance, in order to assist with the timely spend down of funds to avoid a Non-Use Fee being assessed.

If a loan is approaching the Non-Use Fee date, please reach out to the Program Administrators, Shelley Love for Wastewater loans or Staci Orr Gardner for Drinking Water loans, to discuss possible options.



Drinking Water Needs Survey

The IFA will soon begin conducting a survey of the capital improvement needs of Indiana drinking water systems. The results of the 2020 survey determine the amount of money Indiana's Drinking Water State Revolving Fund ("SRF") Loan Program receives, which in turn determines the amount of money SRF may make available to Indiana water systems for the next four years. The list of large and medium water utilities that have been selected to participate is available on the IFA website (<https://www.in.gov/ifa/srf/2377.htm>). The list of small systems has not yet been determined. IFA will be contacting utilities that have been selected to participate with additional details. If you have any questions, please contact Eric Peterson (epeterson@ifa.in.gov, 317-233-7333).



Indianapolis Airport Authority PISCES Award

The Indianapolis Airport Authority received the Exceptional Recognition Award through the EPA PISCES Program.

What is PISCES?

The Performance and Innovation in the SRF Creating Environmental Success (PISCES) program highlights projects that protect the public health and the environment while demonstrating performance in innovation; sustainability; and/or water quality, public health, or economic benefits.

What is Exceptional Recognition?

In 2019, the U.S. Environmental Protection Agency (EPA) recognized thirty (30) clean water infrastructure projects for excellence and innovation within the Clean Water State Revolving Fund program. Of the thirty (30) recognized projects, only thirteen (13) were selected for Exceptional Recognition – including the Indianapolis Airport Authority. This is fourth time in the history of the PISCES Program that a project in the state of Indiana has received this prestigious honor, and the Indianapolis Airport Authority's project is the first project in Indiana to receive an Exceptional Recognition Award – the highest distinction awarded. The Indianapolis Airport Authority is recognized as one of the thirteen (13) Exceptional Projects.

Rationale for Project Recognition:

The Indianapolis Airport Authority collaborated with the Indiana Finance Authority's State Revolving Fund (SRF) Loan Programs to fund the construction of a stormwater improvement project that enhances water quality treatment at the Indianapolis International Airport, the principal airport serving Indianapolis and central Indiana.

A \$30 million loan from the Indiana Finance Authority's SRF was used to install new stormwater and deicing runoff infrastructure to accommodate the expansion of impervious surface area for air carrier operations. Infrastructure improvements across three locations will include: demolition of an undersized facility, construction of multiple storage structures, construction of diameter storm sewers, and construction of pump stations. This project manages stormwater by directing runoff to areas capable of accepting the flow. By sampling and monitoring at different locations, the Indianapolis Airport Authority can discharge runoff to designated outfalls in accordance with their National Pollutant Discharge Elimination System (NPDES) permit, without the need for treatment at the nearby wastewater treatment plant. Though flows may be conveyed to the plant for treatment when necessary due to chemicals used in deicing, this strategy will minimize unnecessary treatment, save energy and money, and increase efficiency.

Welcome!

Meet your Disbursement Coordinators!



Gayle Hicks



Kary Long IV

Gayle Hicks joined the SRF as Disbursement Coordinator in 2008. In July 2019, Gayle accepted a new role within SRF as Bidding Coordinator, and in addition, will continue to serve our Drinking Water borrowers as the Drinking Water Disbursement Coordinator.

Gayle holds a BSM in Business Management from Indiana Wesleyan University.

In her free time, Gayle enjoys cross stitch and crochet, as well as camping and hiking with her dog, Bo, and her husband.

Any questions related to Drinking Water Disbursements can be directed toward Gayle at 317-234-6730 and/or glhicks@ifa.in.gov.

Kary Long, IV joined the SRF in July 2019 and serves as the Wastewater Disbursement Coordinator.

Kary holds a Bachelor of Science in Business with a concentration in Finance from the Indiana University Kelley School of Business Indianapolis.

In his free time, Kary enjoys traveling and hanging out with family and friends, taking his dog on walks and runs, and listening to music and podcasts.

Any questions related to Wastewater Disbursements can be directed toward Kary at 317-233-7307 and/or karyl原因@ifa.in.gov.

East Chicago Lead Service Line 2019 EPA AQUARIUS Award

The Indiana Finance Authority's Drinking Water State Revolving Fund (SRF) Loan Program encourages communities to consider incorporating the replacement of lead and galvanized service lines into projects in order to reduce potential health risks. Based on the type and cost of these components, a community may be eligible for improved ranking on the SRF Project Priority List, as well as an interest rate as low as 0% on its SRF financing. To date, four (4) communities have utilized SRF's Lead Line Incentive Program, removing nearly 1,100 lead or galvanized service lines from Indiana's drinking water distribution systems, including the City of East Chicago.

The City of East Chicago's *Lead Service Line Replacement in USS Lead Superfund Site Project (Phase I)* includes the replacement of lead service lines within the USS Lead Superfund Site, and aims to improve and ensure water quality to its existing customers. The City proactively implemented a full lead service line replacement program to protect residents at the greatest risk for lead exposure from service line lead leaching. This program responds to health and safety concerns associated with lead in drinking water. Full service line replacement includes replacing service lines from the water main to the structure's premise plumbing.

As of December 31, 2019, a total of 331 lead/galvanized lines have been removed as part of Phase I, at an average cost of \$3,739.64 per house.

For their efforts, the City of East Chicago received a 2019 AQUARIUS Recognition from EPA's National Office of Ground Water and Drinking Water.



Left to Right, Bill Harkins (Director, SRF) presents Dr. Abderrahman Zehraoui (Executive Director, East Chicago Utilities) with 2019 AQUARIUS Recognition Certificate in recognition of the Lead Service Line Replacement in USS Lead Superfund Site Project (Phase I)

Regional Planning

To meet the recommendations of the Water Infrastructure Task Force and the requirements of Senate Enrolled Act 4, the IFA is conducting regional meetings throughout the state to enable drinking water and wastewater utilities to work together to address long-term planning needs.

During these meetings, drinking water utilities, wastewater utilities, and other interested parties can identify regional drinking water and wastewater priorities, discuss topics of regional interest, and investigate avenues of possible collaboration. For the purpose of these meetings, “regional, long-term planning” is defined as a group of localized utilities working together to describe and address future needs. The IFA’s goal in conducting these meetings is to help organize utility-led planning groups that focus on regional, long-term issues.

Many utilities are already participating in regional planning via formal or informal arrangements. If your utility already participates in a utility-led, regional planning group, please let us know. We do not want to “recreate the wheel”; rather we would like to partner with you and help bolster your efforts. Your utility can meet the SEA 4 requirement if the IFA participates in an existing utility-led regional planning meeting that your utility attends.

The legislation requires utilities to report on their participation in the IFA regional planning meetings by March 1, 2021, and every March 1 of each odd-numbered year after 2021. Utilities may participate in any IFA regional planning meeting held during 2020 to meet the 2021 reporting requirement. Every IFA regional planning meeting will include time for utilities to report on participation while at the meeting. Please note: participation in an IFA regional planning meeting is required in order to qualify for assistance from the State Revolving Fund (“SRF”) Loan Programs.

To participate in a Regional Planning Meeting, see scheduled events at <https://www.in.gov/ifa/3035.htm> .





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Indiana State Revolving Fund Loan Programs: Drinking Water, Wastewater, Nonpoint Source

The State Revolving Fund (SRF) Loan Programs provide low-interest loans to Indiana communities for projects that improve wastewater and drinking water infrastructure. The SRF Programs, administered by the Indiana Finance Authority, protect both public health and the environment.



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