



State of Delaware
Water Infrastructure Advisory Council
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Minutes of the 144th Meeting

June 20, 2018

The Water Infrastructure Advisory Council held a public meeting on Wednesday, June 20, 2018, at 9:00 a.m., at Kent County Administrative Complex, 555 Bay Road, Conference Room 220, Dover, Delaware.

MEMBERS PRESENT:

Jeffrey Bross, Chairman
Hans Medlarz, Vice-Chair
Desmond Baker arrived at 9:13am
Richard Duncan
Charles Anderson arrived at 9:28 a.m.
David Baker arrived at 9:09am
Jen Adkins
Eugene Dvornick
Robert Stickels
Jeffrey Flynn
Michael Harmer
Carolann Wicks

MEMBERS ABSENT:

Bruce W. Jones

OTHERS PRESENT WERE:

Carla Cassell-Carter, Environmental Finance
Laura Rafferty, Environmental Finance
Davison Mwale, Environmental Finance
Robert C. Burns, Environmental Finance
Charles Santo, Environmental Finance
Laura Robbins, Environmental Finance
Keith Kooker, Environmental Finance
Reza Moqtaderi, Environmental Finance
James Sullivan, DNREC
Terry Deputy, DNREC
Bob Zimmerman, DNREC

Ralph K. Durstein III, DNREC/DOJ
Doug Lodge, DHSS/DPH
Heather Warren, DHSS/DPH
Chris Brendza, JMT
Andrew Riggi, Kent County
Diana Golt, Kent County
Norma Brasure, Duffield Associates Inc.
Jason McClafferty, KCI
Anthony Schiavi, New Castle County
Eric Laramore, New Castle County
Regis Yurich, New Castle County
David Athey, AECOM
Jason Lyon, City of Dover
Andrew Jakubowitch, Century Engineering
Griffith Baker Anderson, George, Miles & Buhr
Keith Steck, Milton

CALL TO ORDER PUBLIC MEETING:

Meeting came to order at 9:00 a.m.

APPROVAL OF THE REVISED AGENDA:

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

APPROVAL OF MINUTES –April 18, 2018 Public Hearing and Public Meeting Minutes:

Motion made by Mr. Flynn, seconded by Mr. Duncan to approve the April 18, 2018, public hearing and public meeting minutes. Motion carried unanimously.

WIAC-INFORMATIONAL:

Andy Burger will be recognized at the next WIAC meeting on August 15, 2018. Chairman Bross welcomed Carolann Wicks to the WIAC.

Carla Cassell-Carter presented the following:

CWSRF and DWSRF Project Priority Lists and Intended Use Plans (PPL/IUP)

The Clean Water IUP (38 projects for \$107.2 million on the PPL/IUP) was approved by EPA and published. The Drinking Water IUP (14 projects for \$26.9 million on the PPL/IUP) is still under review for final EPA approval. The public comment period closed May 21, 2018: there were no adverse comments on either IUP.

A member of the public requested further consideration of the criteria for communities that provide only one service to be affordable at 1.5% of MHI: DNREC will give further consideration of the current affordability criteria as noted in the Clean Water IUP.

The final CWSRF Federal Cap Grant Award was \$7,859,000 with the required match of \$1,571,800: this is lower than the initial estimate presented in the Public Hearing on the IUP.

Greg Pope presented an update on the **Wastewater and Drinking Water Statewide Facilities Needs Assessment schedule:**

- Finalize RFP document – January 2018
- Advertising of WW and DW RFP (4 weeks) – January 28, 2018
- Proposals due – February 28, 2018
- Review Team Ranking Proposals – June 2018
- Selecting Lead Candidate(s) - June 2018
- Negotiating with Lead Candidate(s) – June/July 2018
- Awarding Contracts and Issuing POs – July 2018

Chairman Bross gave an update on the **DNREC Bond Bill Hearing**. A handout was disbursed to WIAC members regarding his remarks to the Bond Bill Committee. The Clean Water Fee was sponsored and discussed in committee, but he does not expect it to pass this year. Carla Cassell-Carter reported that the Bond Bill is out of Committee to the House and Senate for a vote. The most recent Bill does have additional resources to both Clean Water and Drinking Water programs at \$3 million (including the Cap Grant State Match requirements).

Tim Filasky from the City of Newark gave a presentation on the **City of Newark’s Drinking Water Innovation and Technology Grant Review**. The City is developing a water source protection program for the White Clay Creek Watershed. The City bought a water quality monitoring system from YSI, Inc: a sonde was installed at the intake to the Curtis Water Treatment Plant. The Curtis Water Treatment Plant pulls water from the White Clay Creek, and treats water from the Newark Reservoir. The sonde provides information on current influent water conditions and can profile the water quality of the Newark Reservoir. The information assists in the decision whether a source needs to be changed (WCC to Reservoir). The sonde can be connected to a real-time water quality cloud based solution, and anyone in the world can access the internet to log on and view the data.

NEW BUSINESS:

Greg Pope presented the following:

Sussex County Council Land Conservation and Water Quality Project

Project Description: This loan application seeks to secure the \$5,744,784 available through the special solicitation in order to acquire fee simple interest in a forested parcel, "Comfort Burton Property", located in the headwaters of Guinea Creek, a tributary of Rehoboth Bay and part of the Herring Creek/Rehoboth Bay sub-watershed. Funds will also be used to enhance biodiversity of the site which is currently planted as a monoculture pine plantation and also to restore elements of a first order stream, including wetlands creation, which traverses the property and serves as headwaters for Guinea Creek. The project will also include the reforestation of approximately 60 acres of tillable land that is currently under County ownership as part of the Inland Bays Wastewater Treatment Plant (IBWWTP) which is also located primarily in the Herring Creek/Rehoboth Bay subwatershed.

Environmental Benefits: Fee Simple property acquisition; stream restoration; shoreline stabilization; wetland creation; forest enhancement of parcel; reforestation of lands on 60 acre parcel (part of IBWWTP lands; and establishment of bank for stormwater offsets.

Project Budget

1. Land acquisition	\$5,451,522.50
2. Legal & Administrative	\$25,000.00
3. Program Development	\$75,000.00
4. Project Survey & Design	\$104,000.00
5. DNREC Inspection Fee	\$15,000.00
6. Construction CA & Inspection	<u>\$74,261.50</u>

Total Project LC/WQ Loan Cost **\$5,744,784.00**

Project Funding Source: The Land Conservation / Water Quality Loan funding is available through the interest rate reduction of the City of Rehoboth Beach Ocean Outfall and WWTP loans. The City of Rehoboth chose not to use the borrowing capacity under the Land Conservation / Water Conservation loan program and that capacity was offered up through a Special NOI solicitation. Below is the interest rate reduction table:

Loan Term (years)	CWSRF Interest Rate	Water Quality Improvement Interest Rate	Water Quality Improvement Loan	Municipal Wastewater Loan	Annual Debt Service Payment	Life of Loan Debt Service Payment
25	2.87%	n/a	\$5,370,531	\$40,481,095	\$2,280,388	\$57,009,695
			n/a	\$2,280,388		
25	2.00%	0.000%	\$214,821	\$2,065,567	\$2,280,388	\$57,009,695
20	3.15%	n/a	\$375,253	\$2,734,364	\$185,316	\$3,706,321
			n/a	\$185,316		
20	2.00%	0.000%	\$18,763	\$166,553	\$185,316	\$3,706,321

Terms of Funding

- The loan is to be secured by a General Obligation Bond backed by the full faith and credit and taxing power of the County.
- Loan #1 - \$5,370,531 - the Interest Rate will be 0% for a term of 25 years.
- Loan #2 - \$375,253 - the Interest Rate will be 0% for a term of 20 years.
- Upon project completion principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the respective 25 and 20 year terms.

Recommendation

Based on having the highest score among the proposals submitted under the Special NOI solicitation, Council recommended that the Sussex County Council submit a Land Conservation and Water Quality Conservation Loan Application for an amount up to \$5,744,784. The application has been received by DNREC and Environmental Finance recommends the Council approval a loan of \$5,370,531 at 0% interest for a term of 25 years and a loan of \$375,253 at 0% interest for a term of 20 years.

Motion made by Mr. Dvornick, seconded by Dave Baker to approve the Land Conservation and Water Quality Conservation loans (\$5,370,531 and \$375,253) for Sussex County. Motion carried. Chairman Bross and Vice-Chair Medlarz abstained from voting.

Sussex County paid for a state certified appraisal.

Davison Mwale presented the following:

Kent County Levy Court-US Rt. 13 Forcemain Rehabilitation

Project Description: Kent County Levy Court is requesting \$2,423,100 from the Delaware Clean Water State Revolving Fund to finance the purchase of materials for the forcemain, administration, engineering, and inspection costs. Pipe materials include 3,950 LF of 18” PVC, 11,450 LF of 20” PVC, fittings and valves.

All construction costs of \$3,581,700 will be financed by USDA.

Environmental Review: Categorical Exclusion was advertised May 13, 2018 – June 13, 2018.

Project Construction:

- Begin: October 2018
- Complete: May 2019

Project Budget:

a. Administration	<u>\$104,400</u>
i. Land, Right of Way	\$52,200
ii. Legal Fees	\$52,200
b. Engineering	<u>\$678,800</u>
i. Basic	\$342,700
ii. Project Inspection	\$336,100
c. Construction	<u>\$1,490,800</u>
i. Pipe and Fittings	<u>\$1,490,800</u>
d. Other	<u>\$0</u>
e. Contingencies	<u>\$149,100</u>
Total	<u>\$2,423,100</u>

Project Funding:

WPCRF Loan Amount	\$2,423,100
USDA Funding	<u>\$3,581,700</u>
Total Project Cost	<u>\$6,004,800</u>

Robert Burns presented the following:

Affordability Summary - User Rates

The new project results in a user rate estimated at \$336 per EDU for wastewater, which is 0.61% of MHI. Due to the low annual expense for this project and the high number of EDU’s associated with it, the potential effect on individual user rates is minimal. The increase is estimated at just \$7.35 annually per EDU. The County does not anticipate a rate increase as a result of this project.

Affordability Analysis

Estimated Project Cost	\$6,004,800
USDA Funding	\$3,581,700
Loan Amount	\$2,423,100
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Interest Rate	2.601%
Loan Terms Years	20
Annual Debt Service, New Facility	\$156,156
USDA Funding Debt Service	\$132,700
Existing Debt Service	\$3,419,600
Increase in O,M & R	\$16,800
O,M & R Cost, Existing Facility	\$13,738,300
Total Cost New Facility	\$17,463,556
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Residential Share at 80.%	\$13,970,845
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EDU's	41,569
Total Estimated Annual Charge Per EDU	\$336
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Median Household Income	\$55,184
% of MHI	0.61%
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Proposed Loans Terms- 2.601% interest for a 20-year term

The proposed loan will be secured by a General Obligation Bond Pledge of The County with full faith, credit, and taxing power. During construction semi-annual installments of 2.601% interest-only payments will be made by The County. Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year term.

Recommendation

Environmental Finance recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$2,432,100 to Kent County for the proposed project.

Motion made by Vice-Chair Medlarz, seconded by Mr. Flynn to approve the CWSRF Binding Loan Commitment (\$2,432,100) to Kent County. Motion carried unanimously.

Reza Moqtaderi presented the following:

Kent County Nutrient Removal Project - Scope Addition

Current Closed Loan Background

- WIAC Approved : October 20, 2010
- Loan Closed: December 2010
- Amended: August 2012
- CWSRF Loan Amount: \$6,918,700
- USDA Funding: \$18,350,810

Scope: New clarifiers, lift station, effluent filtration system, chemical feed system, sludge handling system, flow control structures and associated controls. CWSRF funding scope limited to equipment purchases only.

Kent County provided a General Obligation – Recovery Zone Economic Development Bond to secure the loan allowing it to receive a 45% Federal rebate of interest over the life of the loan if the loan was fully disbursed. Approval was obtained from EPA and the loan was fully disbursed at closing. Project has been completed. Full loan is in amortization since June 2013.

Equipment purchases = \$5,676,830.67 Remaining amount = \$1,241,869.33

Planned Project

- Kent County has an approved NOI for a project to design and install an Emergency Standby Power Generator System at the WWTP to support the equipment installed at the plant.
- A CWSRF application for the estimated \$2,640,000 project costs is expected to be submitted.

Scope Addition

- Kent County is requesting to utilize the remaining \$, 1,241,869.33 amount of the funds toward the purchase of emergency standby power generator equipment allowing a reduction of the proposed SRF application amount.

Recommendation

Environmental Finance recommends that WIAC approve the addition of the purchase of the emergency power generator equipment to the scope of the WWTP Capacity Expansion and Nutrient Removal Upgrade project and to approve Kent County's request to use the remaining amount of \$1,241,869.33 from the previously advanced funds of \$6,918,700 towards the purchase of generator equipment.

Motion made by Mr. Dvornick, seconded by Vice-Chair Medlarz to approve the addition of the emergency power generator equipment purchase to the scope of the WWTP Capacity Expansion and Nutrient Removal Upgrade project, and Kent County's request to use (\$1,241,869.33) from previously advanced funds (\$6,918,700) towards the generator equipment purchase. Motion carried unanimously.

Davison Mwale presented the following:

New Castle County-2016 Countywide Sanitary Sewer Rehabilitation

Project Description: New Castle County is requesting \$782,469 from the Delaware Clean Water State Revolving Fund, to finance pipe repairs at 5 locations (80 LF) and conduct post construction CCTV inspection of 1000 LF of sewer pipe, located within the same area of New Castle County.

Environmental Review: Categorical Exclusion was advertised May 26, 2018 – June 26, 2018

Project Construction

- Begin July 2018
- Complete December 2018

Project Budget

a. Administration	\$0
i. Land, Right of Way	\$0
ii. Legal	\$0
b. Engineering	\$67,000
i. Basic	\$10,000
ii. Inspection	\$57,000
c. Construction	\$782,469
i. Construction	\$782,469
d. Other	\$0
e. Contingencies	\$0
Total	\$849,469

Project Funding

New Castle County Capital Fund	\$67,000
CWSRF Loan	\$782,469
Total	\$849,469

Robert Burns presented the following:

Affordability Summary - User Rates

Due to the low annual expense for this project and the high number of EDU's associated with it, the potential effect on individual user rates is minimal. The increase is estimated at just \$0.25 annually per EDU. When the utility provides only wastewater services the affordability criteria is 1.5% of MHI. The project results in a user rate estimated at \$322 per EDU, 0.493% of MHI, thus the project is deemed affordable.

Affordability Analysis

Estimated Project Cost	\$849,469
NCC Stormwater Capital Fund	\$67,000
Loan Amount	\$782,469
Interest Rate	2.601%
Loan Terms Years	20
Annual Debt Service, New Facility	\$50,426
Approved Loans	\$736,707
Existing Debt Service	\$11,126,872
Increase in O,M & R	\$4,500
O,M & R Cost, Existing Facility	\$70,337,270
Total Cost New Facility	\$82,255,775
Residential Share at 46.9%	\$38,577,958
EDU's	119,582
Project Cost per EDU	\$0.25
Total Estimated Annual Charge Per EDU	\$322.61
Median Household Income	\$65,476
% of MHI	0.493%

Proposed Loan Terms-2.601% interest for a 20-year term

The proposed loan will be secured by a General Obligation Bond Pledge of The County with full faith, credit, and taxing power. During construction semi-annual installments of 2.601% interest-only payments will be made by The County. Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year term.

Recommendation

Environmental Finance recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$782,469 to New Castle County for the proposed project.

Motion made by Mr. Harmer, seconded by Mr. Duncan to approve the CWSRF Binding Loan Commitment (\$782,469) to New Castle County for the Countrywide Sanitary Sewer Rehabilitation project. Motion carried unanimously.

Davison Mwale presented the following:

New Castle County-Mill Creek Sanitary Sewer Repairs

Project Description: New Castle County is requesting \$1,675,885 from the Delaware Clean Water State Revolving Fund, to finance sewer pipe repairs at 25 locations and replace manhole frame and covers at 21 locations, throughout the Mill Creek sewershed. Of the 25 locations, 5 are full pipe segment replacements (957 LF) and 20 are point repairs (271 LF), for a total of 1,228 LF.

Environmental Review: Categorical Exclusion was advertised May 26, 2018 – June 26, 2018.

Project Construction

- Begin July 2018
- Complete December 2018

Project Budget:

a. Administration	\$70,000
i. Land, Right of Way	\$50,000
ii. Legal	\$20,000
b. Engineering	\$104,115
i. Basic	\$4,115
ii. Inspection	\$100,000
c. Construction	\$1,675,885
i. Construction	\$1,675,885
d. Other	\$0
e. Contingencies	\$0
Total	<u>\$1,850,000</u>

Project Funding

New Castle County Capital Fund	\$174,115
CWSRF Loan	<u>\$1,675,885</u>
Total	\$1,850,000

Robert Burns presented the following:

Affordability Summary-User Rates: Due to the low annual expense for this project and the high number of EDU’s associated with it, the potential effect on individual user rates is minimal. The increase is estimated at just \$0.53 annually per EDU. When the utility provides only wastewater services the affordability criteria is 1.5% of MHI. The project results in a user rate estimated at \$323 per EDU, 0.493% of MHI, thus the project is deemed affordable.

Affordability Analysis

Estimated Project Cost	\$1,850,000
NCC Stormwater Capital Fund	\$174,115
Loan Amount	\$1,675,885
Interest Rate	2.601%
Loan Terms Years	20
Annual Debt Service, New Facility	\$108,002
Approved Loans	\$736,707
Existing Debt Service	\$11,126,872
Increase in O,M & R	\$6,200
O,M & R Cost, Existing Facility	\$70,337,270
Total Cost New Facility	\$82,315,051
Residential Share at 46.9%	\$38,605,759
EDU's	119,582
Project Cost per EDU	\$0.53
Total Estimated Annual Charge Per EDU	\$323
Median Household Income	\$65,476
% of MHI	0.493%

Proposed Loan Terms-2.601% interest for a 20-year term

The proposed loan will be secured by a General Obligation Bond Pledge of The County with full faith, credit, and taxing power. During construction semi-annual installments of 2.601% interest-only payments will be made by The County. Upon project completion, principal and interest payments shall be paid semi-annually in an amount sufficient to amortize the outstanding principal balance over the 20-year term.

Recommendation

Environmental Finance recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$1,675,885 to New Castle County for the proposed project.

Motion made by Vice-Chair Medlarz, seconded by Mr. Flynn to approve the CWSRF Binding Loan Commitment (\$1,675,885) for the Mill Creek Sanitary Sewer Repairs. Motion carried unanimously.

Reza Moqtaderi presented the following:

New Castle County-Christina River Force Main Emergency Repair Supplemental Request

Original Loan

WIAC Approved: October 18, 2017
 Loan Closed: January 23, 2018
 Loan Amount: \$10,000,000

Scope: Install 3 ea. x 2,000 feet of temporary 48” HDPE bypass lines around the existing 84” CRFM to divert flow from the damaged section of the force main. Assess the damage and make repairs.

Scope of Supplemental Request

- Removal & Disposal of up to 800 cubic yards of contaminated soil
- Replacement of one section of 84” pre-stressed cylindrical concrete pipe (PCCP)
- Wet tapping and installing a line stop in a new undamaged 84” PCCP pipe section
- Installation of a secondary back up bypass to include 2,900 feet of 24” and 600 feet of 48” HDPE pipe and pumping stations
- In-situ repair of 22 sections of the existing 84” PCCP
- Additional engineering and contingency

<u>Item Description</u>	<u>Original Cost</u>	<u>Supplemental Request</u>	<u>Total Cost</u>
General const. and excavation	\$2,100,000	-	\$2,100,000
Valve and line stop install	\$1,500,000	-	\$1,500,000
Bypass piping	\$2,000,000	-	\$2,000,000
Drilling pipes under E. 12th St.	\$1,000,000	-	\$1,000,000
Resolving petroleum line conflicts	\$1,000,000	-	\$1,000,000
Replacing the damaged pipe	\$700,000	-	\$700,000
Engineering	\$600,000	\$500,000	\$1,100,000
Contaminated soils	-	\$200,000	\$200,000
Addition pipe replacement	-	\$300,000	\$300,000
Additional valve and line stop install	-	\$2,300,000	\$2,300,000
Back-up bypass plan	-	\$1,500,000	\$1,500,000
Pipeline rehabilitation	-	\$2,300,000	\$2,300,000
Contingency	\$1,700,000	\$1,400,000	\$3,100,000
<u>Project Total:</u>	<u>\$10,600,000</u>	<u>\$8,500,000</u>	<u>\$19,100,000</u>
NCC Funds	\$600,000	\$500,000	\$1,100,000
<u>CWSRF Funds</u>	<u>\$10,000,000</u>	<u>\$8,000,000</u>	<u>\$18,000,000</u>

Robert Burns presented the following:

Affordability Analysis Summary: Due to the low annual expense for this project, in relation to the high number of EDU’s associated with it, the potential effect on individual user rates is minimal. The increase is estimated at just \$2.41 annually per EDU. When the utility provides only wastewater services the affordability criteria is 1.5% of MHI. The project results in a user rate estimated at \$325 per EDU, 0.50% of MHI, thus the project is deemed affordable.

	Mill Creek Sanitary Sewer Repair	2016 Countywide Sanitary Sewer Rehabilitation	Christina Forcemain Supplemental Funding	NCC Total Facility Debt (Current & Proposed)
<u>Affordability Analysis</u>				
Estimated Project Cost	\$1,850,000	\$849,469	\$8,000,000	\$10,699,469
NCC Stormwater Capital Fund	\$174,115	\$67,000	\$0	\$241,115
Loan Amount	\$1,675,885	\$782,469	\$8,000,000	\$10,458,354
Interest Rate	2.601%	2.601%	2.00%	
Loan Terms Years	20	20	20	20
Annual Debt Service, New Facility	\$108,002	\$50,426	\$487,290	\$645,718
Annual Debt Service (Previously Approved SRF Loans)				\$736,707
Existing Annual Debt Service	\$11,126,872	\$11,126,872	\$11,126,872	\$11,126,872
Increase in O,M & R O,M & R Cost, Existing Facility	\$6,200 \$70,337,270	\$4,500 \$70,337,270	\$0 \$70,337,270	\$10,700 \$70,337,270
Total Cost New Facility	\$81,578,344	\$81,519,068	\$81,951,432	\$82,857,267
Residential Share at 46.9%	\$38,260,243	\$38,232,443	\$38,435,221	\$38,860,058
EDU's	119,582	119,582	119,582	119,582
Project Cost per EDU	\$0.53	\$0.25	\$2.41	\$3.20
Total Estimated Annual Charge Per EDU				\$325
Median Household Income				\$65,476
% of MHI				0.50%

Terms-2.0% interest for a 20-year term

The funding is to be a General Obligation Bond secured by the full faith and credit and taxing power of the County. Interest only will be payable during construction in semi-annual installments. Upon completion the County will make semi-annual interest only payments and one annual principal payment in an amount sufficient to amortize the outstanding principal balance of \$8,000,000 over the 20-year term.

Recommendation

Environmental Finance recommends Council approval and recommendation of a binding commitment to New Castle County for an \$8,000,000, 2% interest loan from the Water Pollution Control Revolving Fund for the increased cost associated with the Christina River Force Main Emergency Repair Project.

Motion made by Mr. Dvornick, seconded by Vice-Chair Medlarz to approve the CWSRF Binding Commitment for New Castle County’s supplemental loan request (\$8,000,000) for the Christina River Force Main Emergency Repair Supplemental Loan Request. Motion carried unanimously.

Vice-Chair Medlarz requested a future presentation for WIAC after the project is finished.

Reza Moqtaderi presented the following:

**Wastewater Planning Advance Grant Application-Town of Smyrna
East Commerce Street Utility Replacement (Wastewater) – Preliminary Engineering
Report (PER) and Environmental Information Document (EID)**

The East Commerce Street Utility Replacement project is a continuation of the Town of Smyrna’s long term plan to replace its aging utility network. The project will consist of replacing undersized and failing sewer mains within East Commerce Street from East Street to Fairfield Street. The Town of Smyrna is requesting grant funding to prepare the required PER and EID in preparation for submittal of a loan application to fund the project through the CWSRF program.

Consultant: KCI Technologies, Inc.

Start Date: July 2018

Completion Date: July 2019

Total Project Cost: \$22,605.50

Assistance Requested: \$22,605.50

Recommendation: Environmental Finance recommends Council approval and recommendation of a Wastewater Planning Advance Grant in the amount of \$22,605.50 to the Town of Smyrna for the preparation of the proposed PER and EID.

Motion made by Mr. Duncan, seconded by Vice-Chair Medlarz to approve the Wastewater Planning Advance Grant (\$22,605.50) for the Town of Smyrna. Motion carried unanimously.

Heather Warren presented the following:

**Drinking Water Matching Planning Grant-Town of Smyrna
East Commerce Street Utility Replacement (Drinking Water)**

Develop plans and specs to replace drinking water utilities along East Commerce Street.

Start Date: Upon WIAC Approval

Completion Date: June 2019

Total Project Cost: \$18,377.50

Assistance Requested: \$9,188.75

Motion made by Mr. Dvornick, seconded by Mr. Duncan to approve the Drinking Water Matching Planning Grant (\$9,188.75) for the Town of Smyrna. Motion carried unanimously.

Doug Lodge presented the following:

Artesian Water Company, Inc.

Llangollen Water Treatment Plant Manganese Removal System & Upgrade

Project Description: This project consists of the design, construction, and installation of an iron and manganese removal system at Artesian’s Llangollen Wellfield. A new aerator will be installed with filters to remove iron and manganese. Additionally, cast-in-place concrete tankage

will be constructed as part of the project to enable Artesian to manage sludge and properly backwash filters. This treatment addition will allow Artesian Water Company to meet secondary water standards for drinking water, and ensure reliable production of potable water.

Environmental Review: Categorical Exclusion was issued.

Capacity Development Review: Based on the review of the technical, managerial, and financial capacities, the Capacity Development Program recommends approval of the loan.

Construction Dates: Start Date: September 2018 End Date: March 2019

Project Costs/ Budget

Administration:	\$ 75,000
Construction:	\$ 2,100,000
Engineering:	\$ 440,000
Contingencies:	\$ 523,000
Other Costs Funded by Artesian:	\$ (564,840)
Total Cost of Project	\$ 3,702,840

Laura Robbins presented the following:

Affordability Analysis

Annual Consumption Charges Based on Average Residential use of 14,000 gallons per quarter	\$319
Annual Meter Charges	\$165
Annual Fire Hydrant Charges	\$53
Annual Distribution System Improvement Charges	\$15
Total Estimated Annual Charge Per EDU	\$553
EDU's (based on customers served by Artesian in DE)	86,500
Median Household Income State of Delaware	\$61,017
% of MHI	<u>0.91%</u>

The loan is being underwritten to Artesian Water Company, Inc., which is a subsidiary of Artesian Resources Corporation, a publicly traded entity. Artesian Water Company, Inc. (a Delaware entity) is regulated by the Delaware Public Service Commission. The application was received prior to the sunseting on the interest rates so that is why the interest rate will be 2.0%.

Ratio	FY 2016	FY 2017	Definition	Industry Benchmark
Operating Ratio	2.17x	2.11x	Operating Expenses/Sales. Lower is better.	1.5x
Current Ratio	1.12x	.85x	Current Assets/Current Liabilities. Indicator of short term debt-payment ability. (Liquidity)	.82x While this trend decreased in 2017, Artesian is still in line with the industry average.
Debt Service Coverage Ratio*	4.90x	5.19x	Net Operating Income/Annual Debt Service. *FY 2017 Debt Service Coverage includes new DWSRF loan.	1.9x

Loan Terms-2.0% interest for a 20-year term

The proposed loan will be secured by a General Obligation Note from Artesian Water Company, Inc. with full faith and credit. During construction, semi-annual installments of 2.0% interest-only payments will be made. At the successful completion of the project, the outstanding balance, \$3,138,000 (approximately) will require semi-annual principal and interest payments in the amount sufficient to amortize the outstanding balance over the remaining term, not to exceed 20 years.

Recommendation

Environmental Finance and the DHSS, Division of Public Health recommend Council's approval of a DWSRF Binding Loan Commitment in the amount of \$3,138,000 to Artesian Water Company, Inc. for the Llangollen Water Treatment Project.

Motion made by Mr. Duncan, seconded by Mr. Flynn to approve the DWSRF Binding Loan Commitment (\$3,138,000) to Artesian Water Company, Inc. for the Llangollen Water Treatment Project. Motion carried. Chairman Bross recused himself from voting.

Doug Lodge presented the following:

Town of Smyrna-South Main Street Utility Replacement Project

Project Description: This project is for the installation of approximately 1,800 linear feet of 10" ductile iron water main to address the failing and undersized water mains, which will reduce water outages, reduce water contamination, improve capacity and flow characteristics. All

existing water mains will be abandoned and all water services will be replaced along with valves and fire hydrants.

Environmental Review: A Categorical Exclusion was issued.

Capacity Development Review: The DWSRF program will work with the Town of Smyrna to enhance operator skills, provide training, and develop customized systematic procedures as requested on its funding application. Loan approval is recommended based on this review.

Project Costs/Budget

Non-Construction	\$ 247,150
<hr/>	
Construction:	
Distribution	\$ 1,187,450
Contingencies	\$ 257,500
<hr/>	
Total Cost of Project	\$ 1,692,100

Construction Dates:

Start Date: May 2018

End Date: May 2019

Affordability Analysis Includes Drinking Water & Wastewater

	South Main Street Project
Annual Debt Service, New Facility	\$103,068
Existing Debt Service *	\$1,027,787
Existing O,M & R*	\$3,000,500
O,M & R Cost, New	\$0
Total Cost New Facility	<u>\$4,131,355</u>
Residential Share at 70%	<u>\$2,891,949</u>
EDU's	4067
Project Cost per EDU	\$711
Total Estimated Annual Charge Per EDU	<u>\$711</u>
Median Household Income	\$53,941
% of MHI for Drinking Water & Wastewater	<u>1.32%</u>

The Town of Smyrna does not separate the financial information between the water and sewer accounts. The above includes the existing debt service and OM&R charges for both systems. The existing debt service also includes the recently approved Wastewater South Main St. loan in the amount of \$1,705,275.

Loan Terms-2.0% with a 20-year term

The proposed loan will be secured by a General Obligation Bond Pledge from the Town of Smyrna with full faith and credit. During construction, semi-annual installments of 2.0% interest-only payments will be made. At the successful completion of the project, the outstanding balance, \$1,692,100 (approximately) will require semi-annual principal and interest

payments in the amount sufficient to amortize the outstanding balance over the remaining term, not to exceed 20 years.

Recommendation: Environmental Finance and the DHSS, Division of Public Health recommend Council’s approval of a DWSRF Binding Loan Commitment in the amount of \$1,692,100 to the Town of Smyrna for the South Main Street Utility Replacement Project.

Motion made by Mr. Dvornick, seconded by Mr. Flynn to approve the DWSRF Binding Loan Commitment (\$1,692,100) to the Town of Smyrna for the South Main Street Utility Replacement Project. Motion carried. Ms. Wicks was not present in the room while the vote took place.

Doug Lodge presented the following:

City of Dover Revised Funding Request for the Water Treatment Plant Process Improvements

Project Description: The Water Treatment Plant (WTP) Process Improvement Project proposes process upgrades to the existing WTP. Due to limitations with the existing process and factoring in water usage projections, the design capacity for the WTP is currently, 3 million gallons per day (MGD). Process improvements will allow for improved ability to meet regulatory requirements, increased efficiency, and better treatment of the raw water entering the plant. Additionally, capacity will increase to 5 MGD with the improvements.

Environmental Review: A Categorical Exclusion was issued.

Capacity Development Review: The original technical, managerial, and financial capacities, was conducted by the Office of Drinking Water and the Capacity Development Program recommended approval of the loan.

Project Costs/Budget

Project Budget

Engineering	\$330,860
Construction	<u>\$5,721,000</u>
Total Cost of Project	<u>\$6,051,860</u>

Source of Funds

Funds Provided from City of Dover	\$2,051,860
Original DWSRF Loan Request	<u>\$2,400,000</u>
Total Source of Funds	<u>\$4,451,860</u>
Revised Funding Request (Based on Actual Bids & Value Engineering)	<u>\$1,600,000</u>
Total	<u>\$6,051,860</u>

Construction Dates:

Start Date: July 2018

End Date: July 2019

Laura Robbins presented the revised Affordability Analysis

Revised Affordability Analysis	Original Funding Request 10/19/16	Revised Funding 6/5/18 with Current Financial Information
<u>Drinking Water</u>		
Annual Debt Service, New Facility	\$146,187	\$243,645
Existing Debt Service	\$521,700	\$524,600
Existing O, M & R Cost	\$3,685,700	\$1,705,700
O, M & R Cost, New	\$0	\$1,759,500
Total Cost New Facility	\$4,353,587	\$4,233,445
Residential Share at 83%	\$3,613,477	\$3,513,759
EDU's	12,365	12,341
Project Cost per EDU	\$12	\$20
Total Estimated Annual Charge per EDU	\$292	\$285
Median Household Income	\$45,600	\$46,355
% of MHI Drinking Water	0.64%	0.61%
<u>Wastewater</u>		
Existing Debt Service (Including Recently Approved CWSRF Pump Station Projects in the Revised)	\$611,300	\$666,484
Existing O, M & R *	\$6,262,500	\$8,241,568
Total Cost Wastewater Facility	\$6,873,800	\$8,908,052
Residential Share at 83%	\$5,705,254	\$7,393,684
EDUs**	12,365	12,341
Median Household Income	\$45,600	\$46,355
Total Estimated Annual Charge EDU	\$461	\$599
% of MHI Wastewater	1.01%	1.29%
% of MHI Combined	1.65%	1.91%

Affordability Analysis Summary

The analysis shows the original approved affordability analysis, which was presented with an overstated number of wastewater EDUs. The EDUs are represented/decreased to 12,365 as per the City's most recent application data. This revised request incorporates updated financial information from the following: 2017 audited financials, census data, and recently approved CWSRF loan requests for Del Tech, Silver Lake, and Walker Woods pump stations in the amount of \$881,356. This combined effect results in an increase per EDU of approximately \$138 annually. This also results in an increase to the restated affordability calculation, from 1.65% to 1.91% for the updated drinking water and wastewater combined MHI.

Recommendation: Environmental Finance and the DHSS, Division of Public Health recommend Council's approval of a Revised DWSRF Binding Loan Commitment in the amount of \$4,000,000 to the City of Dover for the Water Treatment Plant Process Improvements Project. The loan will be secured by a revenue pledge. The City will be required to pay 2.0% interest semi-annually during project construction. At completion of the project, the outstanding balance of \$4,000,000 (approximately) will require semi-annual principal and interest payments in the amount sufficient to amortize the outstanding balance over the remaining term not to exceed 20 years.

Motion made by Mr. Flynn, seconded by Mr. Duncan to approve the DWSRF Binding Loan Commitment (\$4,000,000) to the City of Dover. Motion passed unanimously.

Carla Cassell-Carter presented the Clean Water and Drinking Water Non-Federal Administrative Budgets:

Clean Water Non-Federal Administration Budget

The following are detailed line items for each category of revenues, expenses, and uses for the spreadsheet in the next slide which provides totals by year. WIAC will review the NFAA semi-annually to ensure sustainability.

1. Revenue Sources

- A. Investment Interest
- B. Administrative Fee
- C. 1/5% of Prior Year CWSRF Net Fund Position
- D. DWSRF Program Support Reimbursement
- E. SEFO Program Reimbursement(s)

2. Administrative Expenses and Uses

- A. Environmental Finance Salaries and Benefits
- B. Environmental Finance Travel
- C. Environmental Finance Contractual
- D. Environmental Finance Supplies

3. CWSRF State Match (if required)-Not expecting to take funds from the NFAA this year

4. Additional Program Expenses

- A. Septic Extended Funding Option (SEFO)
- B. Contractual GWD Position-Water Holding Tank Enforcement
- C. Contractual Stormwater Position
- D. Division of Water – Six (6) Water Quality Related Positions
- E. Wastewater Matching Planning Grants
- F. Wastewater Asset Management Grants
- G. Wastewater Planning Advance Grants
- H. Surface Water Matching Planning Grants
- I. Community Water Quality Grants
- J. Statewide Wastewater Study

In December the budget will be reviewed again.

CWSRF Non Federal Administrative Account (NFAA) -- Current and Proposed Program Uses					Revised: 6-15-2018				
	Actual				FY17 Actual	Projections			
	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual		FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
1. Revenue Sources									
Total Annual Revenues	\$1,918,501	\$1,848,651	\$1,945,013	\$1,872,746	\$2,365,209	\$2,412,612	\$2,555,317	\$2,657,846	\$2,776,502
2. Administrative Expenses and Uses									
Total Administrative Expenses and Uses	\$287,995	\$378,752	\$925,481	\$630,782	\$1,025,000	\$996,000	\$1,018,000	\$1,040,000	\$1,063,000
Total Administrative Obligations To Be Paid	\$55,053	\$11,935	\$170,133	\$72,322	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
3. CWSRF State Match									
A. CWSRF State Match									
	\$0	\$0	\$0	\$0	\$578,000	\$0	\$0	\$0	\$0
4. Additional Program Expenses									
Total Additional Program Expenses	\$1,479,360	\$1,944,507	\$2,066,005	\$2,010,549	\$1,720,177	\$2,695,000	\$2,206,000	\$1,620,000	\$1,634,000
Total End of FY Program Obligations	\$281,631	\$288,072	\$607,022	\$1,207,195	\$1,814,911	\$1,609,000	\$1,643,000	\$1,026,000	\$938,000
Total Combined Annual Expenses and Uses	\$1,767,355	\$2,323,259	\$2,991,486	\$2,641,331	\$2,745,177	\$3,691,000	\$3,224,000	\$2,660,000	\$2,697,000
5. Total CWSRF NFAA Expenses									
CWSRF NFAA Expenses	\$1,767,355	\$2,323,259	\$2,991,486	\$2,641,331	\$3,323,177	\$3,691,000	\$3,224,000	\$2,660,000	\$2,697,000
Total CWSRF NFAA End of FY Obligations	\$336,684	\$300,008	\$777,155	\$1,279,517	\$1,914,911	\$1,709,000	\$1,743,000	\$1,126,000	\$1,038,000
6. Annual Fund Growth (Decrease)									
	\$151,146	(\$474,608)	(\$1,046,473)	(\$768,585)	(\$957,968)	(\$1,278,388)	(\$668,683)	(\$2,154)	\$79,502
7. Balances									
End of FY Available Fund Balance	\$7,941,657	\$7,503,726	\$5,980,106	\$4,709,159	\$3,115,797	\$2,043,000	\$1,340,000	\$1,955,000	\$2,123,000
End of FY Accounting Fund Balance	\$8,278,341	\$7,803,733	\$6,757,261	\$5,988,676	\$5,030,708	\$3,752,000	\$3,083,000	\$3,081,000	\$3,161,000
8. Grant Programs									
	Historical Annual Grant/Program Allocations Approved					Projected Annual Grant/Program Allocations			
SEFO Program Obligated	\$150,000	\$150,000	\$250,000	\$561,362	\$300,000 \$0	\$350,000	\$250,000 \$0	\$250,000 \$0	\$250,000 \$0
Wastewater Matching Grants (w/underserved priority) Obligated	\$137,686	\$190,000	\$352,967	\$183,773	\$500,000 \$375,972	\$300,000 \$150,000	\$250,000 \$125,000	\$150,000 \$75,000	\$150,000 \$75,000
Asset Management Planning Grants Obligated				\$630,000	\$500,000 \$908,762	\$300,000 \$982,000	\$300,000 \$868,000	\$100,000 \$751,000	\$100,000 \$663,000
Project Planning Advances Obligated				\$90,000	\$500,000 \$100,000	\$200,000 \$100,000	\$200,000 \$100,000	\$100,000 \$50,000	\$100,000 \$50,000
Surface Water Matching Grants Obligated	\$171,655	\$208,563	\$482,250	\$267,607	\$300,000 \$212,481	\$325,000 \$163,000	\$250,000 \$125,000	\$150,000 \$75,000	\$150,000 \$75,000
Community Water Quality Grants Obligated	\$500,000	\$350,000	\$525,000	\$320,241	\$350,000 \$217,696	\$227,000 \$114,000	\$250,000 \$125,000	\$150,000 \$75,000	\$150,000 \$75,000
Special Study (U of D & Tetra Tech) Obligated									
Statewide Wastewater Study Obligated					\$0 \$0	\$300,000 \$100,000	\$0 \$300,000	\$0 \$0	\$0 \$0
Total Proposed Program Uses Obligated	\$959,341	\$898,563	\$1,610,217	\$2,052,983	\$2,450,000 \$1,814,911	\$2,002,000 \$1,609,000	\$1,500,000 \$1,643,000	\$900,000 \$1,026,000	\$900,000 \$938,000

CWSRF Non Federal Administrative Account (NFAA) -- Current and Proposed Program Uses					Revised: 6-15-2018				
	Actual				FY17 Actual	Projections			
	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual		FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
1. Revenue Sources									
A. Investment Interest	\$40,214	\$29,003	\$30,568	\$38,735	\$46,000	\$35,000	\$30,000	\$25,000	\$25,000
B. Administrative Fee	\$1,878,287	\$1,819,648	\$1,914,445	\$1,834,011	\$1,450,000	\$1,500,000	\$1,600,000	\$1,700,000	\$1,800,000
C. 1/5% of Prior Year CWSRF Net Fund Position					\$518,159	\$533,989	\$548,922	\$548,922	\$559,901
D. DWSRF Program Support Reimbursement					\$331,092	\$323,266	\$355,631	\$362,744	\$369,998
E. SEFO/Other Grant Program Reimbursements					\$19,958	\$20,357	\$20,764	\$21,180	\$21,603
Total Annual Revenues	\$1,918,501	\$1,848,651	\$1,945,013	\$1,872,746	\$2,365,209	\$2,412,612	\$2,555,317	\$2,657,846	\$2,776,502
2. Administrative Expenses and Uses									
A. Environmental Finance Salaries and Benefits	\$128,895	\$317,639	\$717,752	\$397,370	\$735,000	\$750,000	\$765,000	\$780,000	\$796,000
B. Environmental Finance Travel	\$9,024	\$12,041	\$10,211	\$11,228	\$7,000	\$8,000	\$9,000	\$10,000	\$11,000
C. Environmental Finance Contractual	\$143,720	\$44,463	\$193,426	\$219,346	\$280,000	\$234,000	\$239,000	\$244,000	\$249,000
D. Environmental Finance Supplies	\$6,356	\$4,609	\$4,092	\$2,839	\$3,000	\$4,000	\$5,000	\$6,000	\$7,000
Total Administrative Expenses and Uses	\$287,995	\$378,752	\$925,481	\$630,782	\$1,025,000	\$996,000	\$1,018,000	\$1,040,000	\$1,063,000
Total Administrative Obligations To Be Paid	\$55,053	\$11,935	\$170,133	\$72,322	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
3. CWSRF State Match									
A. CWSRF State Match	\$0	\$0	\$0	\$0	\$578,000	\$0	\$0	\$0	\$0
4. Additional Program Expenses									
A. SEFO Funding	\$150,000	\$250,000	\$250,000	\$561,362	\$300,000	\$350,000	\$250,000	\$250,000	\$250,000
B. Contractual Groundwater Position	\$59,780	\$58,798	\$60,157	\$64,789	\$55,000	\$56,000	\$57,000	\$58,000	\$59,000
C. Contractual Stormwater Position	\$65,042	\$58,551	\$66,524	\$72,266	\$70,000	\$71,000	\$72,000	\$73,000	\$74,000
D. Division of Water Resource Positions	\$501,663	\$531,378	\$512,174	\$534,483	\$555,000	\$566,000	\$577,000	\$589,000	\$601,000
E. Wastewater Matching Planning Grants (Prioritizing Low-Income Communities)	\$171,558	\$168,567	\$169,478	\$247,386	\$200,000	\$300,000	\$250,000	\$150,000	\$150,000
F. Wastewater Asset Management Grants	\$0	\$0	\$0	\$37,378	\$85,000	\$300,000	\$300,000	\$100,000	\$100,000
G. Wastewater Planning Advance Grants	\$0	\$0	\$0	\$0	\$25,000	\$200,000	\$200,000	\$100,000	\$100,000
H. Surface Water Matching Planning Grants	\$350,000	\$475,000	\$507,672	\$317,991	\$212,481	\$325,000	\$250,000	\$150,000	\$150,000
I. Community Water Quality Grants	\$153,350	\$402,213	\$500,000	\$174,894	\$217,696	\$227,000	\$250,000	\$150,000	\$150,000
J. Statewide Wastewater Facilities Needs Study	\$27,967	\$0	\$0	\$0	\$0	\$300,000	\$0	\$0	\$0
Total Additional Program Expenses	\$1,479,360	\$1,944,507	\$2,066,005	\$2,010,549	\$1,720,177	\$2,695,000	\$2,206,000	\$1,620,000	\$1,634,000
Total End of FY Program Obligations	\$281,631	\$288,072	\$607,022	\$1,207,195	\$1,814,911	\$1,609,000	\$1,643,000	\$1,026,000	\$938,000
Total Combined Annual Expenses and Uses	\$1,767,355	\$2,323,259	\$2,991,486	\$2,641,331	\$2,745,177	\$3,691,000	\$3,224,000	\$2,660,000	\$2,697,000
5. Total CWSRF NFAA Expenses									
CWSRF NFAA Expenses	\$1,767,355	\$2,323,259	\$2,991,486	\$2,641,331	\$3,323,177	\$3,691,000	\$3,224,000	\$2,660,000	\$2,697,000
Total CWSRF NFAA End of FY Obligations	\$336,684	\$300,008	\$777,155	\$1,279,517	\$1,914,911	\$1,709,000	\$1,743,000	\$1,126,000	\$1,038,000
6. Annual Fund Growth (Decrease)									
	\$151,146	(\$474,608)	(\$1,046,473)	(\$768,585)	(\$957,968)	(\$1,278,388)	(\$668,683)	(\$2,154)	\$79,502
7. Balances									
End of FY Available Fund Balance	\$7,941,657	\$7,503,726	\$5,980,106	\$4,709,159	\$3,115,797	\$2,043,000	\$1,340,000	\$1,955,000	\$2,123,000
End of FY Accounting Fund Balance	\$8,278,341	\$7,803,733	\$6,757,261	\$5,988,676	\$5,030,708	\$3,752,000	\$3,083,000	\$3,081,000	\$3,161,000

Drinking Water Non-Federal Administration Budget

1. Revenue Sources

- A. Investment Interest
- B. Administrative Fee

2. Administrative Expenses and Uses

- A. DNREC Environmental Finance Program Support
- B. DHSS DPH Laboratory Operations & Special Equipment

3. DWSRF State Match (if required)

4. Additional Program Expenses

- A. DWSRF Asset Management Grant
- B. DWSRF Matching Planning Grants
- C. Statewide DW Facilities Assessment Study

DWSRF Non Federal Administrative Account (NFAA) -- Current and Proposed Program Uses					Revised: 6-18-18			
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected
1. Revenue Sources								
Total Annual Revenues	\$2,008,701	\$1,540,828	\$1,522,351	\$1,488,939	\$1,350,000	\$1,376,000	\$1,403,520	\$1,431,570
2. Administrative Expenses and Uses								
Total DWSRF Administrative Expenses	\$187,942	\$200,075	\$367,131	\$349,233	\$769,266	\$755,631	\$770,744	\$786,158
Total End of FY Administrative Obligations	\$107,177	\$164,119	\$167,639	\$147,969	\$281,000	\$208,000	\$212,000	\$216,000
3. DWSRF State Match		\$69,000		\$1,662,400	\$1,650,000	\$1,770,000	\$0	\$0
4. Additional Program Expenses								
Total Additional Program Expenses	\$0	\$13,066	\$195,919	\$302,035	\$1,829,200	\$800,000	\$800,000	\$800,000
Total End of FY Program Obligations	\$0	\$169,690	\$456,770	\$1,552,347	\$1,926,000	\$2,055,000	\$2,170,000	\$2,170,000
5. Total DWSRF NFAA Expenses	\$187,942	\$282,141	\$563,050	\$2,313,668	\$4,248,466	\$3,325,631	\$1,570,744	\$1,586,158
Total DWSRF NFAA End of FY Obligations	\$107,177	\$333,809	\$624,409	\$1,700,316	\$2,207,000	\$2,263,000	\$2,382,000	\$2,386,000
6. Annual Fund Growth / (Decrease)	\$1,820,759	\$1,258,687	\$959,301	(\$824,729)	(\$2,898,466)	(\$1,949,631)	(\$167,224)	(\$154,588)
7. Balances								
End of FY Available Fund Balance	\$8,324,078	\$9,356,133	\$10,024,835	\$8,124,198	\$4,210,776	\$2,205,145	\$1,918,922	\$1,760,334
End of FY Accounting Fund Balance	\$8,512,020	\$9,689,942	\$10,649,243	\$9,824,514	\$6,417,776	\$4,468,145	\$4,300,922	\$4,146,334
8. Grant Program Uses								
	Historical Annual Grant Program Uses				Allocated and Future Annual Grant Program Uses			
Sustainability Contract Phase III Obligated				\$0	\$48,500	\$0	\$0	\$0
				\$98,654	\$25,000	\$0	\$0	\$0
DWSRF Innovation and Technology Grants Obligated			\$99,999	\$150,000	\$150,000	\$0	\$0	\$0
				\$50,050	\$75,000	\$75,000	\$75,000	\$75,000
Additional Subsidization Program \$2,653,500 Obligated				\$530,700	\$530,700	\$0	\$0	\$0
				\$0	\$50,000	\$50,000	\$50,000	\$50,000
DWSRF Asset Mangement Grant Obligated			\$698,685	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000
				\$1,261,835	\$1,386,000	\$1,540,000	\$1,655,000	\$1,655,000
Project Planning Advances Obligated				\$300,000	\$300,000	\$0	\$0	\$0
				\$0	\$150,000	\$150,000	\$150,000	\$150,000
DWSRF Matching Planning Grants Obligated		\$182,756	\$82,280	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
				\$141,808	\$150,000	\$150,000	\$150,000	\$150,000
Statewide Drinking Water Study Obligated				\$0	\$300,000	\$0	\$0	\$0
				\$0	\$90,000	\$90,000	\$90,000	\$90,000
Total Proposed Program Uses	\$0	\$182,756	\$880,964	\$1,780,700	\$2,129,200	\$800,000	\$800,000	\$800,000

DWSRF Non Federal Administrative Account (NFAA) -- Current and Proposed Program Uses					Revised: 6-18-18			
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
	Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected
1. Revenue Sources								
Total Annual Revenues	\$2,008,701	\$1,540,828	\$1,522,351	\$1,488,939	\$1,350,000	\$1,376,000	\$1,403,520	\$1,431,570
2. Administrative Expenses and Uses								
Environmental Finance Salaries & Benefits	\$100,000	\$98,870	\$155,311	\$61,668	\$378,266	\$214,500	\$218,790	\$223,166
Contractual, Supply, Travel	\$87,942	\$101,205	\$61,307	\$121,058	\$66,000	\$141,131	\$143,954	\$146,833
Laboratory Operations & Special Equipment			\$150,513	\$166,507	\$325,000	\$400,000	\$408,000	\$416,160
Total DWSRF Administrative Expenses	\$187,942	\$200,075	\$367,131	\$349,233	\$769,266	\$755,631	\$770,744	\$786,158
Total End of FY Administrative Obligations	\$107,177	\$164,119	\$167,639	\$147,969	\$281,000	\$208,000	\$212,000	\$216,000
3. DWSRF State Match		\$69,000		\$1,662,400	\$1,650,000	\$1,770,000	\$0	\$0
4. Additional Program Expenses								
Sustainability Contract Phase III				\$19,390	\$48,500	\$0	\$0	\$0
DWSRF Innovation and Technology Grants			\$41,612	\$86,200	\$150,000	\$0	\$0	\$0
Additional Subsidization Program				\$0	\$530,700	\$0	\$0	\$0
DWSRF Asset Mangement Grant			\$34,485	\$120,565	\$500,000	\$500,000	\$500,000	\$500,000
DWSRF Matching Planning Grants		\$13,066	\$119,822	\$0	\$300,000	\$300,000	\$300,000	\$300,000
Statewide Drinking Water Supply				\$0	\$300,000	\$0	\$0	\$0
Total Additional Program Expenses	\$0	\$13,066	\$195,919	\$302,035	\$1,829,200	\$800,000	\$800,000	\$800,000
Total End of FY Program Obligations	\$0	\$169,690	\$456,770	\$1,552,347	\$1,926,000	\$2,055,000	\$2,170,000	\$2,170,000
5. Total DWSRF NFAA Expenses	\$187,942	\$282,141	\$563,050	\$2,313,668	\$4,248,466	\$3,325,631	\$1,570,744	\$1,586,158
Total DWSRF NFAA End of FY Obligations	\$107,177	\$333,809	\$624,409	\$1,700,316	\$2,207,000	\$2,263,000	\$2,382,000	\$2,386,000
6. Annual Fund Growth / (Decrease)	\$1,820,759	\$1,258,687	\$959,301	(\$824,729)	(\$2,898,466)	(\$1,949,631)	(\$167,224)	(\$154,588)
7. Balances								
End of FY Available Fund Balance	\$8,324,078	\$9,356,133	\$10,024,835	\$8,124,198	\$4,210,776	\$2,205,145	\$1,918,922	\$1,760,334
End of FY Accounting Fund Balance	\$8,512,020	\$9,689,942	\$10,649,243	\$9,824,514	\$6,417,776	\$4,468,145	\$4,300,922	\$4,146,334

Drinking Water decided not to continue with Innovation and Technology Grant, Additional Subsidization Program, and the Project Planning Advances for FY19, FY20 and FY21 due to undersubscription. There was concern regarding the lack of applications for the DWSRF Additional Subsidization Program. It was suggested that outreach should be discussed by the Drinking Water Subcommittee.

Project Updates

- **Rehoboth Beach-Pump Station, Force Main & Ocean Outfall**
 - As of May 23, 2018, the treatment plant has been pumping treated effluent through the ocean outfall
 - On May 30, 2018, the WWTP contractor sealed the effluent discharge pipe leading to the Lewes-Rehoboth canal, abandoning that discharge pipe
- **Harrington – Sanitary Sewer Capacity Improvements**
 - Contract awarded to A-DEL construction.
 - Pre-construction conference is June 27, 2018
- **Sussex County – North Expansion of Angola SSD**
 - **Construction – 70.5% complete**
- **Wilmington – Shallcross Avenue Sewer Separation**
 - **Contract documents for bid under final review**

CWSRF May 2018 Cash Flow Summary

	in millions
Federal Capitalization Grants (1990 – Present)	\$ 212
State Match (1990 – Present)	\$ 39
DWSRF Transfer	\$ 32
Total Capitalization	\$ 283
Plus: Loan P/I Repayments & Interest on Investments	\$ 192
Less: Loan Disbursements, Principal Forgiveness, & Administration	\$ (392)
Available Funds for Loans as of May 31, 2018	\$ 83
Plus: Near-Term Loan Repayments & Interest on Investments (FY18 4Q)	\$ 5
Less: Near-Term Undisbursed Loans Payable (FY18 4Q)	\$ (17)
Less: DWSRF Transfer (\$31.5)	\$ As Needed
Uncommitted Fund Balance	\$ 71
Less: Loan Application Pending Approval/Settlement (@100% of loan value)	\$ (66)
Est. Balance Available for Loans as of June 30, 2018	\$ 5

Laura Robbins presented the following:

DWSRF May 2018 Cash Flow Summary

	in millions
Federal Capitalization Grants Less Set Aside Expenses (1997 – Present)	\$ 154
State Match (1997 – Present)	\$ 37
CWSRF Transfer	\$ (32)
Total Capitalization	\$ 159
Plus: Loan P/I Repayments & Interest on Investments	\$ 62
Less: Loan Disbursements	\$ (174)
Available Funds for Loans as of May 31, 2018	\$ 47
Plus: Near-Term Loan Repayments (FY18 4Q)	\$ 1
CWSRF Transfer (\$31.5)	\$ As Needed
Less: Undisbursed Near-Term Loans Payable (FY18 4Q)	\$ (6)
Current Uncommitted Fund Balance	\$ 42
Less: Loan Application <u>Pending</u> Approval and/or Settlement	\$ (21)
Est. Balance Available for Loans as of June 30, 2018	\$ 21

Delaware Clean Water and Drinking Water Projected Balances Available for Loans

<u>Actual/Projected (in millions)</u>	<u>CWSRF</u>	<u>DWSRF</u>
May 31, 2018	\$83.075	\$47.175
June 30, 2018	\$61.80	\$41.603
June 30, 2019	\$25.05	\$48.881
June 30, 2020	\$5.210	\$41.750
June 30, 2021	\$10.512	\$35.195

Note: Management has established a \$5 Million dollar capital reserve for the Fund. This reserve allows the SRF Programs 24 months to prepare for leveraging and associated fees.

SUBCOMMITTEE REPORTS:

WASTEWATER: Greg Pope reported that the wastewater projects were reviewed that were presented at today’s meeting.

SURFACE WATER: Vice-Chair Medlarz reported that they met to discuss the scope and the RFP for the Surface Water Needs Assessment.

FINANCE: Mr. Dvornick reported they met via conference call on Monday, June 18, 2018, to discuss the financial information presented at today’s meeting. He thanked staff for their work and found the summary of the grant programs very useful.

DRINKING WATER: Mr. Duncan reported that they met and discussed the Town of Smyrna. A meeting will be arranged between the Drinking Water Subcommittee and Carla Cassell-Carter.

Chairman Bross distributed a current subcommittee list to the WIAC. There will be a reassessment and redistribution of leadership and membership on each subcommittee.

Conflict of Interest Policy

Dirk Durstein from the Department of Justice provided a brief overview of the Conflict of Interest Policy that he is developing for WIAC. He discussed how to handle and identify a potential conflict. A potential conflict should be disclosed when any transaction or business that would involve a WIAC member or family members such as spouses, parents, siblings, and children. When members recuse themselves from voting, they should leave the room and not take part in any discussions. Mr. Durstein also recommended that Council members should refrain from answering questions about active applications that come from their organizations before Council. If a member has to answer a historical question, then the conflict should be disclosed and reflected in meeting minutes. Chairman Bross expects the Conflict of Interest Policy to be taken up as an administrative item in the August meeting. Carla Cassell-Carter will email WIAC members Mr. Durstein’s contact information should they have any further questions for him.

PUBLIC COMMENTS: Keith Steck from Milton, DE, wanted to know about Council’s policy for projects regarding underserved communities and recommended if they do not have one they should adopt one. He also wanted to know why Artesian would be provided a 2% interest rate

over the community projects. Chairman Bross explained the interest rate was 2% at the time of Artesian's application, and that the interest rate applies equally to corporate and municipal applications. Carla Cassell-Carter explained that all applicants recommended for loan approval are eligible borrowers under the SRF program guidelines and that all loan interest rates are set by the annual interest rate policy. Chairman Bross also let Mr. Steck know that Council has a history of assisting underserved communities through loan principal forgiveness, subsidies toward user costs, or direct grants. There is additional funding for underserved communities: Bob Zimmerman stated that the Administration has made a proposal to appropriate \$1.6 million for Clean Water Infrastructure that is targeted at low-income communities.

GOOD OF THE COUNCIL: None

MEETING ADJOURNMENT: Motion made by Mr. Dvornick, seconded by Mr. Flynn to adjourn the meeting. Chairman Bross adjourned the meeting at 11:40 a.m. The next WIAC meeting is August 15, 2018, and will be held at Kent County Administrative Complex, Conference Room 220, 555 Bay Road, Dover, DE at 9:00 a.m.