



State of Delaware
Water Infrastructure Advisory Council
97 Commerce Way, Suite 106
Dover, Delaware 19904

Telephone: (302) 739-9941
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Minutes of the Public Hearing

March 13, 2019

The Water Infrastructure Advisory Council held a public hearing on Wednesday, March 13, 2019 at 9:00 a.m., at Del Tech, Terry Campus, 100 Campus Drive, Conference Room 400B, Dover, Delaware.

MEMBERS PRESENT:

Jeffrey Bross, Chairman
Hans Medlarz, Vice-Chair
Jeffrey Flynn arrived at 9:08 a.m.
Richard Duncan
Charles Anderson
David Baker arrived at 9:11 a.m.
Bruce W. Jones
Michael Harmer
Carolann Wicks
Robert Stickels

MEMBERS ABSENT:

Desmond Baker
Jen Adkins
Eugene Dvornick

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
Keith Kooker, Environmental Finance
Reza Moqtaderi, Environmental Finance
Greg Pope, Environmental Finance
James Sullivan, DNREC
Bob Zimmerman, DNREC
Jack Hayes, DNREC
Doug Lodge, ODW/OE

Heather Warren, DPH
Keith Mensch, ODW/DPH
Debbie Pfeil, KCI
Lew Podolske, Inland Bays Foundation
Jason McClafferty, KCI
Charles O'Donnell, GMB
Keith Steck, Milton
Kristy Rogers, Town of Milton
Jean Holloway, SERCAP
Vikki Prettyman, SERCAP
Carrie Kruger, Duffield
David Athey, AECOM
Darrin Gordon, Lewes BPW
Madeleine Driscoll, KCI
Nishant Shah, Tetra Tech
Matthew Hall, Town of Millsboro
Jamie Burk, Town of Millsboro
David Del Grande, City of Newark
Mark Whitfield, City of Milford
Greg Coury, Tidewater Utilities
Vincent Carroccia, City of Wilmington
Matt Demo, City of Wilmington

CALL TO ORDER-PUBLIC HEARING

Public Hearing came to order at 9:03 am.

Carla Cassell-Carter presented the following:

SRF Public Workshop and Solicitation for Clean Water and Drinking Water Projects

December 12, 2018 - Solicitation Opened
December 12, 2018 - Public Workshop Held
January 11, 2019 - Project Notices of Intent (NOIs) Due
March 13, 2019 - PPL/NOI Public Hearing
April 12, 2019 - Comment Period Closes
April 30, 2019 – Final 2019 PPL/IUP Submitted to EPA

Greg Pope presented the following:

2019 Clean Water State Revolving Fund (SRF) Project Priority List (PPL) and Intended Use Plan (IUP)

PPL Process and Ranking

Clean Water State Revolving Fund (CWSRF) - \$15,060,000 from January NOIs

- \$89,565,122 in total 2019 IUP project requests for CWSRF funding

CWSRF Expanded-Use Programs:

- \$1.5 million – Non Point Source Projects (Septic Systems, Poultry & Dairy Best Management Practices)
- \$5.0 million – Land Conservation Loan Program

- Based on Available Funds – Water Quality Improvement Loan Program

Greg Pope presented the **2019 CWSRF Project Priority List (PPL)**

Rank	Year	Priority Points	Applicant / Project Title / Contact	Community/County/Population	Waterbody / NPDES	WPCRF Loan Requested
1	2019	N/A	State of Delaware Non-Point Source Water Pollution Control Loan Program Jessica Velazquez DNREC/EF Loan Mgmt. Officer 302-739-9941	Statewide Statewide 961,939	Statewide Non-Point Source	\$1,500,000
2	2019	N/A	Land Conservation Loan Program Carla Cassell-Carter DNREC/EF Administrator 302-739-9941	Statewide Statewide 961,939	Statewide Land Conservation Loan Program	\$5,000,000
3	2019	N/A	Water Quality Improvement Loan Sponsorship Program Carla Cassell-Carter DNREC/EF Administrator 302-739-9941	Statewide Statewide 961,939	Statewide Water Quality Improvement Loan Sponsorship Program	Unlimited - Based on Available Funds
4	2019	70.1	Sussex County Wolfe Runne John J. Ashman Director of Utility Planning 302-855-1299	Sussex County Council Sussex 270	Inland Bays - Rehoboth Bay WPCC-3042C-90 (Spray Irrigation)	\$4,100,000
5	2019	61.7	Sussex County Council Oak Acres John Ashman Director of Utility Planning 302-855-1299	Sussex County Council Sussex 150	Inland Bays - Little Assawoman NPDES-005-0008	\$2,580,000
6	2019	61.5	Sussex County Council Mallard Creek John Ashman Director of Utility Planning 302-855-1299	Sussex County Council Sussex 113	Inland Bays - Little Assawoman NPDES-005-0008	\$2,280,000
7	2019	58.0	Sussex County Council Branch, Autumn & Tucks Road - Long Neck John J. Ashman Director of Utility Planning 302-855-1299	Sussex County Council Sussex 350	Inland Bays - Indian River Bay WPCC-3042C-90 (Spray Irrigation)	\$3,600,000
8	2019	50.0	DNREC, Division of Watershed Stewardship Watershed Improvement Projects Terry Deputy 302-739-9941	Statewide Statewide 961,939	Statewide Statewide	\$2,500,000
Total (NOIs)						\$15,060,000

Carla Cassell-Carter presented the following:
2019 CWSRF Intended Use Plan

Table 1 - Fund Sources, Uses, and Program Requirements

<u>Sources:</u>	<u>FFY 2019</u>	<u>FFY 2012</u>
Estimated Federal Cap Grant	\$ 7,000,000	\$27,050,176
Estimated State Match – 20%	\$ 1,400,000	\$ 5,410,035
Total Sources	\$ 8,400,000	\$32,460,211
<u>Uses:</u>		
Program Loans	\$ 8,400,000	\$31,378,204
WPCRF Cap Grant Admin (4%)		\$ 1,082,007
WPCRF Administration (1/5 of 1%)	\$ 559,901	
<u>Requirement:</u>		
10% Principal Loan Forgiveness(min)	\$ 700,000	
10% Green Project Reserve	\$ 700,000	
30% Principal Loan Forgiveness (max)	\$ 2,000,000	

2019 CWSRF Intended Use Plan Project Requirements

- Must Be on CWSRF PPL
- Davis-Bacon Wage Rates
- State Wage Rates
- American Iron and Steel Federal Requirements

Project Selection Process

- Fiscal 2019 PPL/IUP – Project Rankings
- Projects Ready to Proceed in 2019
- Project Loan Applications Previously Submitted

Table 2 – Wastewater, Stormwater, and Green Project Reserve (GPR) Projects Selected for CWSRF Funding

Applicant / Project Name	Total Cost	CWSRF Funds
<u>Sussex County Council</u>		
• Land Conservation and Water Quality	\$ 9,500,000	\$ 5,745,000
• Joy Beach	\$ 6,500,000	\$ 5,691,821
• Mulberry Knoll	\$ 4,800,000	\$ 3,135,379
• Wolfe Runne	\$ 4,275,000	\$ 4,100,000
• Oak Acres	\$ 2,580,000	\$ 2,580,000
• Mallard Creek	\$ 2,280,000	\$ 2,280,000
• Branch, Autumn, and Tucks Road	\$ 3,600,000	\$ 3,600,000
<u>Kent County Levy Court</u>		
• Air System (Blower) Optimization Project	\$ 4,513,700	\$ 1,354,110
• US Route 13 Forcemain Rehabilitation	\$ 6,004,800	\$ 2,423,100
<u>City of Newark</u>		
• Sanitary Sewer System Study & Rehabilitation	\$ 3,900,000	\$ 3,900,000
<u>City of Wilmington</u>		
• Shallcross Avenue Sewer Separation	\$ 1,404,960	\$ 1,206,460

Applicant / Project Name	Total Cost	CWSRF Funds
<u>Town of Smyrna</u>		
• East Commerce Street Utility Replacement	\$ 1,723,381	\$ 1,712,078
• South Main Street Utility Replacement	\$ 1,705,275	\$ 1,705,275
<u>Fort DuPont Redevelopment Corporation</u>		
• Floodproofing Improvements (Dike)	\$ 2,180,000	\$ 2,180,000
<u>City of Lewes Board of Public Works</u>		
• Donovan Smith Mobile	\$ 950,000	\$ 925,000
• The Orchard Sewer Extension	\$ 1,357,000	\$ 1,336,000
• Savannah Road Sewer Extension	\$ 2,025,000	\$ 2,025,000
• Donovans Road Sewer Extension	\$ 575,000	\$ 550,000
<u>City of New Castle</u>		
• Delaware Street Green Street Renovation	\$ 367,500	\$ 367,500
<u>Mill 6 Redevelopment, LLC</u>		
• Mill 6	\$ 6,411,000	\$ 4,160,000
• Mills Edge	\$ 4,072,000	\$ 3,572,000
<u>Quarry Walk, LLC</u>		
• Quarry Walk	\$ 5,909,000	\$ 4,909,000
<u>Tidewater Environmental Services, Inc.</u>		
• Milton WWTP Replacement	<u>\$ 11,800,000</u>	<u>\$ 11,800,000</u>
	Total Cost	CWSRF Funds
Sub-Total Wastewater and Stormwater Projects	<u>\$ 88,433,616</u>	<u>\$ 71,257,723</u>

Loans for three (3) GPR projects are anticipated to close during the year:

Applicant / Project Name	Total Cost	CWSRF Funds
<u>City of Wilmington</u>		
• Wilmington Wetlands Park	\$ 25,347,500	\$ 15,107,399
<u>City of Wilmington</u>		
• 15th and Walnut CSO Separation, Green Infrastructure & Bicycle Track	<u>\$ 820,000</u>	<u>\$ 700,000</u>
<u>DNREC, Watershed Stewardship</u>		
• Watershed Improvement Projects	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Total Municipal Wastewater & GPR Funding	<u>\$117,101,116</u>	<u>\$89,565,122</u>

Note: These IUP Project Estimates are based on original Notices of Intent (NOIs) or Applications Received and are subject to change with final applications, binding commitments, and amendments.

2019 Clean Water Intended Use Plan

Non-Federal Administrative Account (NFAA)

- NFAA Required to be included in IUP
- Administrative Fee collected from ½ of the Interest on Municipal Loans
- Current Uses:
 - CWSRF Program Administrative Allowance
 - Contractual Support in the Water Holding Tank Enforcement Program
 - Contractual Support in the Watershed Non-Point Source Program
 - Six (6) Water Quality Related Positions within DNREC
 - Septic Extended Funding Option Loan Program (SEFO)
 - Community Water Quality Improvement Grants
 - Wastewater Matching Planning Grants
 - Surface Water Matching Planning Grants
 - Wastewater Asset Management Planning Grants
 - Wastewater Project Planning Advances
 - Additional Subsidization Program for Qualified Low-Income Rate Payers
 - Wastewater Needs Assessment/Stormwater Needs Assessment

**WIAC will review the NFAA Semi-Annually to Ensure Sustainability*

CWSRF Non Federal Administrative Account (NFAA), Current and Planned Uses			Updated: 12-31-2018					
	FY17 Actual	FY18 Actual	FY19 Projected	FY19 Actual to Date	FY20 Projected	FY21 Projected	FY22 Projected	
1. Source of Funds (includes Fed and Non-Fed Admin)								
Total Annual Revenues	\$2,419,495	\$3,148,566	\$3,254,578	\$1,448,789	\$3,254,655	\$3,375,248	\$3,396,253	
2. Administrative Expenses and Uses (includes Fed and Non-Fed Admin)								
Total Administrative Expenses and Uses	\$1,492,320	\$1,430,162	\$1,342,957	\$653,613	\$1,370,957	\$1,399,957	\$1,428,957	
Total Administrative Obligations/Encumbrances To Be Paid	\$57,752	\$156,918	\$100,000	\$166,126	\$100,000	\$100,000	\$100,000	
3. CWSRF State Match								
A. CWSRF State Match	\$524,863	\$0	\$0	\$0	\$0	\$0	\$0	
4. Additional Program Expenses and Uses								
Total Additional Program Expenses	\$1,636,654	\$1,886,918	\$2,479,000	\$601,416	\$2,140,000	\$2,102,000	\$2,114,000	
Total End of FY Program Obligations/Encumbrances	\$1,562,151	\$1,095,789	\$1,918,000	\$1,324,762	\$1,745,000	\$1,646,000	\$1,647,000	
Total Combined Annual Expenses and Uses	\$3,128,974	\$3,317,080	\$3,821,957	\$1,255,029	\$3,510,957	\$3,501,957	\$3,542,957	
5. Total CWSRF NFAA Expenses								
CWSRF NFAA Expenses	\$3,653,837	\$3,317,080	\$3,821,957	\$1,255,029	\$3,510,957	\$3,501,957	\$3,542,957	
Total CWSRF NFAA End of FY Obligations	\$1,619,903	\$1,252,707	\$2,018,000	\$1,490,888	\$1,845,000	\$1,746,000	\$1,747,000	
PY Adjustment/Release of Unused PY Obligations	(\$177,751)	\$698,478						
6. Annual Fund Growth (Decrease)	(\$1,412,093)	\$529,964	(\$567,379)	\$193,760	(\$256,302)	(\$126,709)	(\$146,704)	
7. Balances								
End of FY Available Fund Balance	\$2,928,713	\$3,825,873	\$2,493,065	\$3,213,937	\$2,410,000	\$2,382,000	\$2,234,000	
End of FY Accounting Fund Balance	\$4,548,616	\$5,078,580	\$4,511,065	\$4,704,825	\$4,255,000	\$4,128,000	\$3,981,000	
8. Grant Programs			Historical Annual Grant/Program Allocations Approved			Projected Annual Grants / Program Allocations		
Total Proposed Program Uses	\$2,450,000	2,002,000.00	\$1,900,000	\$1,800,000	\$1,450,000	\$1,400,000	\$1,400,000	
Obligated/Encumbered	\$1,562,151	\$1,095,789	\$1,918,000	\$1,324,762	\$1,745,000	\$1,646,000	\$1,647,000	

Heather Warren presented the **2019 Drinking Water State Revolving Fund (DWSRF) Project Priority List (PPL) and Intended Use Plan (IUP)**

2019 DWSRF Ready to Proceed PPL

2019 DWSRF Ready to Proceed PPL

Year	Score	Rank	Applicant	Project Title	Project Description	County	Population	DWSRF Loan Requested	Anticipated Subsidy
2019	940	1	Tidewater Utilities	Holiday Pines	Supplemental Funding	Sussex	195	\$763,155	
2019	825	2	Sussex County	Ellendale Water	Establishment of a water district	Sussex	510	\$5,765,000	\$1,713,709
2019	750	3	Town of Blades	PFOS Removal	Upgrades to treatment plant to remove PFOS (redundancy)	Sussex	1,446	\$1,886,289	
2019	730	4	Town of Blades	Watermain Extension	Water Main Extension to serve private wells with PFOS	Sussex	150 new customers	\$1,438,218	
2019	540	5	Lewes Board of Public Works	Donovan Smith	Water Main Extension	Sussex	390	\$2,668,659	
2019	500	6	Lewes Board of Public Works	Abbott Park	Supplemental Funding	Sussex	60	\$407,925	



2019 DWSRF Ready to Proceed PPL

Year	Score	Rank	Applicant	Project Title	Project Description	County	Population	DWSRF Loan Requested	Anticipated Subsidy
2018	425	7	City of Newark	Water Main Replacement –Phase 2	Main upgrades including lining and replacement throughout the City	New Castle	30,897	\$1,000,000	
2019	385	8	Town of Georgetown	Market and Bedford Sts Waterline and Service Line Replacement	Lead Service Line Replacement	Sussex	5,160	\$1,255,000	\$1,255,000
2019	380	9	Artesian Water Co	Coventry	Water Main Renewal	New Castle	225,000	\$1,700,000	
2019	380	9	Artesian Water Co	Marshallton Heights	Water Main Renewal	New Castle	225,000	\$1,330,000	
2019	380	9	Artesian Water Co	Wilmington Manor Gardens	Water Main Renewal	New Castle	225,000	\$1,035,000	
Frankford Forgiveness									\$486,291
Total								\$19,249,246	



2019 DWSRF Intended Use Plan and Projects

- ▶ Grant total \$11M (*Estimate for planning purposes only*)
 - \$ 8.8M Federal
 - \$ 2.2M State Match
- ▶ 11 Projects
- ▶ 7 Borrowers
- ▶ \$19,249,246 Total

2019 DWSRF Intended Use Plan Projects

EPA Requirements per America’s Water Infrastructure Act of 2018: “Total amount of subsidies -
 - For each fiscal year, of the amount of the capitalization grant received by the State for the year, the total amount of loan subsidies made by a State pursuant to paragraph (1) --

(A) may not exceed 35 percent; and

(B) to the extent that there are sufficient applications for loans to communities described in paragraph (1), may not be less than 6 percent.”

EPA is still accepting comments on the implementation of the America’s Water Infrastructure Act of 2018. The actual amount of subsidies will be between 6% and 35% based on the appropriation bill.

2019 DWSRF Intended Use Plan – Set-Asides:

2%

\$220,000

Delaware Rural Water Association - \$110,000 on-site technical assistance
Delaware Technical and Community College - \$110,000 Operator education

4%

\$444,000

DHSS DWSRF Program - \$177,000: 3.0 Full-Time Employees (FTEs)
DNREC EF Program - \$267,000: 1.85 FTEs

10%

\$1,100,000

DHSS Public Water Supply Supervision Program - \$589,000: 4.60 FTEs
DNREC Underground Injection Control Program – \$521,000: 3.35 FTEs

15%

\$1,660,000

DHSS Capacity Development Program - \$1,100,000: 4.60 FTEs
 DRWA/DTCC Contracts
 Sustainability and Cyber Security Contracts
DNREC Source Water Program - \$560,000: 3.35 FTEs

2019 DWSRF Intended Use Plan Non-Fed Admin

- ▶ DHSS DPH Laboratory Expenses - \$400,000
- ▶ DNREC EF Administration - \$75,000
- ▶ Asset Management Grants - \$500,000
- ▶ Matching Planning Grants - \$300,000
 - ▶ Additional Subsidization Program for Qualified Rate Payers - \$100,000

DWSRF Non Federal Administrative Account (NFAA) -- Current and Proposed Program Uses			Revised: 12-31-18				
	FY17	FY18	FY19	FY19	FY20	FY21	FY22
	Actual	Actual	Projected	Actual to Date	Projected	Projected	Projected
1. Revenue Sources							
Total Annual Revenues	\$1,488,939	\$1,361,744	\$1,389,748	\$660,309	\$1,417,543	\$1,445,873	\$1,473,751
2. Administrative Expenses and Uses							
Total DWSRF Administrative Expenses	\$349,233	\$525,018	\$725,032	\$264,200	\$739,533	\$754,323	\$769,410
Total End of FY Administrative Obligations	\$147,969	\$139,271	\$142,056	\$282,345	\$144,898	\$147,795	\$150,751
3. DWSRF State Match	\$1,662,400	\$1,648,200	\$1,770,000	\$1,770,000	\$0	\$0	\$0
4. Additional Program Expenses							
Total Additional Program Expenses	\$302,035	\$593,310	\$1,200,000	\$151,304	\$900,000	\$900,000	\$900,000
Total End of FY Program Obligations	\$1,552,347	\$997,797	\$1,174,640	\$954,771	\$1,463,480	\$1,722,610	\$1,959,457
5. Total DWSRF NFAA Expenses	\$2,313,668	\$2,766,528	\$3,695,032	\$2,185,504	\$1,639,533	\$1,654,323	\$1,669,410
Total DWSRF NFAA End of FY Obligations	\$1,700,316	\$1,137,068	\$1,316,696	\$1,237,116	\$1,608,377	\$1,870,405	\$2,110,209
6. Annual Fund Growth / (Decrease)	(\$824,729)	(\$1,404,784)	(\$2,305,284)	(\$1,525,195)	(\$221,990)	(\$208,450)	(\$195,659)
7. Balances							
End of FY Available Fund Balance	\$8,124,199	\$7,282,663	\$4,797,750	\$5,657,420	\$4,284,079	\$3,813,601	\$3,378,138
End of FY Accounting Fund Balance	\$9,824,515	\$8,419,731	\$6,114,446	\$6,894,536	\$5,892,456	\$5,684,006	\$5,488,347
8. Grant Program Uses							
Total Proposed Program Uses	\$1,780,700	\$2,129,200	\$1,200,000	\$900,000	\$900,000	\$900,000	\$900,000
Obligated	\$1,552,347	\$997,797	\$1,174,640	\$954,771	\$1,463,480	\$1,722,610	\$1,959,457

CWSRF & DWSRF PPL/IUP

- WIAC Member Comments
 - Vice-Chair Medlarz commented on project funding breakdown for council's consideration. If using current percentages of MHI (some) projects would be not affordable for underserved communities, and these projects will not happen. Following only the subsidization guidelines provided by EPA, the State will fail to provide service to underserved communities. It should be a priority to find a way to fund underserved communities. Vice-Chair Medlarz suggested that rural water systems be regionalized and consolidated. He is concerned with money being spent without water quality benefits. He pointed to money spent on lead gooseneck replacements in systems where the Consumer Confidence Reports were below the lead action levels.
 - Vice-Chair Medlarz expressed concern about the ability of certain applicants under the Watershed Improvement Projects Program to repay loans and most likely requiring principal loan forgiveness when there are projects with unmet subsidization needs from last year's intended use plan which could not move forward due to a lack of subsidy.

[Citation of the 2019 Draft IUP Section VI Affordability Criteria]

VI. Affordability Criteria

The Clean Water State Revolving Fund (CWSRF) affordability criteria will be used to determine whether a project is eligible for principal forgiveness. Principal forgiveness awards will be determined based upon applications received through the annual CWSRF solicitation process. The criteria are based on factors for median household income (MHI), unemployment rate, population trends of the borrower (or the project area if the project is located in a different jurisdiction). Affordability criteria measures are the following:

*Income Data – 1.5% of Median Household Income (MHI) will be considered affordable for wastewater and drinking water residential user rates; 2.0% of MHI will be considered affordable for combined wastewater and drinking water residential user rates. Delaware’s affordability criteria accounts for existing system costs relative to Operations and Maintenance (O&M) and Capital, as well as proposed project O&M and Capital costs as a function of MHI (1.5% water or wastewater, 2.0% if both services are provided) for the project area. MHI is based on the most recent census data for the municipality or county. **CWSRF loan applicants whose MHI is not representative of the census data may be required to provide documentation in order to obtain additional subsidization. Documentation will be in the form of a representative income survey of the majority of the residents of the project area.***

Unemployment Data – Nonpayment of residential wastewater and drinking water utility bills are normally directly associated with insufficient income and unemployment. Residential utility bill delinquency rates are used as a proxy measure for unemployment. 5% residential utility delinquency rate will be assumed for both wastewater and drinking water when evaluating CWSRF loan applications for assistance. CWSRF loan applicants will be required to provide additional documentation to support a residential delinquency rate above 5%.

Population Trends – Wastewater utilities can be negatively impacted by decreasing population in relation to fixed assets and expenses that were designed/sized to service a larger customer base. The estimated number of Equivalent Dwelling Units (EDUs; 1 household = 1 EDU) served by a wastewater utility is used as a proxy measure for population trends. CWSRF loan applicants negatively impacted by decreasing number of EDUs served in relation to their proposed project(s) will be required to provide documentation to receive a systems revenue credit that cannot exceed the difference in the number of EDUs served over the past 5 years.

With the independent study by the National Academy of Public Administration (Developing a New Framework for Community Affordability of Clean Water Services, October 2017), solutions to further address affordability are under consideration and may result in improvements to these measures in the 2019 IUP.

- Council Member Wicks noted that the Finance Subcommittee has agreed to look further into the MHI affordability criteria and will be consulting with Environmental Finance Centers to make further recommendations.
- Individuals Requesting to Speak- None
- Public Record will remain open until Tuesday, April 12, 2019, to receive additional public comments
- CWSRF Written Public Comments should be directed to:
Carla Cassell-Carter
DNREC Environmental Finance
97 Commerce Way, Suite 106
Dover, Delaware 19904
carla.carter@delaware.gov
- DWSRF Written Public Comments should be directed to:
Heather Warren
DHSS Division of Public Health
417 Federal Street
Dover, DE 19901
heather.warren@delaware.gov

Public Hearing Adjournment: Chairman Bross adjourned the Public Hearing at 9:33 a.m.



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Minutes of the 148th Meeting

March 13, 2019

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MEMBERS PRESENT:

Jeffrey Bross, Chairman
Hans Medlarz, Vice-Chair
Jeffrey Flynn arrived at 9:08 a.m.
Richard Duncan
Charles Anderson
David Baker arrived at 9:11 a.m.
Bruce W. Jones
Michael Harmer
Carolann Wicks
Robert Stickels

MEMBERS ABSENT:

Desmond Baker
Jen Adkins
Eugene Dvornick

OTHERS PRESENT WERE:

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Reza Moqtaderi, Environmental Finance
Greg Pope, Environmental Finance
James Sullivan, DNREC
Bob Zimmerman, DNREC
Jack Hayes, DNREC

Doug Lodge, ODW/OE
Heather Warren, DPH
Keith Mensch, ODW/DPH
Debbie Pfeil, KCI
Lew Podolske, Inland Bays Foundation
Jason McClafferty, KCI
Charles O'Donnell, GMB
Keith Steck, Milton
Kristy Rogers, Town of Milton
Jean Holloway, SERCAP
Vikki Prettyman, SERCAP
Carrie Kruger, Duffield
David Athey, AECOM
Darrin Gordon, Lewes BPW
Madeleine Driscoll, KCI
Nishant Shah, Tetra Tech
Matthew Hall, Town of Millsboro
Jamie Burk, Town of Millsboro
David Del Grande, City of Newark
Mark Whitfield, City of Milford
Greg Coury, Tidewater Utilities
Vincent Carroccia, City of Wilmington
Matt Demo, City of Wilmington

CALL TO ORDER PUBLIC MEETING:

Meeting came to order at 9:34 am.

APPROVAL OF THE AGENDA:

Motion made by Mr. Duncan, seconded by Vice-Chair Medlarz to approve the agenda. Motion carried unanimously.

APPROVAL OF MINUTES – December 5, 2018:

Motion made by Mr. Duncan, seconded by Mr. Jones to approve the December 5, 2018, public meeting minutes. Motion carried unanimously.

WIAC-INFORMATIONAL:

Greg Pope discussed the following updates:

Wastewater and Drinking Water Needs Assessment Status

- Tetra Tech has prepared survey instrument for WW and DW assessment
- The survey is prepopulated with existing information and sent to utilities in advance of interviews
- Interviews in progress

Wastewater, Surface Water and Drinking Water Matching Planning and Asset Grant Solicitation Schedule:

- WW and SW Matching Planning Grants applications were due by February 27th
- WW and DW Asset Management Grant applications due by April 1st

NEW BUSINESS:

WIAC Vote to Approve 2019 CWSRF and DWSRF PPLs and IUPs

Motion made by Mr. Duncan, seconded by Mr. Dave Baker to approve the 2019 CWSRF and DWSRF Project Priority Lists (PPLs) and Intended Use Plans (IUPs). Motion carried unanimously.

Carla Cassell-Carter reminded everyone that written public comments on the CWSRF and DWSRF PPLs and IUPs will be accepted until April 12, 2019. Public Comments are added to the Intended Use Plan, and will be seen by the Secretary and submitted to EPA.

CWSRF LOAN REQUESTS:

Keith Kooker presented the Supplemental Request for the City of Lewes Abbott Park Sewer Improvement Project.

The original loan was approved by WIAC on April 18, 2018. The loan (\$164,000) was closed November 16, 2018. On December 5, 2018, the City received two bids. The responsible and lowest bidder was JJID. The increased cost of construction is \$237,075. The City is requesting supplemental funding of \$237,075 from the CWSRF.

Project Description: Installation of 680 feet of 8-inch gravity sewer, 750 feet of 6-inch house lateral piping, 6 manholes and 3 terminal main cleanouts to serve 20 existing mobile homes. The existing sewer system is aging and located haphazardly out of the roadway, in narrow spaces between units and under existing mobile homes. The proposed improvements will allow for greater accessibility for future maintenance.

Environmental Review: Categorical Exclusion

Project Schedule: Start Construction-April 2019 End Construction-August 2019

<u>Project Budget</u>	Original	Revised
a. Administration	\$2,000	\$3,000
i. Land, Right of Way	\$0	\$0
ii. Legal	\$2,000	\$3,000
b. Engineering	\$27,000	\$32,000
i. Basic	\$5,000	\$10,000
ii. Project Inspection	\$14,500	\$14,500
iii. Other (Construction Administration)	\$7,500	\$7,500
c. Construction	\$130,000	\$356,700
i. Construction	\$130,000	\$356,700
d. Contingencies	\$5,000	\$9,375
Total	<u>\$164,000</u>	<u>\$401,075</u>
<u>Project Funding</u>	Original	Revised
CWSRF Loan	\$164,000	\$401,075
Principal Forgiveness at Completion	-\$140,000	-\$140,000
Remaining CWSRF Loan to Amortize	<u>\$24,000</u>	<u>\$261,075</u>

Robert Burns presented the following financial information:

	Original	Revised
Project Cost	\$164,000	\$401,075
Principal Forgiveness	\$140,000	\$140,000
CWSRF Loan Amount	\$24,000	\$261,075
Interest Rate	2.300%	2.300%
Loan Terms Years	20	20
Annual Debt Service, New Facility	\$1,504	\$16,359
Total Cost New Facility	<u>\$1,504</u>	<u>\$16,359</u>
Yearly New Facility Cost per EDU	\$75	\$818
Yearly Consumption Based on Gallons	\$204	\$204
Yearly Ready to Serve Cost	\$600	\$600
Total Estimated Annual Charge Per EDU	<u>\$879</u>	<u>\$1,622</u>
EDU's	20	20
Median Household Income	\$56,058	\$56,058
% of MHI	<u>1.57%</u>	<u>2.89%</u>
<u>Drinking Water</u>		
Yearly Consumption Based on Gallons	\$52	\$52
Yearly Ready to Serve Cost	\$192	\$192
Total Estimated Annual Charge Per EDU	\$244	\$244
Drinking Water % of MHI	0.44%	0.44%
<u>Combined Wastewater & Drinking Water % of MHI</u>	<u>2.00%</u>	<u>3.33%</u>

Recommendation: Environmental Finance recommends Council approval and recommendation of a Binding Commitment to the City of Lewes in the amount of \$237,075 from the Water Pollution Control Revolving Fund for the increased cost associated with the Abbott Park Sewer Improvement Project. The terms of the original approval will remain the same. (Interest at 2.3% with a 20-year term).

Lewes BPW will pay semi-annual payments of interest only during construction. At the successful completion of the project, up to \$140,000 of principal forgiveness will be applied. The outstanding balance of \$261,075 (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. Dave Baker, seconded by Mr. Duncan to approve the CWSRF Binding Loan Commitment for the supplemental request (\$237,075) to the City of Lewes for the Abbot Park Sewer Improvement Project with the aforementioned loan terms. Motion carried unanimously.

Vice-Chair Medlarz was concerned about the increase in contract prices and the effect on future funding. Chairman Bross mentioned the increase in construction costs since the end of the recession. Vice-Chair Medlarz said that Sussex County has used county enterprise funding for similar projects without State funding and had a much better price per foot for pipe.

Council Member Jones stated that the Wastewater Subcommittee noticed the increase in the price for piping. This project was reviewed and recommended by the Wastewater Subcommittee.

Reza Moqtaderi presented the **Town of Smyrna East Commerce Street Sewer Replacement Project.**

Project Description: Replacement of existing failing 8”, 10” and 18” sewer mains between East Street and Fairfield Drive on East Commerce Street; Installation of 600 feet of 8”, 1,300 feet of 10”, 450 feet of 18” and 50 feet of 24” PVC lines; and Installation of associated manholes, cleanouts and laterals.

Environmental Review: Categorical Exclusion

Project Schedule: Start Construction: October 2019 End Construction: October 2020

Project Budget:

Administration	\$ 11,000
Engineering	128,606
Inspection	63,500
Sewer Replacement	1,045,525
Restoration	480,750
Contingency	211,500
Total	\$1,940,881

Project Funding

CWSRF Loan	\$1,940,881
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Robert Burns presented the following financial information:

Affordability Analysis Includes Wastewater & Drinking Water

E. Commerce Street Project

Annual Debt Service, New Facility	\$119,133
Existing Debt Service *	\$1,129,955
Existing O,M & R*	\$3,000,500
O,M & R Cost, New	\$0
Total Cost New Facility	\$4,249,588
Residential Share at 70%	\$2,974,711
EDU's	4,067
Total Estimated Annual Charge Per EDU	\$731
Median Household Income	\$54,675
% of MHI for Wastewater & Drinking Water	1.34%

*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. loans in the amount of \$1,705,275 for CWSRF and \$1,692,000 for DWSRF.

Recommendation: Environmental Finance recommends Council approval and recommendation of a CWSRF Binding Loan Commitment in the amount of \$1,940,881 to the Town of Smyrna for the proposed project. The loan will be secured by a General Obligation Bond Pledge of the Town. The loan will have a 2.081% interest rate and a 20-year term. Semi-annual interest only payments will be due during project construction. At the successful completion of the project, the outstanding balance of \$1,940,881 (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. Harmer, seconded by Ms. Wicks to approve the CWSRF Binding Loan Commitment (\$1,940,881) to the Town of Smyrna for the East Commerce Street Sewer Replacement Project with the aforementioned loan terms. Motion passed unanimously. This project was reviewed and recommended by the Wastewater Subcommittee.

Reza Moqtaderi presented the **Town of Millsboro’s Pump Stations and Generator Scope Realignment.**

Scope of Request: Amend and realign the scopes of the Millsboro’s Pumping Station No. 2 Replacement project and the Pumping Station No. 1 and No. 5 Generator project.

Purpose for Request: Utilize excess loan funds from the PS1 and PS5 generator project to fund the purchase and installation of the PS2 generator.

Background Information: The two projects were approved by WIAC in June 2016. The two CWSRF loans were closed in April 2017:

- PS1 and PS5 Generators loan \$157,000
- PS2 Replacement loan \$610,500
- Total \$767,500

PS 2 has been completed and is in service. PS5 has been completed and is ready for use. PS1 generator has been ordered.

Original Projects Scope:

PS1 & PS5 is for the purchase and installation of two 20kVA standby generators – one at each pump station

Pumping Station No. 2 Replacement is for a new pump station and also includes purchase and installation of a 20kVA standby generator at PS2

Requested Scope Changes:

Limit scope of the PS1 generator project to supply of a 20kVA standby generator.

Installation will be funded by the Town of Millsboro as part of a non-CWSRF PS1 replacement project.

Eliminate purchase of the generator for PS5.

Limit scope of the PS5 to installation of an electrical docking panel for a mobile generator connection.

The Town to purchase a mobile generator using the Town’s funds for pumping stations.

Fund the PS2 generator out of the available PS1 and PS5 generator loan funds.

Engineering for both projects.

▶ **CWSRF Loans Funding**

◦ PS1, PS2 & PS5 Generators	\$157,000
◦ Pump Station No. 2 Replacement	\$610,500
◦ Total	\$767,500
◦ Net Change	\$ 0

Recommendation: Environmental Finance recommends Council approval of the requested scope changes and realignment of funds between the two approved loans to allow utilization of available funds in the PS1 and PS5 loan to fund the PS2 generator currently part of the PS2 Replacement loan.

Motion made by Mr. Anderson, seconded by Mr. Duncan to approve the requested scope changes and realignment of funds for the Town of Millsboro. Chairman Bross recused himself from the vote: he is an employee of Duffield Associates. Motion carried.

Vice-Chair Medlarz commented that this was good project management on the part of the Department and the applicant.

DWSRF LOAN REQUESTS:

Doug Lodge presented the **City of Newark’s Water Tank Rehabilitation Project.**

Project Description: Tanks require periodic maintenance and rehabilitation. This project involves making the necessary repairs and the removal of all lead based coatings on the exterior of the City’s water tanks. The interior of the tank would also be cleaned and painted. The public health benefits of this project are to improve water quality and potential chemical treatment savings.

Environmental Review: Categorical Exclusion

Capacity Development Review: Approval recommended.

Project Schedule: Construction Begins: July 2019 Construction Ends: September 2020

Project Budget:

a. Administration	
<hr/>	
b. Engineering	<u>\$300,000</u>
i. Basic	\$100,000
ii. Project Inspection	\$200,000
c. Construction	<u>\$1,950,000</u>
<hr/>	
i. All Construction Related Services	<u>\$1,950,000</u>
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Total	<u>\$2,250,000</u>

Project Funding

DWSRF Loan	\$2,250,000
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Principal Forgiveness at Completion

\$674,112

Robert Burns presented the following financial information:

Affordability Summary - User Rates

- The annual cost for drinking water service is estimated at \$178 per Equivalent Dwelling Unit (EDU). This represents 0.32% of Median Household Income (MHI).
- When the utility provides both drinking water and wastewater service the affordability standard is 2.0% of MHI. The combined user rate including storm water is estimated at 0.71% of MHI.
- Since the user rates are considered affordable, the principal forgiveness provided is based on EPA minimum subsidy grant requirements in conjunction with public health benefits.

Affordability Analysis	Drinking Water Water Tank Rehabilitation	Wastewater Sanitary Sewer Rehab	Storm Water Rodney Dormitory
Loan Amount	\$2,250,000		
Principal Forgiveness	\$674,112		
Loan Amount at Completion	\$1,575,888	\$1,300,000	\$9,000,000
Interest Rate	2.081%	2.489%	2.000%
Loan Terms Years	20	20	20
Annual Debt Service, New Facility	\$96,729	\$82,911	\$548,201
Previously Approved Debit Service (SCADA, Water Main & Southwell Field)	\$317,577		
Existing Debt Service	\$1,735,918		\$0
Change in OM&R	\$30,000		
Previously Approved Change in O,M & R	\$1,735,918	\$2,500	\$30,000
O,M & R Cost, Existing Facility	\$5,567,673	\$5,558,266	\$1,239,000
Total Cost New Facility	\$7,960,397	\$5,643,677	\$1,817,201
Residential Share at 20%	\$1,592,079	\$1,128,735	\$363,440
EDU's	7000	7000	7000
Project Cost per EDU	\$8.48	\$2.44	\$16.52
Total Estimated Annual Charge Per EDU	\$227	\$161	\$52
Median Household Income	\$55,256	\$55,256	\$55,256
% of MHI	0.41%	0.29%	0.09%
Combined MHI			0.80%

Recommendation: Based on information presented by the City of Newark’s DWSRF application and the financial review conducted by DNREC, Environmental Finance; the Department of Health and Social Services, Division of Public Health recommends Council’s approval of the DWSRF Binding Loan Commitment in the amount of \$2,250,000 to the City of Newark for the Water Tank Rehabilitation Project.

The loan will be secured by a General Obligation Bond. The loan will have a 2.081% interest rate and a 20-year term. Semi-annual interest only payments will be due during project construction. At the successful completion of the project up to \$674,112 of the principal balance will be forgiven and the remaining principal balance will be amortized over the 20-year term.

Motion made by Mr. Harmer, seconded by Mr. Duncan to approved the DWSRF Binding Loan Commitment (\$2,250,000) to the City of Newark for the Water Tank Rehabilitation Project with the aforementioned loan terms. Motion passed unanimously.

This project was fully supported by the Drinking Water Subcommittee. This project is eligible for an SRF loan according to EPA guidelines.

Vice-Chair Medlarz suggested that you pick a project that may not be ready and fund it over more than one cycle to draw down the percentages.

Doug Lodge presented the **City of Milford’s Lead Service Line Replacement Project.**

Project Description: The proposed project will eliminate lead service connections throughout a majority of the city’s water distribution system. The City is proposing to replace as many as possible of the existing lead service connections to the city water distribution system. The public health benefits of this project will eliminate health risks due to lead service connections, and minimize water losses due to older/leaking service connections.

Environmental Review: Categorical Exclusion

Capacity Development Review: Approval recommended.

Project Schedule: Construction Begins: May 2019 Construction Ends: November 2019

Project Budget

a. Administration	\$30,000
i. Land, Right of Way	\$0
ii. Legal	\$30,000
b. Engineering	<u>\$0</u>
c. Construction	<u>\$800,000</u>
i. Construction	\$800,000
d. Other	<u>\$0</u>
e. Contingencies	<u>\$70,000</u>

Total	<u>\$900,000</u>
Project Funding	
DWSRF Loan	\$900,000
Principal Forgiveness at Project Completion	\$900,000

Robert Burns presented the following financial information:

Affordability Summary - User Rates

The annual cost for drinking water service is estimated at \$116 per Equivalent Dwelling Unit (EDU). This represents 0.22% of Median Household Income (MHI). When the utility provides both drinking water and wastewater service, the affordability standard is 2.0% of MHI. The combined user rate is estimated at 0.65% of MHI.

Affordability Analysis

Estimated Project Cost	\$900,000
Loan Amount	\$900,000
Proposed Forgiveness	\$900,000

Drinking Water

Annual Debt Service, New Facility	N/A
Existing Debt Service	\$278,495
O,M & R Cost, New Facility	\$0
Current O,M & R	\$1,476,921
Total Cost New Facility	<u>\$1,755,416</u>

Residential Share at 25% **\$438,854**

Total Estimated Annual Charge Per EDU **\$116**

Waste Water

Annual Debt Service	\$215,732
O,M & R Cost	\$3,246,216
Total Cost	<u>\$3,461,948</u>

Residential Share at 25% **\$865,487**

Total Estimated Annual Charge Per EDU **\$228**

EDU's 3798

Median Household Income \$52,576

% of MHI Drinking Water **0.22%**

% of MHI Wastewater 0.43%

% of MHI Drinking Water & Wastewater **0.65%**

Recommendation: The loan will be secured by a General Obligation Bond. Based on information presented by the City of Milford's DWSRF application and the financial review conducted by DNREC, Environmental Finance; the Department of Health and Social Services, Division of Public Health recommends Council's approval of the DWSRF Binding Loan Commitment in the amount of \$900,000 to the City of Milford for the Lead Line Service Replacement Project.

The loan will have a 2.081% interest rate and a 20-year term. Semi-annual interest only payments will be due during project construction. At the successful completion of the project up to \$900,000 of the principal balance will be forgiven.

Motion made by Mr. Duncan, seconded by Vice-Chair Medlarz to approve the DWSRF Binding Loan Commitment (\$900,000) to the City of Milford’s Lead Service Line Service Replacement Project with the aforementioned terms. Motion passed unanimously.

The amount of loan forgiveness available depends upon the appropriation.

**DWSRF Planning Grant Requests-presented by Heather Warren
City of Wilmington-**

Total Project Cost \$220,000

Assistance Requested **\$110,000**

Start Date Upon WIAC approval

Completion Date December 31, 2020

Consultant Mott MacDonald

Scope Planning and concept design for strategic capital and operating initiative associated with Hoopes Reservoir. Outputs: strengthen sustainability for the reservoir’s 2B gallons, provide greater accountability of the stored water as a resource during times of need, ie: drought, hazardous spills, major storm events.

Recommendation The DWSRF program recommends Council approval and recommendation of a Drinking Water Matching Planning Grant in the amount of \$110,000 to the City of Wilmington for the proposed project.

- Hoopes is a Pumped Storage reservoir owned by the City of Wilmington
- A pump station on the Brandywine transfers water into the reservoir
- The City currently makes raw water releases into the Red Clay at Suez’s request
- Potential opportunity for a direct supply connection to Suez’s Stanton Plant

Strategies

Joint Use of Hoopes Reservoir (City & Suez)

- Allocation of Annual Capacity to Suez under a reservation agreement
- New Transmission Pipeline to deliver Hoopes water to the Suez Stanton Plant
- Pump Station on Red Clay Creek for peak flow skimming during low base flow conditions
- Pump Station on White Clay Creek – reverse flow through transmission pipeline to fill Hoopes
- Hoopes Reservoir would have the ability to be filled from three different sources during drought

Benefits

- Alternate Raw Water Source
 - Tidal Capture Structure
 - Water Quality concerns: Perfluorooctanesulfonic Acid (PFOS) & Perfluorooctanoic Acid (PFOA) in Red Clay Creek

- Greater Drought Resiliency – Deferred Drought Warnings
- Newark Water take from White Clay Creek extended.
- PFOA and PFOS – Brandywine Creek – Not detected based on Unregulated Contaminant Monitoring Rule (UCMR 3)
- Eliminate Chloride at Suez Plant Intake
- Extend benefits through intra-basin transfers of finished water

Stakeholders

- Regional Water Supply Benefit – State Interest
- Suez Water Delaware - Resiliency
- Newark Water - Resiliency
- Wilmington – Recovery of investments in reservoir infrastructure improvements

New Assets

- Pipeline from Hoopes Reservoir to Suez Water Stanton
- Pumping Station – Red Clay Creek – Close to Hoopes
- Pumping Station – White Clay Creek – Stanton
- PRV - Stanton

Motion made by Mr. Duncan, seconded by Vice-Chair Medlarz to approve the DWSRF Matching Planning Grant (\$110,000) to the City of Wilmington. It was decided by Chairman Bross that Mr. Flynn did not need to recuse himself from the vote. Motion passed unanimously.

Lewes Board of Public Works-Donovan Smith Mobile Home Park Water Service Extension

Total Project Cost	\$115,340
Assistance Requested	\$57,670
Start Date	Upon WIAC approval
Completion Date	September 2019
Consultant	George, Miles & Buhr, LLC
Scope	Planning and specifications for extending water main to Donovan Smith MPH
Recommendation	The DWSRF program recommends Council approval and recommendation of a Drinking Water Matching Planning Grant in the amount of \$59,670 to the Lewes Board of Public Works for the proposed project.

Motion made by Duncan, seconded by Mr. Jones to approve the DWSRF Matching Planning Grant (\$57,670) to the Lewes Board of Public Works for the Donovan Smith Mobile Home Park Water Service Extension. Motion passed unanimously.

Heather Warren presented the BFY19 Drinking Water NFAA Status

Drinking Water Matching Planning Grants

Budgeted	\$250,000
Requested to Date	\$237,170

Remaining \$12,830

Drinking Water Asset Management Grants

Budgeted \$300,000

Requested to Date \$0

Remaining \$300,000

Drinking Water Additional Subsidization Grants

Budgeted \$100,000

Requested to Date \$0

Remaining \$100,000

Carla Cassell-Carter presented the **DWSRF and CWSRF Financial Updates**
CWSRF March 2019 Cash Flow Summary

in millions

Federal Capitalization Grants (1990 – Present)	\$	220
State Match (1990 – Present)	\$	41
DWSRF Transfer	\$	32
Total Capitalization	\$	293

Plus: Loan P/I Repayments & Interest on Investments \$ 202

Less: Loan Disbursements, Principal Forgiveness, & Administration \$ - 404

Available Funds for Loans as of December 31, 2018 \$ **91**

Plus: Near-Term Loan Repayments & Interest on Investments (FY19) \$ 11

Less: Near-Term Undisbursed Loans Payable (FY19) \$ - 65

Less: DWSRF Transfer (\$31.5) \$ As Needed

Current Uncommitted Fund Balance \$ **37**

Less: Loan Application Pending Approval (@ 100% of loan value) \$ -2

Current Estimated Fund Balance \$ **35**

- The Fund has received \$292.6 million in State and Federal grants funds since its inception in 1990.
- That has allowed the state to issue 103 municipal loans and 1,354 agricultural/non-point source loans for \$451 million as of June 30, 2018.
- The current statewide wastewater facility need is estimated to be in excess of \$600 million based on current municipal CIPs.
- The official Wastewater Statewide Assessment update is scheduled to be released in November 2019 (29 De. C. sec. 8003)
- In Fiscal 2019 CWSRF infrastructure financing has supported 27 new (or supplement) clean water projects for a total of \$75.8 million in low-interest loans and subsidies so far this fiscal year.

- Municipalities are expected to request \$89,565,122 from the Revolving Loan Fund (based on the draft 2019 solicitation and project priority list).
- These SRF bond and grant funds combined also leverage additional local, state, and federal funds in providing critical financial assistance to public and private entities for planning, design, and construction of wastewater collection, treatment, and disposal facilities; storm water infrastructure improvements; non-point source projects; and estuary water pollution control projects. As an example: more than \$76 million from the CWSRF has leveraged \$128 million in USDA Rural Development funds to ensure projects are completed and provide adequate principal forgiveness/grants to make them affordable for residents.

DWSRF March 2019 Cash Flow Summary

in millions

Federal Capitalization Grants Less Set Aside Expenses (1997 – Present)	\$	162
State Match (1997 – Present)	\$	38
CWSRF Transfer	\$	-32
Total Capitalization	\$	168
Plus: Loan P/I Repayments & Interest on Investments	\$	67
Less: Loan Disbursements	\$	-176
Available Funds for Loans as of December 31, 2018	\$	59
Plus: Near-Term Loan Repayments & Interest on Investments (FY19)	\$	7
CWSRF Transfer (\$31.5)	\$	As Needed
Less: Undisbursed Near-Term Loans Payable (FY19)	\$	-23
Current Uncommitted Fund Balance	\$	43
Less: Loan Application <u>Pending</u> Approval (@ 100% of loan value)	\$	-3
Current Estimated Fund Balance	\$	40

- The Fund has received \$220 million in State and Federal funds since its inception in 1997 of which \$168 million was allocated for projects.
- That has allowed the state to issue 100 municipal loans, totaling \$196.6 million, for drinking water projects as of June 30, 2018.
- In 2019 to-date, Council has recommended 14 drinking water project binding commitments which are accepted and settled (or scheduled for settlement) totaling \$25.7 million.
- Municipalities are expected to request \$19.2 million for new projects from the Revolving Loan Fund in 2019-2020 (based on the most recent solicitation and project priority list).

Delaware Clean Water and Drinking Water Projected Fund Balances

Actual/Projected (in millions)	CWSRF	DWSRF
December 31, 2018	\$90.941	\$59.833

June 30, 2019	\$37.416	\$43.122
June 30, 2020	\$9.856	\$28.216
June 30, 2021	\$6.156	\$25.332
June 30, 2022	\$19.868	\$23.853

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. Additionally, SRF Federal Funds received in years 2020-2022 are assumed at half of the historical amount.

Greg Pope presented the **Project Updates:**

- ▶ **Delaware City – Washington Street Flood Mitigation**
 - Construction – 95% complete
- ▶ **Wilmington-Wetlands Park and Storm Sewer Separation**
 - Bids opened on February 28th
 - Construction expected to start by early May 2019
- ▶ **Sussex County-North Expansion of Angola SSD**
 - Final walk through inspection held December 18, 2018
- ▶ **Newark-Rodney Stormwater Management Facility**
 - Environmental remediation contract started December 10, 2018
 - Remediation – 85% complete

SUBCOMMITTEE REPORTS:

WASTEWATER: Met on February 6, 2019. Reviewed proposed projects and recommended the projects move forward to full Council for consideration.

SURFACE WATER: Met on February 6, 2019. Several agenda items were highlighted including the proposed trading/banking program; the status of the Surface Water Assessment update was discussed; committee reviewed and recommended the fee-in-lieu funds supplement the Community Water Quality Improvement Grants; and Vice-Chair noted the need for rescheduling the trading/banking presentation to DNREC Cabinet Secretary.

FINANCE: Met on February 11, 2019. Reviewed project proposals and financials and recommended the projects move forward to full Council for consideration. Reviewed and agreed to further evaluate the affordability criteria and MHI percentages. Reviewed the Asset Management (AM) Grant participation and recommended further outreach by EF to those 8 communities that have not taken advantage of the AM grant program to-date.

DRINKING WATER: Met on February 7, 2019. Reviewed proposed projects and recommended the projects move forward to full Council for consideration. Subcommittee members also approved an extension for the Seaford planning grant.

PUBLIC COMMENTS: None

GOOD OF THE COUNCIL:

Chairman Bross congratulated Council Member Harmer on his promotion to Chief Engineer at the Washington Suburban Sanitary Commission.

Council Member Harmer suggested all WIAC Members support the \$20 million EPA National Priorities Water Research Grant Program and \$10 million for Innovative Water Technology Grant Program.

Vice-Chair Medlarz summarized SRF project funding into 4 categories (1) Asset Life Extension/Rehabilitation, (2) Permit Compliance, (3) Treatment Expansion and Regional Transmission, and (4) Water Quality Improvements (primarily non-point source projects). Vice-Chair Medlarz noted the need to review the current project prioritization models. Chair Bross reiterated the need for dedicated funding for the non-point source water quality projects which do not primarily have a dedicated repayment source.

On a related topic, Council Member Flynn informed Council of The Nature Conservancy efforts in Delaware to generate resources for water quality projects through a pilot program which promotes public-private partnerships.

MEETING ADJOURNMENT: Motion made by Mr. Duncan, seconded by Mr. Harmer to adjourn the meeting. Chairman Bross adjourned the meeting at 11:04 a.m. The next WIAC meeting is April 17, 2019, and will be held at Kent County Administrative Complex, Conference Room 220, 555 Bay Road, Dover, DE at 9:00 a.m.