

# Drinking Water State Revolving Fund Loan Program

Drinking Water State Revolving Fund (DWSRF) loans are available for the Planning, Design, and Construction Phases of drinking water facilities. The funds may be used for all three phases or in any combination. Applicants for DWSRF loan funding must submit a request for funding along with a project description, cost estimate and justification. As required by SDWA, projects are prioritized by risk to human health and compliance with SDWA. On a request for funding, projects are evaluated and assigned from 20 to 100 points depending on the health and compliance problems addressed by the project. Projects demonstrating the greatest risk to human health will receive the highest priority followed by projects addressing compliance problems and then projects addressing other needs. Seven categories of projects have been established which should cover all types of drinking water projects. These categories include water quality problems, source or capacity, water storage, leakage problems, pressure problems, replacement or rehabilitation projects, and water line extensions.

Projects that are not eligible for DWSRF loan funding include dams, reservoirs, purchase of laboratory fees for monitoring, operation and maintenance (O&M) expenses, and projects primarily intended for future growth, economic development, and fire protection. DWSRF loans cannot be used to provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.

DWSRF loan applicants must pledge security for loan repayment, agree to adjust user rates as needed to cover debt service and fund depreciation, and maintain financial records that follow governmental accounting standards. DWSRF loan interest rates range from zero percent to market rate depending on the community's per-capita income, taxable sales, and taxable property values. Most DWSRF loan recipients qualify for interest rates between 2 and 4 percent. Interest rates are fixed for the life/term of the loan. The maximum loan term is 20 years or the design life of the proposed drinking water facility, whichever is shorter.

The State Revolving Fund Loan Program (SRF Loan Program) maintains a Priority Ranking List for funding the planning, design, and construction of drinking water facilities. The Priority Ranking List forms the basis for funding eligibility and the subsequent allocation of DWSRF loans. DWSRF loans are awarded to those projects that have met the DWSRF technical, financial, and administrative requirements, possess the highest priority rank on the Priority Ranking List, and are ready to proceed.

Because DWSRF loans include federal funds, each project requires a fiscal review, the development of a Facilities Plan, an environmental review, opportunities for minority and women business participation, a capacity development review, and interim and final construction inspections to be conducted by the SRF Loan Program's technical staff.



# Bid Package Requirements

The technical staff of the State Revolving Fund Loan Program (SRF Loan Program) reviews the bid package to ensure that an engineer-stamped copy of the certified bid tabulation is provided, the successful contractor used the bid form from the state-approved Plans and Specifications, and the qualifications of the resident inspector are acceptable. PRIOR TO AWARDING THE CONTRACT, the SRF Loan Recipient must prepare and submit a complete Bid Package to the SRF Loan Program for review and approval. Written approval of the Bid package must be obtained from the SRF Loan Program before the contract can be awarded and

## A complete Bid Package consists of the following:

- A copy of the advertisements for bids appearing in the Dodge Report and a local or metropolitan newspaper and an original, notarized certification of publication (Publisher's Affidavit) signed by the editor of the newspaper;
- A certified bid tabulation stamped and signed by the consulting engineer reviewing the bids;
- Copies of the signed Bid Proposal of the apparent successful bidder;
- Bid Bond with Power of Attorney;
- Equal Employment Opportunity Commission Certification
- A completed Minority Business Enterprise and Women Business Enterprise (MBE/WBE) Certification and Participation Summary documenting MBE/WBE subcontractor participation and documentation of "good faith efforts" to solicit MBE/WBE participation, even if no MBE/WBE subcontractor participation was secured. Good faith efforts must be demonstrated by copies of the Certified Letters mailed to State-certified MBE/WBE firms to solicit their participation and copies of returned mail receipts documenting delivery of the Certified Letters.;
- A signed original Construction Contract Award Resolution made by the SRF loan recipient's governing body, or in the case of Utility Districts, a certified copy of the meeting minutes, on the U.D.'s letterhead, tentatively awarding the contract(s) to the lowest responsive, responsible bidder;
- Documentation of the justification for not awarding to the lowest bidder if the award is to be made to other than the low bidder. The justification must indicate why the low bidder is not responsive or responsible and include documentation of any negotiations leading to the determination;
- Resume of the resident inspector(s).
- Documentation of the extension of the bid proposal and bid bond expiration dates, if necessary.

**If the lowest bid received exceeds the amount budgeted for construction in the SRF Loan Program-approved SRF Loan Budget, the loan recipient must choose only from the following options:**

- Re-allocate SRF funds through a budget revision. A revised Budget/Rebudget Form must be submitted to the SRF Loan Program for review and approval if the rebudgeting option is chosen.
- Provide additional funds needed to pay the contract from local funds or funding source(s) other than the SRF loan.
- Apply for an SRF loan increase. Application for a loan increase will require reevaluation of the loan recipient's user rates to determine if the anticipated revenue will be sufficient to repay the requested loan increase and fund the additional depreciation.
- Reject all bids and re-bid the project.

