

# Getting started with 2008 funding options

Usually as January 1 rolls around, we tend to make personal resolutions to get fit, organize the garage, etc. How about making a resolution this year to start on your 2008 water or sewer application to the Kansas Department of Commerce Community Development Block Grant (CDBG) Program? Yes, believe it or not it's time to get rolling on this. The 2007 announcements were made the week of January 15 with 17 communities and counties receiving water and sewer funding awards. This year's awards are listed in the sidebar on page 31. If you haven't been involved in this very competitive process, hold onto your hats as there are a

number of steps to climb in order to submit your application in October 2007.

## Getting organized

First, define the project. Set the priorities. How many leaks has the water system had? Or do you only have one well and no back up? Do you need to shut the

water off to the entire town when you need to work on the distribution system? Or is KDHE on your back about your lagoon effluent failing for the twelfth month in a row? Does the fire department need more help than the water or sewer system? These types of questions need to be answered. Or better yet, review

your Capital Improvement Plan. You know – it's the plan that's sitting on the top shelf gathering dust!

Second, if you don't have an engineer working with you, it's

contingent on how to pay for the services.

Once you've hired your engineer, an engineering report will need to be completed. Working with KRWA or firms

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time to procure one. The way you want to pay your engineer (and yes you will need to pay him/her sooner or later!) will steer you on the method of selection. CDBG, as well as KDHE, has a defined procedure that is very easy for you

such as Ranson Financial Consultants will help you select the best funding option. Those funding options include CDBG, the Kansas Public Water Supply Loan Fund or KDHE's Clean Water (sewer) Revolving Loan



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to follow. Staff from each agency can assist you in setting up your mailing list and proposal outline. Remember too that the procurement of services may be

Fund, USDA Rural Development, General Obligation or Revenue Bonds or just plain old cash in your Capital Improvements Fund. Any of these options can be paired

with CDBG funds if you meet their threshold criteria of 51 percent of low and moderate income (LMI).

### What's "threshold"?

The CDBG Program is based on meeting one of the three following national objectives: The first, and most common, is 'Low and Moderate Income' or LMI. The second is 'Slum and Blight' and the third is 'Urgent Need'. Each city and county in the state has been assigned a low/moderate income percentage by HUD. If your city or county is above the 51 percent LMI mark, then you've met the first threshold item. If your city or county is below the 51 percent level, then you need to conduct a survey.

There are resources available to help you before you feel like giving up the ship and saying, "This is just too complicated!" First of all is the CDBG staff. They are very knowledgeable and helpful. The second is hiring a certified administrator who has been trained on conducting surveys. To obtain this list you can either contact the CDBG office or retrieve it from their Web site at [www.kansascommerce.com](http://www.kansascommerce.com). Or if you don't want to hire anyone at this point, you can conduct the survey yourself with the assistance of local groups. A door-to-door survey will take time and it needs to be done right. If your community is awarded CDBG funds and a later review finds that the survey results are not correct showing that the grantee isn't at least 51 percent LMI, the funds which have been spent will need to be refunded.

How much is this going to cost? Well that depends on you. CDBG

funds cannot be used to pay your grant writer. You can hire a person just to work on the survey and write the application. Or you can procure the administrator to work on the application with you and then complete the grant paperwork once the grant is awarded. CDBG funds will not pay for application work. From my own experience, I've broken the grant writing and the administration into two separate contracts so everyone knows what the costs will be. Just remember that, if you have administration costs in the grant application, once the project is awarded, that is how your administrator will be paid.

While the survey is being delivered to your residents, benefit users or other clientele, the next

item on the agenda is submitting the Water/ Wastewater Proposal to CDBG for an appointment with the Kansas Interagency Advisory Committee (commonly known as KIAC). The KIAC committee is a 3-person group with representatives from the Kansas Department of Commerce (CDBG), USDA Rural Development and KDHE. Other State agency representatives such as the Kansas Water Office or Division of Water Resources may also attend.

First of all, a presentation and review by KIAC is required if you're planning to submit an application to CDBG. A 10-point deduction is included in the rating system if you do not attend and believe me, 10 points will

probably kick your application out of the funding pool because of the tight competition. Over the 25 years that I've been involved with the program, awarded points come down to hundredths of a point. So make your points while you can!

In this proposal, you'll list applicant information such as name and telephone number for a contact person, your engineer, and a description of your project. You'll also list your water or sewer rates and the number of customers you are serving. Finally, there is the cost breakdown. Maximum funding on a CDBG application is \$400,000. If your application has less than 200 persons benefiting, then it is \$2,000/person.

KIAC is an informal session, usually lasting up to an hour. It's an

## What's LMI?

Many federal as well as state loans and grants are reserved only for the neediest communities. But reasonable people can differ over the definition of "needy." So the feds developed a formula.

The low and moderate income (LMI) level determination comes from data assembled by the federal Department of Housing and Urban Development (HUD).

An area is classified as low and moderate income if a minimum of 51 percent of the persons residing in the area have total household income of less than 80 percent of that county's median income.

Percentage of low and moderate income may be obtained from the most recent census or by survey of the area to make the determination.

Not sure where to start? County income figures needed for the survey may be obtained from [www.huduser.org](http://www.huduser.org). Also check the Kansas Department of Commerce Web site at: [www.kansascommerce.com](http://www.kansascommerce.com).

Source: KanCap – Board/Council Training handbook

opportunity for the committee to learn about your project, for you to explain why you need the funds, the status of your application with the non-CDBG agencies, and to receive pointers from the committee members on your project. Appearing in front of the committee does not mean you'll be funded! The committee meets twice a month on the second and fourth Tuesdays from April to September. Information needs to be submitted to Debbie Beck at the Department of Commerce by the end of the preceding month so appointments can be set. All meetings are in Topeka except for the first Tuesday in August when the meeting is held in the Hays CDBG Field Office.

Who needs to attend this meeting? Typically, those who attend are the mayor or RWD chairman or some other elected person on the council/commission or board and your engineer to answer the technical questions. Some of the additional people who have attended the meeting include the City Administrator/ District Manager, City Clerk (or RWD secretary), the City/District Maintenance Person and the CDBG Administrator.

Normally, the CDBG application workshop is held during the first part of May. CDBG personnel go over any changes from the previous year's application and announce the application deadlines. If it follows the 2007 application round, the housing applications will be due around September 1, Water/Sewer on October 1 and Community Facilities on November 1. A city may submit only one application, but a county may submit two. Usually the rural water district application is submitted by the county on their behalf. There are also rules regarding any open grants that may prohibit you from submitting a new application. Items such as those listed above

will be discussed at the application workshop.

If you haven't hired your grant administrator by now, this would be a very good time to do so in order to receive readiness points

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from CDBG rating committee. Again procurement will need to be according to CDBG rules and notification to those persons/firms on the Certified Administrators List. Readiness points involve having your grant administrator and engineer hired. You need to be working on your application to KDHE or Rural Development if you are using either of these agencies for matching funds. Even better yet would be to have your executed loan agreement from KDHE or a Letter of Conditions from USDA Rural Development included in your application. If you are planning to use general obligation or revenue bonds, please contact your financial advisor so that draft paperwork can be included in your application.

We are almost there! You are required to hold a public hearing to discuss the project with the public during a specific time frame. At this public hearing, the project will be discussed and its affects on the water or sewer rates and a tentative time frame when the work might be completed if funded. Several forms, such as but not limited to, Resolution of Governing Body, Resolution of Long Range Financing (aka Operation & Maintenance Fund), CDBG Disclosure Report will be executed by the mayor or chairman during the regular portion of the meeting. Incorporated into the application is

a narrative section where the grant writer will describe the project. Examples of the questions that are asked are as follows: What is the problem? Is your system antiquated? Are there any health

and safety issues? Is your system under a KDHE Administrative Order or Schedule of Compliance? How much money is the applicant matching with CDBG funds and how will this indebtedness affect the water and/or sewer rates? Advantages and Disadvantages of Alternatives to solve the situation are presented. The selected project description (i.e. 70,000 feet of 8 inch water line, 40 valves, 50 meters, etc.) is presented along with the Engineer's Probable Estimate of Cost. A time frame to complete the project is also outlined. CDBG also wants to know what the community has done in relation to this project – Is this a long-overdue maintenance problem or Is there a real need? What other projects has the community completed or are in progress? How will this project affect the community? How these questions are answered with real data (i.e., repair and labor costs, water loss through leaks), describing the problem and providing a permanent solution are the meat and potatoes of your application. That is why it is so important to give your grant writer all available information in order that your project can be presented to a rating committee that has really no idea what your problem is and how to solve it. You can't assume anything!

With your assistance, and that by the engineer and the grant administrator, a completed application will be submitted to the CDBG office on or before the due date. Now you can take a deep breath knowing that you've survived the application process without too many gray hairs and that the process isn't as bad as you thought!

Best of luck to you, and I hope your application will be one of the 2008 success stories!

### Conference sessions to hit

To help you be more successful, I hope you will consider attending the 2007 KRWA conference. Conference sessions that address funding options include:

- Funding Opportunities Through USDA Rural Development - by Gary Smith, 10:45 a.m., 3/28
- Funding for Community Needs Through CDBG by Debbie Beck, 3/28
- State Revolving Loan Funds: Water and Wastewater Funding Options - by William Carr and Rod Geisler, 3/28
- KAN STEP: Building Kansas Communities and Water Systems - by Jason Schlickbernd, Dan Hall and Tim Schook, 3/28
- Planning for Capital Improvements - by John Haas, 3/29
- Impact of Wage Rates on Grant Financing - by Salih Doughramaji, 3/29

I encourage you to check out the program, attend the sessions and visit the agencies and service providers. I hope to also meet you. I'll be in booth #100 – with Ranson Financial and Kansas Rural Water Finance Authority. I look forward to the opportunity to meet.

## Commerce makes 17 water, wastewater grants

The Kansas Department of Commerce recently announced that 17 Kansas communities will share a total of \$5,652,973 in federally funded water and sewer grants through the Small Cities Community Development Block Grant program. These Kansas communities will match the CDBG contribution with \$14,183,762 in other funds.

"We are pleased to award funding to these very deserving Kansas communities," said Ray Hammarlund, the Department's Director of Community Development. "These grants allow Commerce to assist the rural communities that are so important to the livelihood of our state."

The Community Development Block Grant program provides federal funding to Kansas communities to address their development and infrastructural needs. The program has a 22-year history of helping Kansas communities enhance their overall quality of life by providing decent housing and a suitable living environment and by expanding economic opportunities, principally for persons of low and moderate income. The Department distributed more than \$106 million in CDBG funding from 2002-06, resulting in \$236 million in matching funds.

This year's recipients and project descriptions are as follows:

- City of Alma** (\$400,000): The city will initiate a wastewater renovation that will consist of upgrading the pretreatment and lagoon system and replacing lines and the pump station. A loan of \$1,863,000 will be obtained from KDHE's revolving loan fund.
- City of Beattie** (\$183,162): Beattie will construct a third cell, install a lift station, and remove sludge from two existing cells. A loan of \$183,163 will be obtained from KDHE's revolving loan fund.
- City of Belleville** (\$400,000): This north-central Kansas city will construct a new 500,000-gallon ground-level storage tank and new pump station. The city will contribute \$475,900.
- City of Bird City** (\$400,000): This project will involve the construction of a non-discharging wastewater lagoon facility. A loan of \$418,925 will be obtained from KDHE's revolving loan fund.
- City of Caney** (\$245,600): The proposed project will include TV inspection, rehabilitation and/or replacement of approximately 4,600 linear feet of 15-inch sewer line and replacement or rehabilitation of nine manholes. KDHE will also make a loan of \$245,000.
- City of Downs** (\$400,000): Downs will construct a three-cell discharging lagoon facility. A loan of \$1,376,095 from KDHE's revolving loan fund and the city's contribution of \$73,000 make up the balance of the funding.
- City of Effingham** (\$400,000): Effingham will improve to the city water system, including a new chlorination building, upgrade of well No. 3, replacement of some water mains and a 100,000-gallon pedestal water tank. KDHE's Public Water Supply Loan Fund will provide \$741,000.
- City of Hanover** (\$235,950): Hanover proposes to construct a new 100,000-gallon elevated water tower and take down an existing standpipe. The city and the Kansas Public Water Supply Loan Fund will contribute a total of \$235,950.
- City of Humboldt** (\$400,000): Cleaning and TV inspection of approximately 10,000 linear feet of sewer line, rehabilitation or replacement of sewer lines and manhole rehabilitation are included in this project. KDHE will make a loan of \$684,000.
- City of Iola** (\$400,000): Iola will upgrade the plant pump station and wastewater lagoons. The city will provide \$200,000; KDHE's revolving wastewater loan fund will provide \$2,784,985.
- City of Lecompton** (\$400,000): This project involves construction of a new water treatment plant. USDA Rural Development will provide \$790,000 in financing.
- Morris County** (\$268,000): Morris RWD 1 will use the grant to construct 157,300 linear feet of waterlines and a standpipe. USDA Rural Development will provide \$1,004,625 in financing.
- City of Partridge** (\$210,000): Commerce's grant will be supplemented with a \$210,000 loan from KDHE to make improvements to the city's wastewater system.
- Rooks County** (\$400,000): Improvements to RWD 3 will include a new storage tank, upgrade of two wells and transmission lines. USDA Rural Development will provide \$1,410,715 in financing.
- City of Scammon** (\$110,261): Scammon intends to drill a new water well. KDHE will provide \$110,284 from the Public Water Supply Loan Fund.
- City of South Haven** (\$400,000): The project includes the replacement of the main distribution system as well as adding 22 users. USDA Rural Development will provide \$778,715 in financing.
- City of Westmoreland** (\$400,000): A new primary treatment lagoon cell and re-piping of the existing two-cell treatment facility are planned; KDHE will provide \$597,805 through its wastewater revolving loan fund.