

SFY 2017 REAP GRANT WORKSHOP

Oklahoma Water Resources Board
Financial Assistance Division

Presenters:

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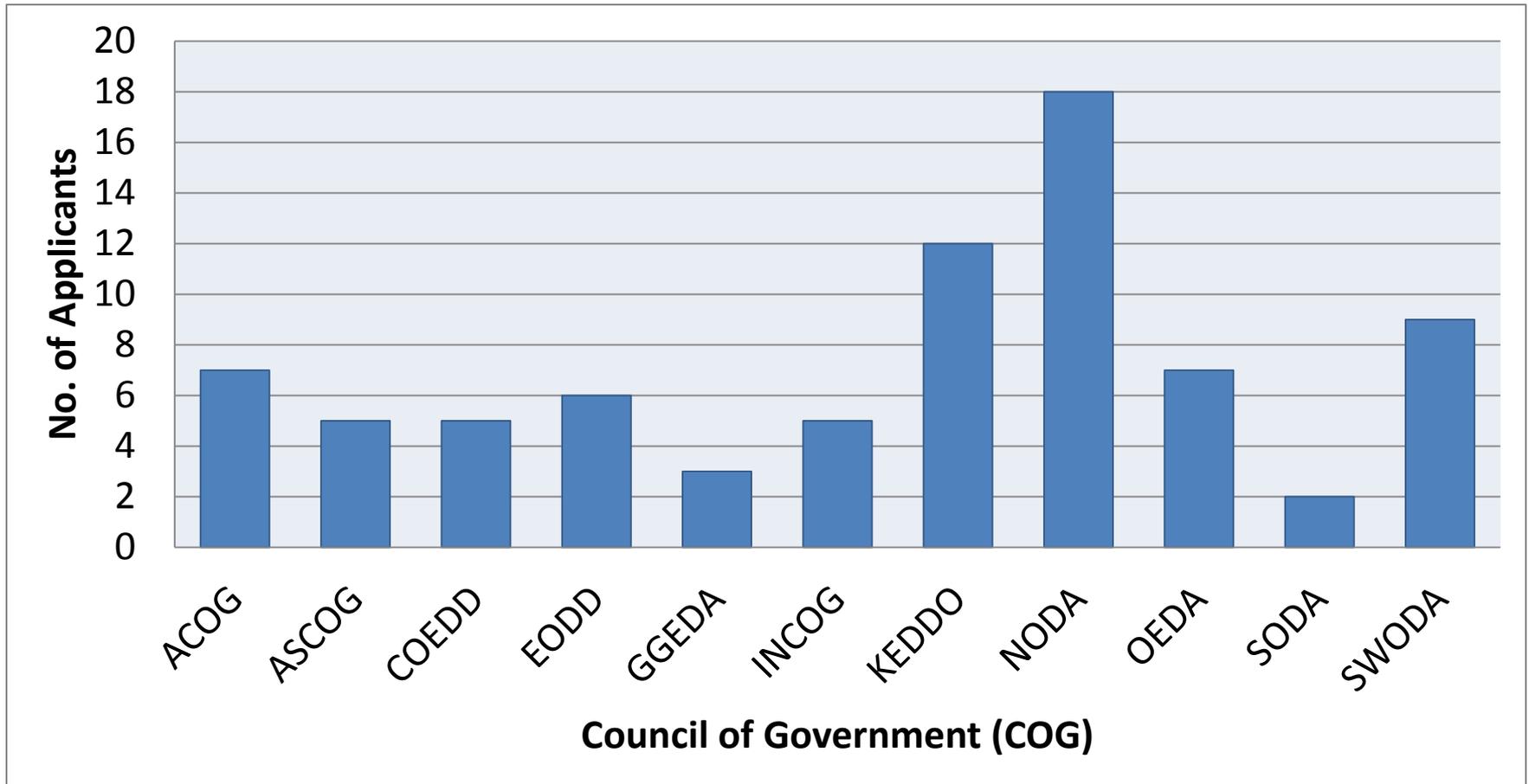
FY2017 OWRB REAP GRANT PROGRAM

- REAP Grant Application
 - Completing and Submitting the Application
- REAP Grant Program
 - From the Application to Project Completion
 - Recent changes to Chapter 50 Rules pertaining to REAP Grants
- REAP Grant Engineering
 - The importance of Engineering in a REAP Grant Project

Successful Completion of REAP Grant Application

- I am the second step in the grant application process – YOU are the first
- Filling out Application completely
 - Highly competitive
 - Applications deemed materially incomplete or inaccurate are allowed 30 days to correct. After 30 days the application is denied
- Are you applying as your town/city or as the Authority – making sure we have your formation documents
- If you're renewing your application make sure you have a new resolution and that the verification page is signed by your chairman and an attorney.
- Due date for applications for FY2017 is Thursday, September 1st – the earlier your application is the better in the case of a tie in the score

APPLICATIONS PER COG – FY2016



Last fiscal year (FY 2016)

Reap Grants requests: 79

Requested Amount: \$7,685,824.23

Reap Grants Awarded: 11

Total Approved Amount: \$966,404.86

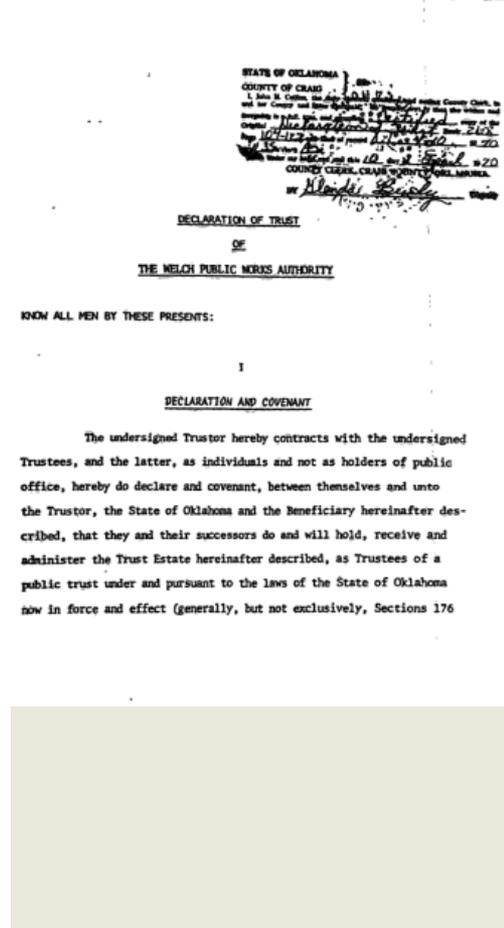
Eligible Entities

- Counties
- Towns and municipalities
- Public Trusts or Authorities
- School Districts
- Rural Water Districts
- Water Conservancy Districts
- Rural Sewage Districts
- Irrigation Districts



Documentation

- › Trust Indenture
- › Articles of Incorporation



Eligible projects

Any engineering undertaking or work to conserve and develop surface or subsurface water resources or to control or develop sewage treatment facilities including:

- Acquisition, improvement, extension, or construction of dams, reservoirs, and other water storage projects
- Underground storage projects, filtration and water treatment plants
- Projects related to water production, storage and distribution
- Floodplain restoration
- Bank stabilization
- Storm sewer and drainage improvements
- Sewer collection system and treatment facilities

(The above-referenced qualified projects are additionally understood to include financial assistance to acquire and own the lands required for the project, and to obtain the water supply and to construct appropriate treatment facilities.)



Completed grant project



AMR Projects

ELIGIBLE COSTS



- Architecture and/or engineer fees related to the project
- Fees for soil testing
- Fees for surveying
- Payments to contractor(s) for construction of the improvements
- Legal fees and expenses for counsel for the applicant which are related to the project
- Services of full-time or part-time inspector

Administrative expenses shall not be eligible project costs

› Please note there has been a change to category (1). In order for engineering only to be paid for by an OWRB REAP Grant, applicants shall provide documentation that all construction funding is available. If not the application shall be pending until such time as the funding to complete the project is available.

› One exception to this rule is that if an ER is a requirement of a Consent Order, an applicant under Consent Order may be awarded a grant to cover the engineering costs without construction funding being available.

RANKING/SCORING

$$T = P + WR + I + MHI + FP + N + AR + BP + PG$$

T – Total of priority points (within each COG)

P – Population (55 points for population < 1,750 for municipalities and < 525 non-pasture customers for Districts)

WR – Water and sewer rate structure (13 point max)

I – Indebtedness per customer (10 point max)

MHI – Median household income (10 point max)

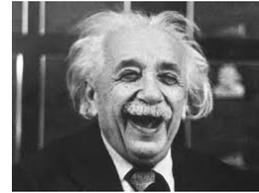
FP – Applicant's ability to finance project (12 points max)

N – Need/Consent Order (5 points)

AR – Amount of grant requested (5 points)

BP – Project benefit to other systems (5 points)

PG – Previous grant assistance (takes away points)



- › Maximum 115 Points
- › Minimum 40 Points
- › If the Board determines that the qualified entity with the highest point rating cannot promptly proceed with the project due to delays, including but not limited to those caused by legal problems, engineering projects, feasibility projects or availability of other funding sources, the Board may pass over consideration of such application then proceed to consider in the order the next highest rated application.

Rates – Maximum 10 points Per 5,000 gallons – Water Only

Rate	Points
\$50.00 or greater	10 points
\$45.00 - \$49.99	9 points
\$40.00 - \$44.99	8 points
\$35.00 - \$39.99	7 points
\$30.00 - \$34.99	6 points
\$25.00 - \$29.99	5 points
\$23.00 - \$24.99	4 points
\$21.00 - \$22.99	3 points
\$19.00 - \$20.99	2 points
\$18.00 - \$18.99	1 point
Less than \$18.00	0 points

The rate structure for the OWRB REAP grant has been changed! The new rates reflect the same rate structure as CDBG to help entities when preparing several applications.



Rates – Maximum 10 points Per 5,000 gallons – Water & Sewer

Rate	Points
\$56.00 or greater	10 points
\$53.00 - \$55.99	9 points
\$49.00 - \$52.99	8 points
\$45.00 - \$48.99	7 points
\$41.00 - \$44.99	6 points
\$37.00 - \$40.99	5 points
\$34.00 - \$36.99	4 points
\$32.00 - \$33.99	3 points
\$31.00 - \$31.99	2 points
\$30.00 - \$30.99	1 point
Less than \$30.00	0 points

The rate structure for the OWRB REAP grant has been changed! The new rates reflect the same rate structure as CDBG to help entities when preparing several applications.



Rates – Maximum 10 points

Cost per connection per month– Sewer Only

Rate	Points
\$34.00 or greater	10 points
\$32.00 - \$33.99	9 points
\$30.00 - \$31.00	8 points
\$28.00 - \$29.99	7 points
\$26.00 - \$27.99	6 points
\$24.00 - \$25.99	5 points
\$22.00 - \$23.99	4 points
\$20.00 - \$21.99	3 points
\$18.00 - \$19.99	2 points
\$16.00 - \$17.99	1 point
Less than \$16.00	0 points

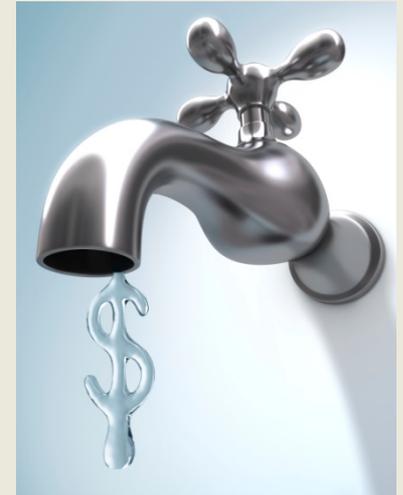
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RATE ADJUSTMENTS

Rate Structure	Point Adjustment
Flat Rate – without regard to usage	- 3 points
Decreasing block	-2 points
Fixed Rate	0 points
Increasing block	2 points
Dedicated sales tax for water & sewer usage	1 point

› Utilizing an increasing block is a good way to help conserve water, as well as a caveat to more points in the water rate category.



Indebtedness Per Customer

The indebtedness per customer ranking is calculated by taking the applicant's monthly requirements for debt service on debt incurred for water and/or sewer system purposes and dividing it by the number of customers served.

IPC = Monthly Debt Service/No.
of Customers



INDEBTEDNESS PER CUSTOMER

Indebtedness per customer	Points
\$20.00 or greater	10 points
\$17.50 – \$19.99	9 points
\$16.00 - \$17.49	8 points
\$14.50 - \$15.99	7 points
\$13.00 - \$14.49	6 points
\$11.50 - \$12.99	5 points
\$10.00 - \$11.49	4 points
\$8.50 - \$9.99	3 points
\$7.00 - \$8.49	2 points
\$5.50 - \$6.99	1 point

Median Household Income

Median Household Income	Points
< \$17,000.00	10 points
\$17,000 - \$20,999	9 points
\$21,000 - \$23,999	8 points
\$24,000 - \$28,999	7 points
\$29,000 - \$31,999	6 points
\$32,000 - \$36,999	5 points
\$37,000 - \$39,999	4 points
\$40,000 - \$44,999	3 points
\$45,000 - \$47,999	2 points
\$48,000 - \$51,999	1 point

The American Communities Survey is used to determine the most recent median household income.

Water Districts need to provide the area they cover and what percentage of the District is in the area; otherwise, the County median income will be applied.

Ability to Finance Project

This ranking gives a standardized account of the amount the existing water/sewer rates would have to be raised in order to finance the project through a loan.

For purposes of example assume you had a \$75,000 project for which you need a grant, and you have 300 customers. The amount you would have to raise your rates to cover the 25-year debt at 5% would be \$1.48 per customer which would give you a score of 3 points.

ABILITY TO FINANCE PROJECT (Maximum: 12 points)

$$FP = \frac{\$ 75,000.00}{300} \times \frac{0.0710}{12} \times \frac{\$ 5,325.00}{3600} = \$ 1.48$$

3

A standard interest rate and term of 5% for 25 years is assumed.



ABILITY TO FINANCE

Rate of Increase to Cover Debt	Points
\$10.00 or greater	12 points
\$8.00 – \$9.99	11 points
\$6.00 - \$7.99	10 points
\$5.00 - \$5.99	9 points
\$4.00 - \$4.99	8 points
\$3.00 - \$3.99	7 points
\$2.00 - \$2.99	6 points
\$1.75 - \$1.99	5 points
\$1.50 - \$1.74	4 points
\$1.25 - \$1.49	3 points
\$1.00 - \$1.24	2 points
\$0.75 - \$0.99	1 point

BENEFIT TO OTHER SYSTEMS – 5 POINTS



If the applicant's project will benefit other adjacent systems as well as applicant's or result in or lead to consolidation of systems, an additional 5 points will be included.

PROGRAMMATIC RESTRICTIONS



- ✓ \$150,000 Maximum per project per applicant
- ✓ Eligible communities population of 7,000 or less
- ✓ Population of 1,750 or Districts with 525 or less non-pasture taps receive 55 priority points
- ✓ Must have a ranking of at least 40 points to qualify

Application must be received by the OWRB by close of business the first business day of September of each fiscal year.

APPLICANT AWARD AND FUNDING – IT'S A TOUGH GAME OUT THERE!

Each grant is ranked within its Council of Government.

The money for the OWRB REAP Grant program comes from legislative appropriations. This year's appropriation is \$1,193,000

DIFFERENT FROM YEARS PAST!!!!!! We will not be given 1/12 each month. We will receive 65% of the appropriation in July 2016 and the remaining 35% in January 2017.

This is extremely important that you ensure your application to be correct and complete as the grant applications will be taken to the Board very soon after ranking.



CHANGE



Expediency in project completion will be very important.

FROM THE BOARD AND BEYOND



Once a project has been awarded by the Board the following steps will occur:

- Approval Letter – please follow the instructions of this letter implicitly. Failure to do so may result in the loss of grant funds
- Grant Agreement – must be signed and returned to OWRB immediately – this agreement is what encumbers your funds!
- Vendor Payee Form – must be returned with the Grant Agreement in order to encumber your funds.
- 90-day Bid Tab Rule

But Wait...
**THERE'S
MORE!**

ENGINEERING

- I. Engineering Report
- II. Project Timeline
- III. Plans & Specifications
- IV. Bid & Contract Documents
- V. Construction



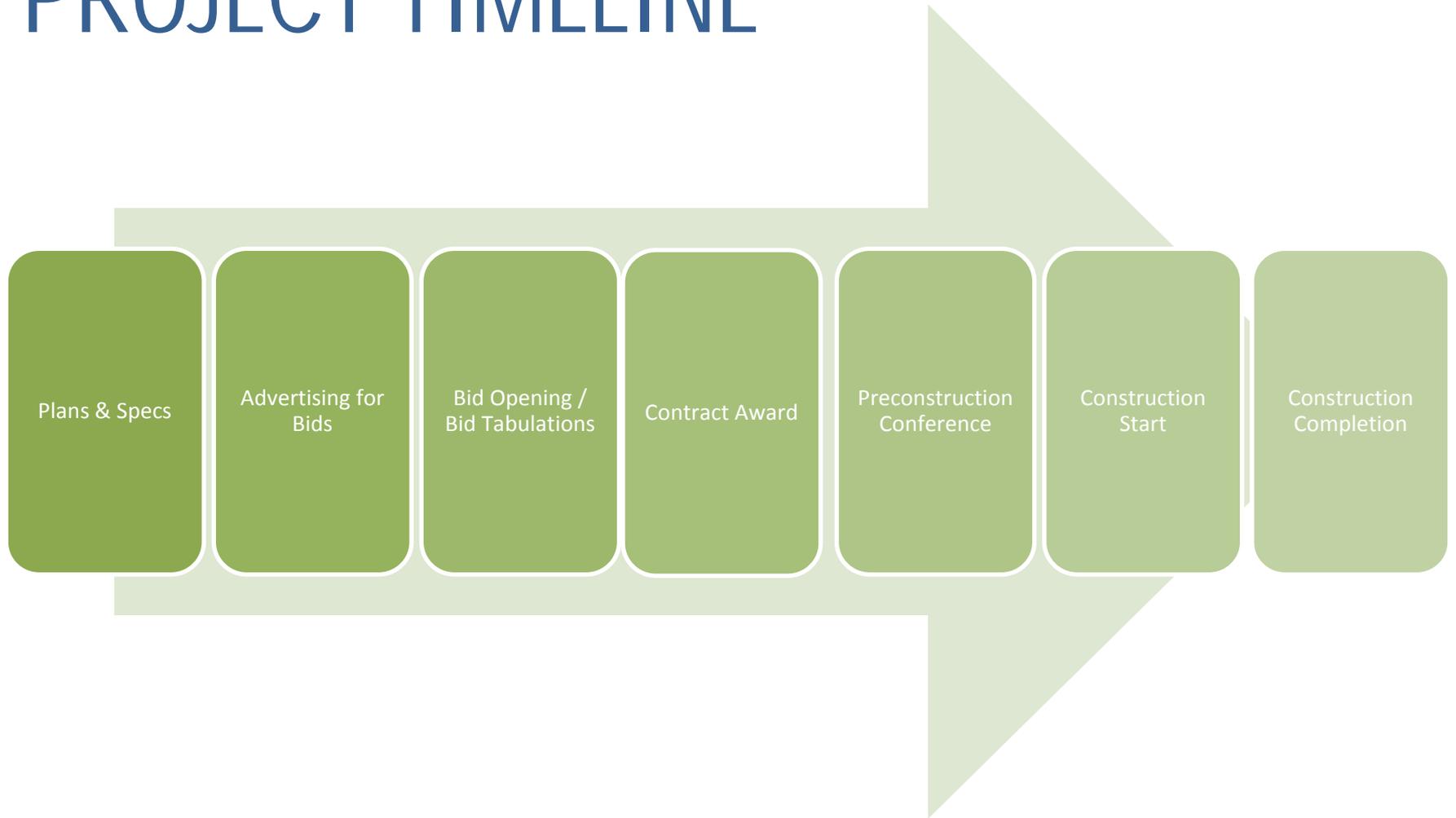
ENGINEERING REPORT REVIEW

- **FACT Guidelines and Checklists**

- Introduction
- Project Planning Area
- Existing Facilities and Need for Project
- Alternatives Considered
- Proposed Project Design and Cost Estimates
- Financial Status
- Conclusions and Recommendations



PROJECT TIMELINE



PLANS & SPECIFICATIONS REVIEW

- Must be reviewed by OWRB and will issue Authorization to Advertise
 - Advertising is based of Oklahoma Competitive Bidding Act :- First publication must be at least twenty (20) days prior to the date set for opening bids and to be published in two consecutive weekly issues of said newspaper. (In short: Advertise for at least 21 days for two consecutive week)
- ODEQ Permit to Construct
 - All projects must be reviewed by ODEQ and have a permit to construct issued
 - On projects that do not require permit to construct, such as rehab work, we will need an exemption letter or email from ODEQ.



OKLAHOMA COMPETITIVE BIDDING ACT

- All projects will have to comply with the Oklahoma Competitive Bidding Act
 - Length of advertisement/bidding
 - Any projects **above \$50,000.00** must go out for bidding
 - Any projects **below \$50,000.00** must solicit at three (3) written quotes (if the Engineer cannot get three quotes, we will need paperwork to show proof of solicitation)
 - Any projects **below \$25,000.00** may be negotiated with a qualified contractor
 - Bonding requirements (Performance, Statutory or payment, Maintenance or a Letter of Credit is part of **OWRB Requirements on All Projects**)

BID & CONTRACT DOCUMENTS REVIEW

- Addenda (if applicable)
- Bid Proposal
- Bid Tabulations – (Stops the Grant Clock)
- Affidavit of Publication
- Agreement w/ Contractor
- Engineering Services Agreement
- Business Relationships Affidavit
- Non-collusion Affidavit
- Bonds (Bid, Statutory, Maintenance)
- Contractor's Liability Insurance
- Notice of Award
- Notice to Proceed



FORCE ACCOUNT

- Grant recipient can utilize their own work force to make the improvements with grant funds
 - Force Account Administration
 - Information Request
 - Materials purchased by the City will have to comply with Oklahoma Competitive Bidding Act



PRE CONSTRUCTION CONFERENCE

- Discussion of duties and responsibilities of all parties
- Construction requirements
- OWRB must be present during pre construction conferences

CONSTRUCTION

- A representative from OWRB will conduct inspections on all ongoing projects.
- Any **Change Orders** must be approved by OWRB along with:
 - Executed copy of the Change Order request with justification
 - Revised cost estimate/budget
- Pay Estimates if applicable



FINAL INSPECTION

- All parties involved must be present during the final walkthrough of the project

THE PARTY'S OVER – BUT IS IT REALLY?

- ✓ Audit Letter
- ✓ Bank Statements and cancelled checks
- ✓ Deposit Slip
- ✓ Invoices
- ✓ Final Total Project Costs
- ✓ Final Inspection Report
- ✓ Release of Claimant
- ✓ Project Acceptance
- ✓ Change Orders
- ✓ As-Built transmitted to ODEQ
- ✓ Audit must be completed and approved prior to receiving another OWRB REAP Grant
- ✓ NON-COMPLIANCE WITH AUDIT = POTENTIAL RETURN OF GRANT FUNDS!!!



Questions?

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