Module 4
Dealing with Consultants, Technical Assistance Providers, Regulators, and Funding Agencies

Instructor Guide

Financial/Managerial Series

This course includes content developed by the Pennsylvania Department of Environmental Protection in cooperation with the following grantees:

RCAP Solutions, Inc.
Penn State Harrisburg Environmental Training Center
Training Module 4
Instructor Guide
Dealing with Consultants, Technical Assistance Providers, Regulators, and Funding Agencies

Objectives:
By the end of the course, the learner should be able to:

- Recognize the types of drinking water system funding available from various funding agencies.
- Determine the types of assistance available through technical assistance providers such as RCAP, PRWA, and DEP.
- List the basic components of a Request for Proposals (RFP) for obtaining engineering or other professional services.
- Develop questions for interviewing engineers and hired consultants.
- List the basic components of a contract for engineering services.
- List the components of a preliminary engineering report.
- List the appropriate local personnel of the regulatory agency that deal with drinking water systems.

Key Points:

- There are a number of funding agencies providing a variety of programs to financially assist water systems and it is critical that water system personnel be aware of these programs to help ensure the system gets the best funding package available.
- The main funding agencies for large projects are:
  - USDA Rural Utilities Service
  - PENNVEST
- Other assistance is available through the Community Development Block Grant (CDBG) program and a variety of DEP and other government programs.
- Technical assistance is available from a number of government and government supported agencies.
- Water systems should develop procedures for hiring and dealing with engineers and other consultants including procedures for RFPs, interviewing, and selection to prevent future problems.
- A proper contract for engineering services can prevent problems and financial hardships in the future.
- Water system personnel need to be familiar with the components of a preliminary engineering report.
- Water system personnel need to be familiar with the agency that regulates their water system.

Methods: Lecture
Time: 90 minutes

Materials:

- PowerPoint presentation
Instructor preparation note: It is recommended that you review the PowerPoint slides and talking points provided with this instructor guide in order to tailor the content and style of delivery to your particular setting, audience, and time constraints. The talking points are instructor comments designed to accompany the slides or materials handed out and are not intended as handouts themselves.

Organize workbooks so that they can be passed out to learners prior to the start of the training. To save time and keep your audience focused, try to plan for and minimize any possible disruptions and transitions between activities.

After opening the PowerPoint file, the slide show can be viewed by selecting the “View Show” command under the “Slide Show” menu button. The slide show can be ended with “Esc”. Slides can be advanced with “Enter”, “PgDn”, the down arrow or the right arrow. You can go back to the previous slides with “Backspace”, the up arrow or the left arrow.

Any websites referenced in the training module should be checked by the instructor prior to the training session since these may change over time. The same applies to contact information.

Additionally, answers to exercises are not generally included in the workbooks. Be certain to review these answers with the learners.
Training Module 4
Dealing with Consultants, Technical Assistance Providers, Regulators, and Funding Agencies

Objectives:

The purpose of this training module is to enable you to:

- Recognize the types of drinking water system funding available from various funding agencies.
- Determine the types of assistance available through technical assistance providers such as RCAP, PRWA, and DEP.
- List the basic components of a Request for Proposals (RFP) for putting engineering or other services to bid.
- Develop questions for interviewing engineers and hired consultants.
- Establish sound policies and procedures for working with engineers and hired consultants.
- List the basic components of a contract for engineering services.
- List the components of a preliminary engineering report.
- List the appropriate local personnel of the regulatory agency that deal with drinking water systems.

Introduction

Instructor Note: Display Slide # 0. Welcome learners to the training. Introduce yourself and ask learners to introduce themselves including job title and system name if desired.
During this training module, we’ll be describing:

- the types of drinking water system funding available from various funding agencies;
- the types of assistance available through technical assistance providers such as RCAP, PRWA, and DEP;
- Request for Proposals (RFP) for putting engineering or other services to bid;
- questions for interviewing engineers and hired consultants;
- sound policies and procedures for working with engineers and hired consultants;
- the basic components of a contract for engineering services;
- the basic components of a preliminary engineering report;
- the appropriate local personnel of the regulatory agency that deal with drinking water systems.

**Financial Assistance**

- The Pennsylvania Infrastructure Investment Authority (PENNVEST)
- USDA Rural Development’s Rural Utilities Service (RUS)
PENNVEST is a state agency and RUS is a federal agency. These agencies provide funding for new drinking water systems as well as for expansions and improvements to existing systems. Funding from these agencies isn’t mutually exclusive; they can co-fund projects and in many cases will work together to determine the best funding package for a drinking water system.

Additional grant funding is available through the PA Department of Community and Economic Development’s (DCED) Community Development Block Grant (CDBG) program. Other programs also exist and will be covered.

An income survey may be required along with application to the funding programs.

Although they will be discussed in more detail below, a quick reference guide is included in Appendix 1 that compares the three main funding sources.

Additionally, contact information for these and other programs can be found in the “PENNVEST Utility Guide to Financial and Technical Assistance” included with your training module materials.

**Q:** Has anyone’s system been funded by one of these agencies?

**Answer:** The answers will depend on the audience responses.

**Instructor Note:** Display Slide #3.

The Water and Waste Disposal Grant and Loan Program is the main source of drinking water funding from the Rural Utilities Service.

- Direct loans and grants for water and waste disposal facilities in rural areas and towns of 10,000 or fewer people are available.

- Rural Development’s Rural Utilities Service is primarily a loan agency with supplemental grant money used at the discretion of
RUS to maintain the water and sewer rates charged to the system users at reasonable levels. Interest rates are determined by the median income of the community and are classified as poverty, intermediate or market rates. RUS can provide additional information on these rates.

- Public entities such as: municipalities, counties, authorities, non-profit organizations and community action agencies are eligible. Population restriction is 10,000 people per community. Priority is given to rural communities with populations of 2,500 or fewer people.

- Acquisition of a water supply, construction or improvement of water supply reservoirs, pipelines, wells, pumping stations, sewage collection, transmission, and treatment facilities are eligible projects. Eligible costs include legal and engineering fees, appropriate equipment costs relating to the project, and construction costs.

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**Instructor Note: Display Slide #4.**

The Construction Loan Program is the main source of funding from PENNVEST.

- Low-interest loans and supplemental grants for drinking water, storm water and wastewater projects, including industrial wastewater systems, are available.

- PENNVEST is able to finance up to 100% of eligible project costs, subject to the following limits.

- There is an overall project cap of $11 million per project. This cap is increased to $20 million if more than one municipality is served, and can be exceeded with PENNVEST approval if four or more communities are served.
• PENNVEST may require the applicant to participate in financing a project when it determines that the applicant has the financial capability to do so and that such participation is desirable.

• PENNVEST financial assistance primarily consists of low-interest loans; some supplemental grant funds are available to defray extremely high user costs. Interest rates vary, based in part on the cost of funds to the Commonwealth.

• Once a PENNVEST loan is approved, interest is fixed for the term of the loan. Most of the loans have a term of 20 years and carry interest rates ranging from 1% to 6%. Loan applicants are eligible for an expedited rate review process established by the Public Utility Commission (PUC) to facilitate debt services repayment.

• Municipalities, authorities, and some private entities are eligible for drinking water and wastewater project funding.

• Financial assistance is available for construction, improvement, expansion, extension, acquisition, repair or rehabilitation of all or any part of any facility or system for the collection, treatment, filtration or disposal of wastewater, including industrial wastewater, or for the supply, treatment, filtration, storage or distribution of drinking water.

• Eligible costs may include, but are not limited to, construction, project design and engineering, administration, permit fees, legal fees and acquisition of property rights and equipment that are preliminary to or a necessary part of the project and interest during construction.

• Contact PENNVEST to schedule a planning consultation and obtain an application. The fundamental objectives that will guide project evaluation and selection are improvements upon public health, public safety and the environment. Performance on other criteria, including improvements to economic development, compliance with State and Federal requirements,
social impact and improvements to adequacy and efficiency are also considered.

- PENNVEST Board meetings are held several times each year. A schedule of meetings and application deadlines is printed annually and is available from the PENNVEST office and on the PENNVEST website.

- Other PENNVEST funding includes the:
  - Funding Pledge Program
  - Advance Funding Program

Instructor Note: Display Slide #5.

The main source of funding for drinking water systems through DCED is the Community Development Block Grant Program (CDBG).

- Grants provide the Federal non-entitlement municipalities of Pennsylvania with funding needed to address local community development needs in the areas of housing, community facilities, economic development and public services including drinking water and wastewater systems. Entitlement municipalities receive federal funds based on a preset schedule and formula and have populations greater than 4,000.

- Selected projects must meet specific program regulations and requirements to be approved by DCED. Funding is competitively awarded by DCED to eligible municipalities based on specific project proposals. DCED determines priority based on community need, project scope, impact on low to moderate income residents and other factors. Eligible costs include engineering and construction costs. Ineligible costs include construction equipment purchases, operating and maintenance costs.

- General Purpose units of local government not designated as Federal entitlement counties or municipalities may apply.
Applicants must demonstrate that no less than 70 percent of funding to be received will principally benefit persons of low to moderate income. The municipality may apply through its county or directly apply itself.

- Funds may be used for construction of water systems, sewer systems and treatment plants. Eligible costs include construction, project design and engineering costs, and all legal and administrative fees.

- For competitive grants, contact DCED’s Small Communities Program Division and request an application. Applications will be evaluated on the basis of the following: community need, seriousness of the problem, resolution of the problem, benefit to low-to-moderate income residents and timeliness of project completion. Non-entitlement communities should also inform their County Commissioners of their needs and request assistance through the County’s annual allocation of Community Development Block Grant funds.

- Other funding through DCED includes the:
  - Appalachian Regional Commission Grant Program
  - Shared Municipal Services Program
  - State Planning Assistance Grant Program

**Funding Tip:**

- Make certain that your engineer, or other responsible planning personnel, investigates all available funding sources to help ensure the best funding package for your community.
Growing Greener is the main grant program available through DEP for drinking water systems.

- Grant money is available to support technical assistance providers and for the use of innovative technologies in improving drinking water and sewage treatment facilities.

- Counties, local governments, authorities, conservation districts, watershed associations and other non-profit groups involved in watershed restoration and protection may apply.

Let’s try a quick exercise! Take a few minutes to think about the following scenario.

**Exercise #1**
The Smallville Water Company is thinking about a project to extend lines to pick up existing homes in a high income area and they figure the cost might be about $400,000. Additionally, they intend to regionalize with another water system. Where are they most likely to get their funding?

*Since it is most likely that a loan/grant package will best fund this project, the water system should look into RUS and PENNVEST funding along with possible grant support through the DEP programs. Since it is a high income area, it is unlikely that the project would qualify for CDBG funding.*
These are the major funding sources within Pennsylvania for drinking water projects, although the list is by no means complete. Information on these and other programs can be found in PENNVEST’s “Water, Sewer, and Stormwater Utility’s Guide to Financial and Technical Assistance Programs” publication. This is included as part of your course packet and can be reviewed in depth at your convenience. As stated earlier, the guide also includes contact information for the programs described in this and the next section.

**Q:** Is financial assistance the only assistance available to drinking water systems?

**Answer:** No. There is technical assistance available to drinking water systems through a number of agencies at no cost or for a nominal fee.

Well, let’s see what’s available to drinking water systems then.

**Technical Assistance**

**Instructor Note:** Display Slide #8.

There are a number of agencies that provide technical assistance to drinking water systems. These include:

- Department of Environmental Protection (DEP)
- RCAP Solutions
- PA Rural Water Association
- Public Utility Commission
- Department of Community and Economic Development
- Environmental Finance Center
- Environmental Training Center
Some of you may be familiar with these agencies but others of you may not be so we'll discuss these technical assistance providers in a little more depth.

Instructor Note: Display Slide #9.

The Department of Environmental Protection (DEP) provides technical assistance through its Small Water Systems Outreach Program.

- This program focuses on small publicly and privately owned drinking water systems serving 25 or more people. DEP is offering tailored assistance to small water system operators and administrators in Pennsylvania.

- The outreach program is conducted by the Department of Environmental Protection to provide on-site education and assistance for small community water and wastewater systems experiencing current or potential difficulties in areas relating to system operation, maintenance or management.

- Assistance is provided in the areas of groundwater treatment, surface water treatment, distribution, storage, process laboratory and management; however, each outreach effort is flexible and tailored to the individual needs of the system.

- Eligibility and priority is based on evaluation to determine relative need, the appropriateness of an outreach-style approach and the likelihood of improved capability as a result of outreach assistance.

DEP also provides technical, financial and managerial assistance through its Capability Enhancement (CE) program.

- CE is a comprehensive assistance program that encourages small drinking water systems to operate more effectively.
• The goal of the program is to help water systems develop and maintain long-term viability.

• A Capability Enhancement Facilitator (CEF) works directly with the system to evaluate its current condition, develop a course of action, and assist with implementation.

• Examples of assistance include identification of other assistance providers, securing project funding, financial planning (rate structuring/budgeting), improving management structure, and developing Operation and Maintenance Plans and Emergency Response Plans.

Instructor Note: Display Slide #10.

The Rural Community Assistance Program (RCAP), now known as RCAP Solutions Inc. in Pennsylvania, is a state and federally funded not-for-profit organization that provides technical assistance through services and training in all aspects of developing, maintaining and managing adequate, affordable water and wastewater systems in rural low-income areas of Pennsylvania.

• Long term on site technical assistance is provided to community drinking water and wastewater systems free of charge. The program is not a funding or regulatory body, but will assist the systems and communities in dealing with all appropriate agencies.

• Any community drinking water or wastewater system that has a resident population of 10,000 or fewer is eligible. Municipalities, municipal authorities, associations, institutions, private companies and manufactured housing communities are eligible.

• RCAP provides a wide variety of technical assistance in administrative and financial areas of water and wastewater system operations. RCAP staff will assist in preparing funding
applications, financial reports, PUC paperwork, provide educational material and workshops in a variety of areas including board training, rate setting and restructuring, budgeting, and security issues, and act as a liaison between state, federal, regional and local officials.

- RCAP can assist with conducting income surveys to determine eligibility for various funding programs.

#11  **Instructor Note:** Display Slide #11.

The Pennsylvania Rural Water Association (PRWA) provides technical assistance and training to community water and wastewater systems. It supports its technical assistance through state and federal funding and its membership program.

- Any member community drinking water system in Pennsylvania with a resident population of 10,000 or fewer is eligible. System types include municipalities, municipal authorities, associations, corporations, institutions, partnerships, proprietorships and manufactured housing communities.

- On-site visits provide extensive water system hands-on, one-on-one training in water loss, leak detection, chlorination, metering, rate structuring, proper records keeping and day to day operation and maintenance.

- Training sessions are offered throughout Pennsylvania. Topics cover a wide variety of water and wastewater issues. Training is hands-on and geared to day-to-day operation and maintenance of water and wastewater systems; however, training and assistance is available in other areas.
The Public Utility Commission (PUC) can supply PUC regulated water providers with assistance and information on general operations, rate structures, compliance with PUC regulations, reports, and customer relations, including billing and collection procedures.

- Assistance with filing for rate increases can also be made available. Special expedient rate considerations can be allowed under certain circumstances.

- Any PUC regulated utility may receive technical assistance, although it is most often used by utilities with less than $250,000 in annual revenues.

The Department of Community and Economic Development (DCED) Municipal Training Program was established to provide technical assistance and training to local governments.

- Training is offered in the broad areas of local government structure and operations, community development, public safety, local government administration, municipal finance and environmental protection.

- The Environmental Training Partnership (ETP) was formed in 1991 by the State Departments of Community Affairs, Environmental Protection and the Pennsylvania Infrastructure Investment Authority (PENNVEST).

- ETP is designed to offer training for municipal officials and employees, and operators of drinking water and wastewater treatment plants. Partnership training includes PENNVEST, recycling, sewage enforcement and many other areas of
relevant environmental concern. The ETP is being continued through the Governor’s Center for Local Government Services.

- Officials and employees of Pennsylvania municipal governments, municipal authorities, community development, and environmental agencies are eligible.

- In addition to seminars held statewide, on-site training is offered to meet the particular needs and problems of specific municipalities and agencies. Seminars are held at a location chosen by the local agency and at a reduced cost. Extensive use of needs surveys and program evaluation tools are used to produce relevant, useful and practical training programs.

**Instructor Note:** Display Slide #14.

The Environmental Finance Center (EFC) provides technical and financial assistance and training on environmental issues and systems.

- The EFC helps a wide range of clients, including individuals, private business groups or associations, homeowners associations, and governmental entities. Communities may be governmental units or private unincorporated communities.

- The regional EFC is affiliated with the University System of Maryland and is based at the College Park campus. There are nine other EFCs that serve other areas.

- The EFC provides assistance to communities on a variety of environmental and utility issues such as Infrastructure Financing Assistance, Management, Financial Capacity, and Planning.
The Environmental Training Center (ETC) provides technical and financial assistance and training on environmental issues and systems.

- The mission of the ETC is to protect public health and enhance environmental sustainability in the Mid-Atlantic region by providing premier operations training, technology assistance, and technology evaluation.
- The ETC, located on Penn State’s Harrisburg campus, provides workshops and training in a variety of areas that pertain to small water systems.
- More information can be found at http://www.hbg.psu.edu/etc/.

Q: What is a main difference between these technical assistance providers and engineers that affects your relationship with them?

Answer: You have to pay the engineer to perform work for your drinking water system while the TA providers generally work at no cost to you. Additionally, the engineers will perform the necessary engineering for projects while the TA providers perform other tasks.
While we’re on the subject, let’s discuss a few of the reasons why your system would need an engineer or TA provider. These reasons include:

- Expand workforce and expertise
- Provide short-term help
- Provide access to experience
- Offer new and/or alternative solutions
- Identify and address management, technical, financial issues
- Identify procedure, technical, and employee deficiencies and create plans to correct
- Work and interact with public
- Suggest partnerships with other organizations
- Recommend how communities can negotiate compliance settlements
- Determine how the operator can interact with regulators
- Assist with planning and evaluating

Of course there are other things they can do as well. In many cases, you will be required to employ an engineer such as during the project design phase. But before you get to that point, you have to select and hire an engineer. When we discuss engineer selection in the upcoming slides, it includes other hired consultants as well such as hydrogeologists and planners. Let’s discuss how you can go about this.
Before you select and hire an engineer, you should develop and distribute an RFP, which is a Request for Proposals. The RFP will include a project description, the scope of work, contractor requirements, and qualifications. It is possible that system personnel may be capable of developing this document. If not, TA providers may be available to help you with its development.

The RFP forms the basis for the work the engineering firm will perform for you. When it is distributed to a number of firms, you will receive proposals from some of the firms that indicate how they will perform the work set in the RFP and how much it will cost you.

RFP Tips:

- Only send the RFP to a limited number of engineering firms. If you send it to a hundred firms, you may have to review a hundred proposals!
- Be sure to include a not-to-exceed or lump sum in terms of payment in the RFP.
- If you don’t know what firms to send it to, you can start with an RFQ, which is a Request for Qualifications from engineering firms. Once again, TA providers can help with the development of this.
- It is required that this be a fair and open process.
You’ve received a number of proposals from interested engineering firms. You may review them on your own or with a TA provider, but regardless you will likely need to trim the list to a manageable number. Why? Because you need to interview the top firms to ensure the selected firm is a good fit with your system’s needs and you can only interview a limited number of firms.

Some of the criteria you can use to evaluate the proposals include:

- Past experience on similar projects
- Familiarity with small communities
- Knowledge of funders and technology
- Cost and terms of payment
- References
- Ability to complete the project within a specified time frame
- The firm’s distance from the project

You need to contact the top firms to let them know that you would like to interview them. When the interview day comes, you will need to have some questions ready for the engineers. Let’s take a few minutes and you can try to come up with a few of your own in the exercise below. Afterwards we can discuss what you came up with.

Exercise #2
The Smallville Water Company is planning to build a new water treatment plant and they want you to help them interview engineering firms. They have already reviewed proposals and decided to interview five engineering firms. What would you ask the firms during the interviews? Write your questions in the space below.
Instructor Note: Display Slide #21. Provide the learners with the Exercise #2 handout that details some of the common questions and review.

Did you get any of the common questions?

You can also ask more specific questions related to specific treatment technologies and other project related issues.

Instructor Note: Display Slide #22.

You've gone through the interview process and decided to hire your top choice. Is your work done yet? No, you will have to sign a contract for the work the firm will perform for you.
Engineering Firm Hiring Tips:

- DO NOT base your decision solely on cost. While cost is important, it should be the deciding factor when most everything else is equal.
- Always make sure you check the references the engineering firm provides. If the firm does not provide any references, this is a warning sign.
- You may also want to investigate other projects the firm has done but that aren’t listed as references.

Instructor Note: Display Slide #23.

Don’t worry about coming up with a contract on your own since the engineering firm will almost always have a standard contract it uses. You will, however, have to review the contract to ensure that it still meets the requirements you set out in the RFP. Once again, you may review the contract on your own or with help from a TA provider. Additionally, you will want to have your solicitor review the contract.

When you review the contract, you’ll find that it will have the following basic components:

- Tasks/services/materials/products
- Time frames
- Conditions for employment
- Records and reports submission
- Benchmarks and conditions for meeting
- Ownership of drawings and associated documents
- Payment conditions
- Quality control, safety assurance, ADA, Affirmative Action/Equal Opportunity
Once you sign the contract, don’t just file it away and forget about it. You should review the performance of your engineer periodically to ensure they are meeting the requirements of the contracts. Additionally, you should clarify expectations, misunderstandings, and terms of contract when you meet with your engineer to review the firm’s performance. An example of the standard contract used by RUS is included in your training materials.

In many cases such as choosing between treatment technologies, a preliminary engineering report will eventually need to be developed so it’s a good idea to be familiar with its basic components. These are:

- Comprehensive description of project/work/scope
- Source of water and quality (if appropriate)
- Relationship of project to existing infrastructure
- Maps, diagrams, charts, tables, calculations
- Basis of design data (assumptions/strategy)
- Operational and maintenance issues
- Alternatives
- Costs, time

You should insist that your engineering firm justify all submitted expenses with a time, cost, and personnel (including name and title) breakdown. This can then be compared to the contract. The firm must seek water system approval before performing work that
exceeds the scope of the contract. Make it clear that additional work must be approved by the water system’s governing board in written form and not through informal contact with single members of that board or with system employees. You should also request regular progress reports. Remember, the board is ultimately responsible for the final product.

### Dealing with Regulators

**Instructor Note: Display Slide #27.**

Now let’s shift gears a bit and discuss the state’s regulatory agency, the Department of Environmental Protection.

DEP splits the state into six regions:

- Northeast
- Southeast
- Northcentral
- Southcentral
- Northwest
- Southwest

You will deal with different personnel depending on where you are in the state. The counties comprising each region are broken out in the Local Government Handbook included with your course materials.

**Instructor Note: Display Slide #28.**

As drinking water system personnel or part of its governing board, you will likely deal with your local DEP sanitarian. The sanitarian regulates your system and ensures compliance. If you already are
part of an operating drinking water system, there’s a good chance you already know your local sanitarian.

**Q:** Who has dealt with their local sanitarian and what type of experiences have you had?

**Answer:** The answers will depend on the audience responses.

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**Instructor Note:** Display Slide #29.

Remember that when dealing with your local sanitarian and other DEP personnel, you’re not necessarily on your own. Engineers and TA providers (including those from DEP itself!) can assist you in dealing with DEP personnel.

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**Summary**

**Instructor Note:** Display Slide #30.

Before we summarize what has been covered, let’s see what you’ve learned so far. You’ll find a short exercise in your workbooks. Take a few minutes to answer the questions. You can look back through your workbooks if you need.

**Exercise**

1. What are the two main loan and grant funding agencies in PA?
   a. The Pennsylvania Infrastructure Investment Authority
   b. USDA Rural Development’s Rural Utilities Service
2. What does CDBG stand for?
   a. Community Development Block Grant
3. Is funding from PENNVEST and RUS mutually exclusive?
a. No, the agencies can work together to fund the right kind of projects
4. Is DEP only there to regulate your system?
a. No, DEP also has technical assistance providers to help you
5. Should you simply go with your engineer’s recommendation for funding?
a. No, to ensure your system gets the best funding package all available funding sources should be investigated.
6. What does RFP stand for?
a. Request for Proposals
7. Should you send the RFP to as many engineering firms as possible?
a. No, since you will have to review all the proposals
8. Is the interview process important to selecting the right engineer for your system?
a. Yes, it helps you to determine the best fit for your water system
9. Who is the local DEP representative that will regulate your system?
a. The sanitarian
10. Are you on your own when dealing with DEP?
a. No, your engineer or technical assistance provider can help you.

#31 Instructor Note: Display Slide #31. Review the exercise and solicit answers from the learners.

I’d say the exercise provided a pretty good summary of what we’ve learned.

We covered the following key points:
- There are a number of funding agencies providing a variety of programs to financially assist water systems and it is critical that water system personnel be aware of these programs to help ensure the system gets the best funding package available.
• The main funding agencies for large projects are:
  o USDA Rural Utilities Service
  o PENNVEST

• Other assistance is available through the Community Development Block Grant (CDBG) program and a variety of DEP and other government programs.

• Technical assistance is available from a number of government and government supported agencies.

• Water systems should develop procedures for hiring and dealing with engineers and other consultants including procedures for RFPs, interviewing, and selection to prevent future problems.

• A proper contract for engineering services can prevent problems and financial hardships in the future.

• Water system personnel need to be familiar with the components of a preliminary engineering report.

• Water system personnel need to be familiar with the agency that regulates their water system.

## Resources and References

**Instructor Note:** Display Slide #32.

The following are references and resources you can use:

PA Department of Environmental Protection, Technical Assistance and Outreach, (717) 772-4058, Dennis Lee
“Working with Consultants and Assistance Providers” presentation by NETCSC

The complete list of training modules includes:

- Module 1, Water Supply System Basics Operations
- Module 2, Responsibilities of Governing Boards
- Module 3, The Safe Drinking Water Act
- Module 4, Dealing with Consultants, Technical Assistance Providers, Regulators, and Funding Agencies
- Module 5, The Basics of Accounting and Finance for Small Water Systems
- Module 6, Business Planning for Small Water Systems
- Module 7, Budgeting and Capital Improvements Planning Overview for Small Water Systems
- Module 8, Rate Design Overview for Small Water Systems
- Module 9, Bidding, Purchasing, and Leasing
- Module 10, Project Management Overview for Small Water Systems
## APPENDIX 1

### PROJECT REQUIREMENTS

<table>
<thead>
<tr>
<th>Requirement</th>
<th>PENNVEST</th>
<th>RUS</th>
<th>CDBG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Consultation</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
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<tr>
<td>Refinancing Limitation</td>
<td>yes (needs approval)</td>
<td>yes (needs approval)</td>
<td>yes (limitations)</td>
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<tr>
<td>Waiver to Refinancing</td>
<td>yes (Letter of No Prejudice)</td>
<td>no</td>
<td>no</td>
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<tr>
<td>Project Performance Certification</td>
<td>yes (1 year after)</td>
<td>yes (warranty cert)</td>
<td>no</td>
</tr>
<tr>
<td>&quot;Or Equal&quot; Bidding</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Operator Continuing Education Plan</td>
<td>yes (base and every 5 years)</td>
<td>no</td>
<td>no</td>
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<tr>
<td>Contingency</td>
<td>yes (5-10% of construction)</td>
<td>yes (before bids 10%; after 5%)</td>
<td>yes (no limit)</td>
</tr>
<tr>
<td>Annual Audit</td>
<td>yes (CPA or DCED Report)</td>
<td>yes (CPA with GAASP)</td>
<td>Single Audit Only</td>
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<td>Wage Requirements</td>
<td>no</td>
<td>no</td>
<td>yes (Davis Bacon)</td>
</tr>
<tr>
<td>Second Opinion Project Review</td>
<td>yes ($10m construction &amp; contingency)</td>
<td>no (RUS reviews)</td>
<td>no</td>
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<tr>
<td>Local Government Unit Debt Act</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
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<tr>
<td>Force Account</td>
<td>yes (with pre-approval)</td>
<td>yes (self-help)</td>
<td>yes</td>
</tr>
<tr>
<td>Steel Products Procurement Act</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Bank Refinancing</td>
<td>no</td>
<td>yes (when available)</td>
<td>yes (limitations)</td>
</tr>
<tr>
<td>Tap Fees</td>
<td>no</td>
<td>yes ($1,000 min. per EDU)</td>
<td>yes (municipality determines amount)</td>
</tr>
<tr>
<td>Bond Counsel</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Cap on Soft Costs</td>
<td>no</td>
<td>yes</td>
<td>yes (18% on Gen. Admin., no % on delivery)</td>
</tr>
<tr>
<td>Local Match to 537 Planning</td>
<td>no</td>
<td>yes (loan or grant match)</td>
<td>yes</td>
</tr>
<tr>
<td>Reimburse on Invoice</td>
<td>yes</td>
<td>yes</td>
<td>IDIS (new federal disbursement)</td>
</tr>
<tr>
<td>Other Funding Sources Considered</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>MBE/WBE</td>
<td>yes (for Federally funded)</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Federal Crosscutters</td>
<td>yes (for Federally funded)</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Separate Rate Districts</td>
<td>no</td>
<td>yes (case by case basis)</td>
<td>no</td>
</tr>
<tr>
<td>Design complete for construction</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>Priority Ranking</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Land Use Compliance (Zoning &amp; Ag)</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Interim Financing</td>
<td>no</td>
<td>yes (if loan greater than $500k)</td>
<td>no</td>
</tr>
<tr>
<td>Resident Inspectors</td>
<td>no (adequate inspections)</td>
<td>yes</td>
<td>no</td>
</tr>
</tbody>
</table>

### ELIGIBLE COSTS

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>PENNVEST</th>
<th>RUS</th>
<th>CDBG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Applicants</td>
<td>yes</td>
<td>yes (if non-profit)</td>
<td>no</td>
</tr>
<tr>
<td>Water/Sewer/Storm water Projects</td>
<td>yes (storm-municipal only)</td>
<td>yes</td>
<td>yes</td>
</tr>
</tbody>
</table>

29
<table>
<thead>
<tr>
<th>Service/Expense</th>
<th>PENNVEST</th>
<th>RUS</th>
<th>CDBG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design &amp; Construction</td>
<td>yes</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Advance Funding for Design</td>
<td>yes</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>On-lot Repairs</td>
<td>yes</td>
<td>yes (Section 504)</td>
<td>yes</td>
</tr>
<tr>
<td>Operations &amp; Maintenance</td>
<td>no (6 months start-up only)</td>
<td>no (4-6 months start-up only)</td>
<td>no</td>
</tr>
<tr>
<td>Interest Reimbursement</td>
<td>yes (construction or P&amp;I)</td>
<td>yes (for 1 year after construction)</td>
<td>yes</td>
</tr>
<tr>
<td>Curb to Curb Paving</td>
<td>no (trench + 2 feet)</td>
<td>yes (trench &amp; contiguous)</td>
<td>yes</td>
</tr>
<tr>
<td>Land/ROWS - Acquisition</td>
<td>no-sewer; yes-water/storm</td>
<td>yes (before bids)</td>
<td>yes</td>
</tr>
<tr>
<td>Land/ROWS - Soft Costs</td>
<td>yes (all apps)</td>
<td>yes (before bids)</td>
<td>yes</td>
</tr>
<tr>
<td>House Laterals</td>
<td>no (unless applicant owns)</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Interior Plumbing</td>
<td>no</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>Redesign</td>
<td>no (unless cost savings)</td>
<td>yes (basement vs first floor costs)</td>
<td>yes</td>
</tr>
<tr>
<td>Basement Drainage</td>
<td>yes</td>
<td>no (basement vs first floor costs)</td>
<td>yes</td>
</tr>
<tr>
<td>Income Surveys</td>
<td>yes (85% to determine MHI)</td>
<td>yes (RCAP)</td>
<td>yes</td>
</tr>
<tr>
<td>Eminent Domain (Federal $$ for water)</td>
<td>no</td>
<td>yes</td>
<td>yes</td>
</tr>
<tr>
<td>Loss of Act 339 $$</td>
<td>yes</td>
<td>no (Federal waiver)</td>
<td>?</td>
</tr>
<tr>
<td>Growth</td>
<td>yes (reasonable up to 20%)</td>
<td>yes (reasonable up to 20%)</td>
<td>reasonable</td>
</tr>
</tbody>
</table>

**PROCESS**

<table>
<thead>
<tr>
<th>Application</th>
<th>PENNVEST</th>
<th>RUS</th>
<th>CDBG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval</td>
<td>Board Meeting (3x per year)</td>
<td>anytime</td>
<td>3 to 4x per year</td>
</tr>
<tr>
<td>Closing</td>
<td>yes</td>
<td>yes</td>
<td>no</td>
</tr>
<tr>
<td>Audits</td>
<td>yes (construct/financial)</td>
<td>yes</td>
<td>Single Audit</td>
</tr>
</tbody>
</table>

**TERMS**

<table>
<thead>
<tr>
<th>Loans</th>
<th>RUS</th>
<th>RUS</th>
<th>CDBG</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>20-30 years</td>
<td>40 years</td>
<td>n/a</td>
</tr>
<tr>
<td>Max Amount</td>
<td>50% of PV or $1m</td>
<td>up to 75% of project costs</td>
<td>100%</td>
</tr>
<tr>
<td>Min Amount</td>
<td>$11(1) $20m (2-3) $30+</td>
<td>none</td>
<td>$500,000</td>
</tr>
<tr>
<td>Current Interest Rates</td>
<td>1% - 3.5%</td>
<td>up to 5.00%</td>
<td>n/a</td>
</tr>
<tr>
<td>Source of Funds</td>
<td>State &amp; Federal (EPA) 212 &amp; 319 SRF $</td>
<td>Federal USDA $$</td>
<td>HUD</td>
</tr>
</tbody>
</table>