



State of Delaware
Water Infrastructure Advisory Council
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Minutes of the 130th Meeting

February 17, 2016

The Water Infrastructure Advisory Council held a public meeting on Wednesday, February 17, 2016 at 9:00 a.m., at Del Tech, Terry Campus, 100 Campus Drive, Corporate Training Center, Room 400A&B, Dover, Delaware.

MEMBERS PRESENT:

Jeffrey Bross, Chairman
Hans Medlarz, Vice-Chair
Richard Duncan
Charles Anderson
David Baker
Jen Adkins
Eugene Dvornick
Lt. Col Douglas D. Riley

MEMBERS ABSENT:

Jeffrey Flynn
Bruce W. Jones
Andy Burger
Michael Harmer

OTHERS PRESENT WERE:

Terry Deputy, Environmental Finance
Greg Pope, Environmental Finance
Laura Rafferty, Environmental Finance
Robert C. Burns, Environmental Finance
Frank Paquette, Environmental Finance
Jan Jenkins, Environmental Finance
Reza Moqtaderi, Environmental Finance
Robert Zimmerman, DNREC
Jim Sullivan, DNREC
Jenn Walls, DNREC
Dave Schepens
Heather Warren, DPH
Doug Lodge, DPH
Ed Hallock, DPH
Charles O'Donnell, GMB
Darrin Gordon, Lewes Board of Public Works
Amanda Russell, KCI
Dan String, KCI

Jeremy Kalmbacher, Tidewater Utilities Inc.
Thomas Wilkes, Remington Vernick
Lauri Major, Artesian Water
Ken Branner, Artesian Water
David Athey, AECON
Emily Seldomridge, DE Center for Inland Bays

CALL TO ORDER PUBLIC MEETING:

Meeting came to order at 9:05am.

APPROVAL OF THE AGENDA:

Motion made by Mr. Duncan, seconded by Mr. Dvornick to approve the agenda. Motion carried unanimously.

APPROVAL OF MINUTES –Meeting December 9, 2015 :

Motion made by Mr. Dvornick, seconded by Mr. Duncan to approve the minutes for the public meeting held on December 9, 2015. Motion carried unanimously.

WIAC-INFORMATIONAL:

Jennifer de Mooy, the Climate Adaptation Project Manager for DNREC’s Division of Energy and Climate presented the following:

GREEN INFRASTRUCTURE PRIMER WORKSHOP FOR DELAWARE

This project was driven by Governor Markell’s Executive Order 41 (Climate Resiliency) which directs States and State Agencies to promote the use of natural systems or green infrastructure to improve climate resiliency (includes sea level rise). Downloadable information can be found at www.de.gov/greeninfrastructure. Contact information is also provided in the resource section. The Division of Energy and Climate, the University of Delaware, and the Partnership for the Delaware Estuary contributed towards the development of this project as well as some other nonprofits.

Benefits: Water Quality, Air Quality, Erosion Control, Stormwater Management, Wildlife Habitat, Moderate Air Temperature, Flood Retention, Economic Benefits (Increased Property Values), Social Benefits (Community Quality of Life), Health Benefits (Reduced Urban Heat Island Effect), Energy Benefits (Lower Energy Bills and Reduced Greenhouse Gases)

At the Site Scale:

Green infrastructure functions by mimicking natural processes that:

- filter pollutants from surface and stormwater
- improve infiltration of water into soil and groundwater
- reduce the volume of stormwater during high-intensity events
- moderate air and water temperatures by shading and through evapotranspiration by plants

Site Scale Green Infrastructure: Rain Gardens, Tree Boxes, Tree Trenches, Vegetated Swales, Riparian Buffers, Living Shorelines, Urban Forest, Green Roof, Rain Barrel, Cistern, Downspout Disconnection

Landscape Scale: Forests, Wetlands, Grasslands

Clean Water and Flood Abatement Task Force Update

Chairman Bross reported that the Task Force has been meeting regularly. The report along with draft legislation will be submitted in March; the report was originally due in January, but an extension was granted from the General Assembly. There was a pushback on anything that looked like a tax. The previous model that had been proposed by Secretary O’Mara and Governor Markell had a school tax model which did not have a lot of support from the business community. The latest is a recommendation for a fee on wastewater which would be flat fees for residential users, small businesses and large businesses. The average residential user would pay about \$45 per year. This is expected to raise anywhere from \$15-18 million a year in revenue. The next meeting is Monday, February 22, 2016.

The legislation envisions a trust board to consist of the Secretary of DNREC, Secretary of Finance, and an Ex-Officio member to oversee the fund and have the bonding authority. The prioritization of projects will be the WIAC’s responsibility. WIAC membership may increase to 15 members, particularly adding a member from the Farm Bureau to represent the agriculture community. Legislation has been drafted regarding Council members being limited to no more than three consecutive terms as there has been concern about too much longevity on Council.

It was discussed that the Clean Water Fee could help with some grant funding for the WIAC.

Terry Deputy presented the following:

Revised CWSRF Binding Loan Commitment Offer

- April 30, 2015 – “City of Lewes, Board of Public Works” was issued a CWSRF Binding Loan Commitment Offer (\$1.423m; 2%; 30 yrs.) - proposed Highland Acres Sewer Project
- January 19, 2016 - Revised CWSRF Binding Commitment Offer was issued to “Board of Public Works of the City of Lewes”. Name change necessary to identify the Board of Public Works as borrower, as opposed to City of Lewes
- Original loan offer based on incorrect information relative to the Board of Public Works inability to issue debt
- Proposed loan to be secured by Revenue Pledge (1.2x coverage), as opposed to General Obligation of the City (full faith and credit)
- Approval of DNREC Secretary was obtained to issue the revised loan offer
- Proposed CWSRF loan expected to closed by end of February

Allen Harim Foods, LLC

CWSRF Loans Closed on January 22nd

- \$8.39m Wastewater Expansion Project
- \$3.2m Water Reuse Project

Governor’s SFY 2017 Recommended Budget

- \$1.4m CWSRF State Match
- \$1.77m DWSRF State Match

CWSRF and DWSRF FFY 2016 Capitalization Grant Allocations

- \$6.525m CWSRF State Match
- \$8.312m DWSRF State Match

CWSRF and DWSRF Project Notices-of-Intent Deadline Extended

- February 29, 2016

Mr. Baker asked about security from Allen Harim. Mr. Deputy stated that Environmental Finance has first lien position, and the company has to show they can meet the loan demand. Mr. Baker said WIAC needs a policy on security; Chairman Bross suggested that the WIAC Finance Subcommittee should discuss some guidelines.

Motion made by Mr. Baker, seconded by Mr. Dvornick to amend the agenda to include the DWSRF-FFY2014 Additional Subsidization Grant Condition. Motion carried unanimously.

Mr. Deputy presented the following:

DWSRF – FFY 2014 Additional Subsidization Grant Condition

- October 1, 2015: DWSRF Capitalization Grant awarded \$8,845,000
- Addition Subsidization Grant Condition: \$1,769,000 min; \$2,653,500 max
- Proposed Subsidized DWSRF Projects – Identified in FY 2014 DWSRF IUP
- Constraint: CWSRF – DWSRF Project Affordability Criteria – 1.5% MHI (Wastewater) 2.0% (Wastewater and Drinking Water Combined)
- \$597,000 Additional Subsidization must be committed by March 2016 to meet Grant Condition
- Lewes Board of Public Works – Proposed Highland Acres Drinking Water Project recommended to receive remaining FY 2014 Additional Subsidization Assistance
- Path Forward: Future DWSRF IUP's will identify Additional Subsidization Projects in amount of subsidies sufficient to meet Grant Condition.

OLD BUSINESS:

Jim Sullivan presented the following:

**Surface Water Match Planning Grants
Award Recommendations (November 2015 submittal)**

- A press release was issued on October 19, 2015.
- Grant proposals were due on November 19, 2015.
- A review and ranking of the grant proposals was held on December 2, 2015.
- After a detailed review and ranking 2 grant applications were considered eligible and acceptable. The review brought forth some minor issues with some of the projects that will need to be resolved through use of a conditional approval letter with guidance.

- Subject to revisions of grant conditions, focus and deliverables that will incorporate answers to the review panel’s questions and concerns (proposals will then be considered project scope of work), the following grants recommendations are offered to the Water Infrastructure Advisory Council (WIAC) for approval.

- The WIAC attached conditions for the Delaware City Proposal to go above the minimum sediment and stormwater requirements. If the applicant didn’t agree with the conditions the application was to be remanded back to the Surface Water subcommittee.

- UPDATE: The conditions that the WIAC attached to the Delaware City proposal to go above and beyond the sediment and stormwater minimum requirements were rejected by the Department Secretary and the grant was issued to Delaware City in the original form by **order of the Secretary.**

Grant Applicant Project	Final Ranking	Final Score	Project Cost	Recommended Grant Award	Note
<p>Village of Arden</p> <p>Stream Restoration on Perkins Run</p> <p>Development of preliminary design to stabilize and restore the wooded area of Sherwood Forest and a area of Perkins Run damaged by stormwater runoff from the Buckingham Green Development.</p>	1	83.5	\$22,210	\$11,105	Gullies from 2-5 feet have formed for a distance of 500 feet ± downstream of the Buckingham Green Development.
<p>Delaware City</p> <p>Fort DuPont Redevelopment and Preservation Project</p> <p>Development of a master storm water management and drainage plan with recommendations for green infrastructure best management practices to be incorporated into the project.</p>	2	76.75	\$199,600	\$49,600	The master plan will include potential green stormwater retrofit sites within the historic area.
Totals			\$221,810	\$60,905	
Remaining balance in allocation if projects are approved is \$7,053					

Vice-Chair Medlarz reported that the issue was resolved at the Surface Water Subcommittee. A recommendation will come later. Hopefully, issues will be avoided in the future.

NEW BUSINESS:

Greg Pope presented the following:

**City of Harrington – CWSRF Loan Request
Sanitary Sewer Capacity Improvement Project**

Project Description

- The City of Harrington is requesting \$1,462,925 in funding from the Delaware Water Pollution Control Revolving to fund sanitary sewer capacity improvements in the City. Specifically the City will upgrade 1,600 LF of old and undersized sewer pipes to 10”, 1,250 LF to 12”, 500 LF to 15” and 700 LF to 18”.

Environmental Review

- The environmental review for the proposed project was conducted January 3, 2016 - February 3, 2016, following a Categorical exclusion (CE) determination for the project.

Project Construction

- Begin June 2016
- Complete October 2016

Project Budget		
a. Administration		<u>\$16,800</u>
i. Land, Right of Way		\$8,400
ii. Legal		\$8,400
b. Engineering		<u>\$152,000</u>
i. Basic		\$67,700
ii. Project Inspection		\$84,400
c. Construction		<u>\$1,125,325</u>
i. Construction		\$1,125,325
d. Contingencies		\$168,800
Total		<u>\$1,462,925</u>

Robert Burns presented the following:

<u>Source of Funds</u>		
Construction financing	CWSRF Loan	<u>\$1,462,925</u>
Funding at project completion	CWSRF Principle Forgiveness	\$306,120
	USDA Grant Amount	\$306,120
	USDA Loan Amount	\$850,685

Affordability Analysis Summary

- The City’s CWSRF refinancing of USDA Loans that funded their Wastewater Treatment Plant Upgrade Project and Farmington Extension Project is projected to save the City \$33,888 annually in debt service payments.
- The estimated annual debt service saving, along with a USDA grant and CWSRF principle forgiveness, will allow the City to fund their proposed Sanitary Sewer Capacity Improvement Project without an increase in user rates.

Harrington Affordability Analysis: Sanitary Sewer Capacity Improvement Financed Through Refi Savings	Existing Wastewater Facility	Total Wastewater With Refinance	Sanitary Sewer Capacity Improvement
Project cost			\$1,462,925
USDA Grant			\$306,120
CWSRF Principle forgiveness			\$306,120
USDA Loan*			\$850,685
CWSRF Refi Loan Amount		\$2,078,456	
Interest Rate		2.0%	2.5%
Loan Terms Years			40
Annual Debt Service, New Project			\$33,888
Existing O,M&R	\$1,066,733	\$1,066,733	\$1,066,733
Existing Debt Service	\$424,383		
Proposed Debt Service With Refinance		\$390,495	\$390,495
Annual Debt Service Savings From Refinance		\$33,888	
Annual Facilities Cost Wastewater	\$1,491,116	\$1,457,228	\$1,491,116
Residential Share at 75.%	\$1,118,337	\$1,092,921	\$1,118,337
EDU	\$832	\$813	\$832
EDU's	1344	1344	1344
Median Household Income	\$44,974	\$44,974	\$44,974
% of MHI Wastewater	1.85%	1.81%	1.85%
Drinking Water			
Annual Facilities Cost Drinking Water			\$477,588
Residential Share at 75.%			\$358,191
Cost per EDU			\$266.51
% of MHI Drinking Water			0.59%
Combined Wastewater & Drinking Water as a % of MHI			2.44%

Terms

- The City will be required to pay 2% interest during project construction with semiannual payments.
- CWSRF Principle Forgiveness and a USDA Grant in the amounts of \$306,120 each, respectively, will be applied to the CWSRF loan at project completion.
- USDA will finance the remaining balance of the CWSRF loan, \$850,686, over 40 years in accordance with their interest rate policy.

Recommendation

Environmental Finance, Office of the Secretary, recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$1,462,925 to the City of Harrington for the proposed project with the fore mentioned terms.

Motion made by Mr. Dvornick, seconded by Vice-Chair Medlarz to approve and recommend a CWSRF Binding Loan Commitment (\$1,462,925) to the City of Harrington. Motion carried unanimously.

Vice-Chair Medlarz had concerns about the 20 year debt extension. Mr. Deputy stated the interest rate is being reduced so it is cheaper for the municipality. Vice-Chair Medlarz stated he would like to see the railroad crossing included in the project, but it does not.

Doug Lodge presented the following:

Board of Public Works of the City of Lewes, Highland Acres Water Distribution System – DWSRF Loan Request

Purpose and Need

- The project will install a new water system in the subdivision of Highland Acres. The current wells will be properly abandoned and a fire hydrant system will be installed. This system will also provide a loop which will improve the hydraulics for the system.

Environmental Review – Office of Engineering

- Review of the Environmental Information Document and the environmental checklist, found that there would be no adverse impact due to this project. A Categorical Exclusion has been issued per the State Environmental Review Procedures.

Capacity Development Review

- Based on the review of the managerial and technical capacity information provided, the Capacity Development Program recommends approval of the loan.

Project Description

- The project will entail installing approximately 3,000 feet of 10-inch main, 1,300 feet of 12-inch main and 10 fire hydrants in the residential community of Highland Acres.

Public Health Benefits

- Reduced potential for individual well contamination
- Provide reliable water service to the community
- Provide fire suppression to the community

Construction Dates

- **Start Date: November 2015**
- **End Date: July 2016**

Project Costs/Budget

• Non-Construction	\$ 79,000
• Construction	\$621,000
• Contingencies	\$ <u> 0</u>
• Total Cost of Project	\$700,000

Jan Jenkins presented the following:

Source of Funds

DWSRF Loan	\$700,000
DWSRF Principal Loan Forgiveness	\$597,000

Additional Subsidization Evaluation

- Income survey of the proposed Highland Areas community was requested
- However, initial survey results did not warrant completing the survey to identify lower income residents
- Due to the DWSRF – FY 2014 Additional Subsidization Grant Condition, and proposed project impact on residential user rate, principal loan forgiveness is recommended

Jan Jenkins presented the following:

<u>Lewes BPW</u>	<u>Highland Acres Water System Extension</u>	<u>\$597,000 Principal Forgiveness</u>
Estimated Project Cost & Funding Request	\$700,000	\$700,000
Loan Request	\$700,000	
Principal Forgiveness		\$597,000
Drinking Water Utility		
Existing Debt Service	\$0	\$0
Existing OM&R	\$0	\$0
Existing Utility Costs	\$0	\$0
Proposed New Debt Service (Proposed Project Costs @ 2%, 30 years)	\$31,142	\$4,582
Proposed New OM&R	\$11,000	\$11,000
Proposed Utility Costs	\$42,142	\$15,582
Existing and Proposed Utility Costs	\$42,142	\$15,582
Number of EDUs	55	55
Residential Share of Utility Costs @ 100%	\$42,142	\$15,582
Existing and Proposed Utility Costs Per Residential EDU	\$766	\$283
Yrly Consumption Based on 44,107 Gallons	\$40	\$40
Ready to Serve Yearly Cost	\$180	\$180
Total Estimated Utility Cost Per EDU	\$986	\$504
Wastewater Utility		
Existing Debt Service	\$63,326	\$63,326
Existing OM&R	\$0	\$0
Existing Utility Costs	\$63,326	\$63,326
Number of EDUs	55	55
Residential Share of Utility Costs @ 100%	\$63,326	\$63,326
Existing Utility Costs Per Residential EDU	\$1,151	\$1,151
Yrly Consumption Based on 80% of Water Consumption	\$197	\$197
Ready to Serve Yearly Cost	\$600	\$600
Total Estimated Utility Cost Per EDU	\$1,948	\$1,948
Affordability Analysis		
Median Household Income (MHI)	\$62,873	\$62,873
% of MHI Drinking Water Utility Costs	1.57%	0.80%
% of MHI Wastewater Utility Costs	3.10%	3.10%
% of MHI Combined Utility Costs	4.67%	3.90%

Loan Terms

- The loan is to be secured with a Revenue Pledge from the Board of the net revenues from the Highland Acres Water System.
- Interest will be 2% and will be due semi-annually during the construction period.
- Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the remaining term.
- During the loan term, the borrower will maintain reserves of 1.2x annual debt service (\$5,498) and provide documentation to the DWSRF annually to verify funds.
- There will be \$597,000 in principal forgiveness

Recommendation

- Based on information presented in the Board of Public Works' of the City of Lewes DWSRF application and the financial review conducted by DNREC, the DHSS, Division of Public Health recommends Council's approval of a DWSRF Binding Loan Commitment in the amount of \$700,000; including \$597,000 in principal loan forgiveness to the Board to provide water service to Highland Acres with the terms presented today.

Motion made by Mr. Duncan, seconded by Vice-Chair Medlarz to approve the Board of Public Works of the City of Lewes' DWSRF Binding Loan Commitment (\$700,000), including \$597,000 in principal loan forgiveness for water service to Highland Acres. Motion carried unanimously.

Highland Acres has been annexed into the city limits and there is no opt out for hookup. Wells will be taken out of the system.

Terry Deputy presented the following:

**Septic System Extended Funding Option (SEFO)
Additional Funding Request**

SEFO Program

Due-On-Transfer loan program for low-income homeowners to replace failed septic systems; funded from the CWSRF Non-Federal Administrative Account

Applicants must first be denied a standard Septic System Rehabilitation (SRLP) Loan (based on loan underwriting criteria) to be considered for a SEFO loan

\$300,000 Initial 2015 SEFO Funding Allocation
\$158,881 WIAC Recommended Increase – October 14, 2015
\$458,881 Total Funding

(\$219,362) 11 Loans Closed
(\$162,000) 9 Loans Pending
\$ 77,519 Balance

Additional Funding Request:

\$102,481 10 New Loans @ ~\$18,000 = \$180,000 each thru June 30th
\$561,362 Proposed Total Program Funding

Septic System Rehabilitation Loan Program (SRLP)

\$ 66,203 4 Closed Loans
\$ 72,000 4 Loan Pending

Terry Deputy presented the following:

**Surface Water Matching Planning Grants
Supplemental Funding Request**

- In June 2015 the Water Infrastructure Advisory Council (WIAC) voted to allocate \$200,000 for Surface Water Matching Planning Grant (SWMPG) Projects from the FY 2016 Non-Federal Administrative Account. This was a \$300,000 reduction from previous years. The grant was to be solicited 4 times during the fiscal year.
- After 2 grant solicitations the balance of unallocated project funding is \$7,053. The balance prohibits another round of solicitation.
- Request \$200,000 in supplemental funding from the Non-Federal Administrative Account for additional SWMPG Projects by reallocating \$200,000 from the Surface Water Project Planning Advances. There has not been a request for a Project Planning Advance this fiscal year. A balance of \$100,000 will remain for Surface Water Project Planning Advances.
- Grants will be under the same guidelines as the previous 2 solicitations this fiscal year. \$50,000 per grant cycle and a cumulative total \$100,000 per county/municipality per fiscal year.
- Grants will be used in Delaware's developed landscape to improve water quality through a planning grant to support planning and preliminary engineering/feasibility analysis of surface water projects.
- Eligible Projects: Stormwater retrofits, water quality improvement projects, stream and wetland restoration, and other green infrastructure practices. Development of master plans, or planning toward a community goal for surface water improvements are also eligible. A 1:1 cash match is required.
- Program Goals: – Grant applicants are instructed to focus their proposals on one or more of the following program goals:
 - Provide benefits to water quality within an impaired watershed,
 - Planning and/or preliminary design for projects associated with a watershed management plan,
 - Planning and/or preliminary design for of community stormwater management improvements in existing developments and municipalities,
 - Restoration or retrofit projects to provide water quality benefits.

CWSRF Non Federal Administrative Account (NFAA), Current and Planned Uses

	Actual					Projections		
	FY10 Actual	FY11 Actual	FY12 Actual	FY13 Actual	FY14 Actual	*FY15 Projected	FY16 Projected	FY17 Projected
Revenue Sources								
1. Investment Interest	\$93,268	\$55,935	\$49,127	\$40,214	\$29,003	\$31,524	\$30,000	\$15,000
2. Administrative Fee	\$1,830,089	\$1,844,156	\$2,012,636	\$1,876,236	\$1,759,285	\$1,908,294	\$2,000,000	\$2,100,000
Total Annual Revenues	\$1,923,357	\$1,900,091	\$2,061,763	\$1,916,450	\$1,788,288	\$1,939,818	\$2,030,000	\$2,115,000
Administrative Uses								
3. Environmental Finance Admin Expenses	\$754,083	\$579,845	\$745,515	-\$329,971	\$656,235	\$416,056	\$415,423	\$0
4. FAB Administrative Two Year Reserve								\$1,233,703
5. Contractual Groundwater Position	\$45,748	\$52,196	\$51,351	\$52,309	\$54,872	\$60,261	\$61,466	\$0
6. Contractual Stormwater Position	\$0	\$0	\$63,663	\$65,042	\$67,860	\$73,639	\$75,112	\$0
7. *Program Development and Implementation	\$0	\$513,738	\$524,613	\$501,663	\$531,302	\$579,600	\$591,192	\$0
Total Administrative Uses	\$799,831	\$1,145,779	\$1,385,142	\$289,043	\$1,310,269	\$1,129,556	\$1,143,193	\$1,233,703
Annual Fund Growth								
	\$1,123,526	\$754,312	\$676,621	\$1,627,407	\$478,019	\$810,262	\$886,807	\$881,297
Committed - CWSRF State Match	\$654,860	\$1,110,047	\$29,114	\$0	\$0	\$0	\$0	\$1,400,000
Proposed Program Uses								
8 Reserve - Loan and Grant Programs								
New Proposed Use:								
Asset Management Planning Grants						\$1,000,000	\$400,000	\$400,000
Previously Approved Uses:								
SEFO Program	\$0	\$0	\$150,000	\$150,000	\$250,000	\$561,362	\$300,000	\$300,000
Community Water Quality Grants	\$0	\$391,163	\$500,000	\$350,000	\$525,000	\$350,000	\$350,000	\$114,500
Project Planning Advances						<u>\$400,000</u>	\$600,000	\$600,000
Wastewater Matching Grants	\$107,772	\$189,384	\$137,686	\$190,000	\$352,967	\$200,000	\$175,000	\$100,000
Surface Water Matching Grants	\$0	\$235,100	\$171,655	\$208,563	\$482,250	\$400,000	\$175,000	\$100,000
Statewide Wastewater Study	\$6,670	\$167,180	\$124,454	\$1,697	\$0	\$0	\$0	\$0
U of D - Land Application Study	\$0	\$0	\$150,000	\$400,000	\$0	\$0	\$0	\$0
Total Proposed Program Uses	\$114,442	\$982,827	\$1,233,795	\$1,300,260	\$1,610,217	\$2,911,362	\$2,000,000	\$1,614,500
Annual Fund Balance	\$9,515,705	\$8,177,143	\$7,590,855	\$7,918,002	\$6,785,804	\$4,684,704	\$3,571,511	\$1,438,308

Motion made by Vice-Chair Medlarz, seconded by Lt. Col Riley to approve the SEFO additional funding request (\$102,481), and the Surface Water Matching Planning Grant Supplemental Funding Request (\$200,000) from the Non-Federal Administrative Account. Motion carried unanimously.

Chairman Bross stated that he has always been a strong advocate of septic system program especially regarding affordability: this is a clean water for Delaware issue, and he also pointed out that the SEFOs become grants in the end if the property does not transfer. Vice-Chair Medlarz called attention to the fact that there are qualifications for the program and not everyone can qualify.

Heather Warren presented the following:

**Drinking Water Matching Planning Grant Applicant:
 Town of Smyrna**

Project Name:	Gardenside Water Protection Project
Total Project Cost:	\$40,000
Assistance Requested:	\$20,000
Start Date:	March 2015
Completion Date:	December 2015 Extension requested to April 15, 2016
Project Description:	The goal of this project is to identify the source of increased iron concentrations in Well 3 by conducting an onsite iron source field investigation and research regional water quality trends. A long term source water protection plan will also be developed.

**Drinking Water Matching Planning Grant Applicant:
 Lewes Board of Public Works**

Project Name:	Water Model and Citywide Distribution Map Updates
Total Project Cost:	\$19,662
Assistance Requested:	\$9,831
Start Date:	March 2015
Completion Date:	December 2015 Extension Requested to April 15, 2016
Project Description:	Planning grant funds will provide water model and citywide water distribution map updates; including pressure flows and analysis of future extensions of the water system.

Motion made by Mr. Dvornick, seconded by Mr. Duncan to approve the Drinking Water Matching Planning Grant Extension Requests for the Town of Smyrna’s Gardenside Water Protection Project (\$20,000), and the Lewes Board of Public Works’ Water Model and Citywide Distribution Map Updates (\$9,831.00). Motion carried unanimously.

Terry Deputy presented the following:

Proposed Policy for Evaluating/Approving New SRF Loan Requests from Borrowers with Existing Delayed Projects

Purpose: to facilitate timely loan closings for SRF (CWSRF and DWSRF) projects, and help to ensure that projects start and are completed as originally planned

Available Funding Tools (for municipalities):

- Asset Management Plan Development Incentive Grants
- Matching Planning Grants
- Project Planning Advances
- Principal Loan Forgiveness (based on residential user affordability criteria)

Delayed Loan Closings:

- Accept SRF loan applications **only** for projects that are “**ready to proceed**” (**30% planning and design completed within 6 months**) from date of application submittal
- Require applicants to certify answers to the following questions as part of loan application:
 1. Are there governing body charter/by laws and/or other necessary changes needed to borrow from the SRF programs?
 2. Is a referendum required to borrow funds from SRF programs?
 3. If a referendum is required when will it be introduced for consideration?
- Enforce SRF Binding Commitment Offer condition – “**If Loan closing has not occurred within 120 days of receipt** of this letter, the Fund reserves right to discontinue processing Borrower's application”.
- SRF loans will not be closed until construction bids are solicited and accepted

Delayed Project Start:

- SRF loan agreements will be modified with language requiring project construction to be started within 90 days of the loan closing date.
- Borrowers that have not started project construction within 90 days will be required to re-close their SRF loan and re-bid the project if necessary.

Delayed Project Completion:

- Borrowers will have an additional 6 months from the estimated project completion date in the SRF loan agreement to complete their project
- If a borrower's project is not complete within the additional 6 month time period, a re-closing of the borrower's SRF loan will be required, and the interest rate may be adjusted upward based on the SRF Interest Rate Policy at time of re-closing

Mr. Baker stated that in Sussex County there is a long process often required by law to do a new sewer district, or to extend an existing sewer district. First there has to be a petition for a new sewer district, after the petition is verified, the planning study is completed. There is always a cost concern once the planning study is completed. A public hearing has to be held and then a referendum is required for a new sewer district. If the referendum passes then a financing plan has to be established. Then the design is initiated which can take more than 6 months and then construction bid could take 3-4months.

Vice-Chair Medlarz under Title IX (Sussex County) said there is nothing to stop a municipality from creating a district perspective. A municipality can go through the legal process to create a sewer district and if the referendum does not pass then there is no harm.

Chairman Bross assigned this issue to the Wastewater, Finance, and Drinking Water Subcommittee so that it could go before the Council in the April 20, 2016 meeting. Vice-Chair Medlarz suggested

accepting an environmental assessment without a historic preservation signoff, and that the DNREC should work with the Corps of Engineers to help the process move quicker.

Terry Deputy presented the following:

Administrator's Reports

CWSRF Project Updates

Wilmington – Kentmere Parkway Sewer Separation

- Construction - 100% complete, closeout underway

Seaford-WWTP Solar Array Project

- Bid Opening-February 10th

Lewes – Highland Acres Sanitary Sewer Project

- Construction-7% complete

Division of Parks and Recreation – Lums Pond Improvements Phase II

- Construction-23% complete

Terry Deputy presented the following:

CWSRF-DWSRF Financial Reports

Delaware CWSRF and DWSRF Financial Report
Month Ending - January 31, 2016

	CWSRF (Millions of \$)			DWSRF (Millions of \$)		
	Sources of Funds	Obligation of Funds	Disbursement of Funds	Sources of Funds	Obligation of Funds	Disbursement of Funds
Actuals Through January 31, 2016						
Source of Funds						
Cap. Grants + State Match - Administrative	\$227.543			\$173.192		
Transfer of DWSRF Funds + State Match	31.137			(31.529)		
SRF Loan Repayments	130.737			39.975		
NPS Loan Repayments	14.261					
Investment Interest	10.970			2.512		
	<u>414.648</u>			<u>184.150</u>		
Loan Dollars:						
Cap. Grant Loans		\$318.630	\$286.492		\$164.644	\$144.718
Non Cap. Grant Loans		15.935	15.935		5.000	5.000
		<u>\$334.565</u>	<u>\$302.427</u>		<u>\$169.644</u>	<u>\$149.718</u>
Balance Available for Loans		\$80.083	\$112.221		\$14.506	\$34.432
Projected February 1, 2016 through June 30, 2016						
Source of Funds						
FY 2016 Capitalization Grant + State Match - Admin	\$0.000			\$0.000		
Transfer from CWSRF to DWSRF	As Needed			As Needed		
SRF Loan Repayments	7.786			3.005		
Investment Interest	0.281			0.085		
	<u>\$8.067</u>			<u>\$3.090</u>		
Loan Dollars						
Cap. Grant & Non Cap Grant Loans		\$53.724	\$25.448		\$18.000	\$12.986
NPS Loans		0.376	0.376			
		<u>\$54.100</u>	<u>\$25.824</u>		<u>\$18.000</u>	<u>\$12.986</u>
FY16 Balance Available for Loans		(\$46.033)	(\$17.757)		(\$14.910)	(\$9.896)
Cumulative Balance Available for Loans		\$34.049	\$94.464		(\$0.404)	\$24.536

Vice Chair Medlarz would like the combined committee (Wastewater, Finance, Drinking Water) to discuss the following at their meeting: DelDOT does not put funding in place until they have the right-of-way certifications.

Rehoboth Beach Ocean Outfall is part of the obligated funds.

SUBCOMMITTEE REPORTS

Wastewater: No report.

Surface Water Management: Vice-Chair Medlarz reported that the purpose of the Matching Planning Grants was discussed: do they include full design, design involving retrofits, or design involving perspective development? It was recommended that the design should allow the determination of the feasibility of a project, and should not be purely for the feasibility of development alone, but mixed. The Subcommittee will take a look at points that are deducted for development at the next meeting. A reallocation (\$200,000) was requested from Surface Water Planning Advances to Surface Water Matching Planning Grants. Supplemental Funding (\$150,000) for the Community Water Quality Improvements Grants was discussed but withdrawn due to new Matching requirements. There is a reduced demand, and the remaining funds should cover any new applications. March 17, 2016

is the new deadline for Surface Water Matching Planning Grants and Community Water Quality Improvement Grants. The Subcommittee should have some recommendations at the April 20, 2016 WIAC meeting. A presentation to the subcommittee was requested regarding MS4, and then it may be brought to the WIAC.

Public Outreach: No report.

Finance: Meeting was held on Tuesday, 16 February 2016. Mr. Dvornick reported that the slides for the WIAC presentation were reviewed, and he thanked staff for an excellent job.

Drinking Water: Mr. Duncan reported they have been communicating by email. Several applications were brought before the subcommittee by the SRF Committee. There were some questions and concerns on some of the applications; they were tabled until the March 4, 2016 meeting when some guidelines will be set regarding the applicant issues. Will have some recommendations at the April 20, 2016 WIAC meeting.

PUBLIC COMMENTS: None

GOOD OF THE COUNCIL: None

MEETING ADJOURNMENT: Motion made by Mr. Duncan, seconded by Mr. Anderson to adjourn the meeting. Motion passed unanimously. The meeting was adjourned at 10:55am. Next WIAC meeting is April 20, 2016 to be held at Kent County Levy Court, Room 220,555 Bay Road, Dover, DE at 9:00am.