
CONSTRUCTION READY WATER AND SEWER FUND FACT SHEET

The Construction-Ready Water and Sewer Fund (CRWSF) program has been established to provide for the construction of community facility projects providing public water or sewer service to communities made up of at least 60% low- moderate- income (LMI) households or a town-wide project serving at least 55% LMI households. Only localities that are eligible for Virginia non-entitlement CDBG funds, as identified in the CDBG Program Design, are eligible to receive CRWSF monies.

The intent of this program is to assist localities that find themselves in an “except for” position, i.e., fully ready to provide service to an LMI community except for all or a portion of the construction funds. It is anticipated that these funds will be used in conjunction with other resources.

CRWSF ELIGIBILITY

Proposals that meet the eligibility thresholds will be accepted on an open basis from April 1, 2021 to December 31, 2021. The total amount made available is included in the total of active CDBG funds for the applicant locality. These funds may not be used to supplement or leverage other CDBG funds. At the time of application for CRWSF:

- Income surveys and user agreements one year old or less must document eligibility and community demand;
- All engineering work, up to and including necessary approvals of final design, must be complete;
- All necessary acquisitions must be complete;
- Public hearings and the Environmental Review Record must be complete, including all the publications and comment periods.

Other conditions of the CRWSF follow:

- No more than \$20,000 of CDBG funds per household served will be made available for installation or improvement of water services. No more than \$25,000 of CDBG funds per household served will be made available for installation or improvement of wastewater services. No single grant under the CRWSF will exceed \$800,000.
- These funds are available for construction and allowable administrative expenses only.
- It is anticipated that these funds will be used in conjunction with other resources. CDBG funds cannot account for more than 75% of the construction cost of the project.

- The pre-contract phase is limited to 60 days and will include required actions by the locality's governing body, bidding construction and selecting (but not executing a contract with) a contractor.
- The project must be able to be completed within one year.

CONSTRUCTION READY WATER AND SEWER GUIDELINES

CDBG assistance for community facilities is targeted to projects involving water and wastewater improvements, particularly those involving new services to low- and moderate-income persons.

An applicant undertaking a water and sewer project is required to address the indoor plumbing needs of project area residents. Benefit to a particular household will not be accepted unless the unit currently has or will be provided with indoor plumbing facilities. Housing units receiving indoor plumbing facilities must also meet DHCD Housing Quality Standards. CDBG funding may be used to improve these units to standard condition. CDBG participation in indoor plumbing or related housing activities shall not exceed 15 percent of the total amount requested.

Water or sewer service funded in part by CDBG must be made available to any house within the project area that is occupied by an LMI household located within 200 feet of the distribution (water) or collector (sewer) line provided the cost of installing said connection line does not exceed \$3,500. This service must be made available to said LMI household without cost to the household. This requirement does not apply to the monthly user fees based on the rates applicable to all customers.

The maximum CDBG investment for the installation or improvement of water services under CRWSF may not exceed an average of \$20,000 per household. The maximum CDBG investment for the installation or improvement of wastewater services under CRWSF may not exceed an average of \$25,000 per household. This maximum will be applied based on the actual number of residential units connected to the service. LMI persons cannot be charged an access and/or connection fee to connect to facilities developed using CDBG funding and neither access nor connection fees are CDBG-eligible expenses.

For projects which extend utility lines from one jurisdiction to another, utility rates must be the same throughout the CDBG project area unless it can be documented that the locality which owns or is served by the CDBG-supported utility line is subsidizing water rates with its general fund. In such cases a disparity in rates may exist between the involved localities. However, in no case can "out-of-town" rates exceed one-and-a-half (1½) times the "in-town" rates.

Project needs in CRWSF projects must have been determined through surveys of project area residents and through the gathering of documentation from regulatory and other agencies. A locality should obtain signed user agreements that state the commitment to use the new system prior to the submission of a proposal. These must be ACTUAL users and not just the availability of the new service. Of the ACTUAL users, at least 60 percent must be low- to moderate- income under the CRWSF or at least 55% of the ACTUAL users when implementing town-wide facility projects. *PLEASE CONTACT WITH QUESTIONS OR FOR SAMPLE USER AGREEMENTS.*

PRELIMINARY ENGINEERING REPORTS

Project activities are established through completion of preliminary engineering work. If a PER was completed, at least three copies of it must accompany the community facility proposal. If Virginia Department of Health (VDH) and/or Department of Environmental Quality (DEQ) approval is required for a project's plans and specifications, the project PER must be submitted prior to submission of the project proposal to DHCD.

A PER includes information on existing conditions pertaining to one or more infrastructure elements, design alternatives for improvements to existing conditions including costs, and a recommendation for selection of one of the alternatives including justification for the recommendation. Please note, PER costs do not count as leverage on a project. Additional guidance on what a Preliminary Engineering Report should contain is as follows:

1. A description of the area to be served.
 - a. Boundaries
 - b. Major obstacles
 - c. Elevations
 - d. Need for facility
 - e. Map/sketches/photos
 - f. Number of persons to be served
 - g. Growth areas and population trends
2. A description of the existing facilities.
 - a. Conditions
 - b. Suitability of continued use, if applicable
 - c. Number of persons currently being served
 - d. Plant capacity (ies)
3. A description of design alternatives considered.
 - a. Recommended course of action.
 - b. Justification for the recommended alternative.
 - c. Advantages and disadvantages of differing alternatives.
4. A general description of the proposed facility, including design criteria adopted.
 - a. Location of land and acreage/alternative sites
 - b. Permits required – rights-of-way, State Health or other agencies
 - c. If water facility: treatment, storage, pressure, distribution
 - d. If sewer facility: collection system, treatment system
5. Up-to-date estimated cost for development and construction.
 - a. Legal
 - b. Engineering
 - c. Plant and equipment
 - d. Operations and maintenance

6. Description of any construction constraints.
 - a. Subsurface rock
 - b. High water table
 - c. Others that might affect construction

7. Describe any addition studies or evaluations which need to be done prior to project design and/or construction.

PROVISION OF LMI BENEFIT

In projects involving the provision of water or sewer to privately-owned, multi-tenant properties as a contributing factor towards meeting the required LMI benefit, CDBG assistance will be eligible for expenditure on those features of the project which provide substantial benefit to current LMI tenants. DHCD will safeguard the provision of benefits to current LMI tenants as follows:

1. CDBG funding will be provided to match current LMI needs

Property owners will be prohibited from creating additional tenant spaces which would dilute a project's LMI benefit. Assistance may be prorated to oversized service or distribution lines. Participation in pump stations, storage tanks, or other features will also be dependent upon the level of LMI benefit in the project.

2. Savings produced by the CDBG investment must translate to direct LMI benefit.

Generally, each LMI unit receiving services must be individually metered with billing being a responsibility of a local public agency. No private property owners may charge LMI tenants a connection fee or a surcharge on service usage.

DISTRIBUTION METHODOLOGY

Eligibility under this Program is subject to the following minimum criteria:

- Funding is reserved for projects providing water or sewer service to communities made up of at least 60% low- to-moderate income households or town-wide projects with at least 55% low-to-moderate income households.
- At the time of application all engineering work, up to and including necessary approvals of final design, must be complete.
- No more than \$45,000 of CDBG funds per household served will be made available, with no single grant exceeding \$800,000.
- The project must be completed within one year.

SUBMISSION

Please note applications are accepted electronically through the Agency's Centralized Application and Management System (CAMS). To access CAMS, visit the website at www.dhcd.virginia.gov and click on the CAMS icon in the upper-right hand corner. You may then create a locality profile, add staff members, and access the CDBG Planning Grant program using the APPLY button.

Potential applicants are encouraged to contact DHCD prior to submission of a proposal. Feel free to contact DHCD via the information below:

Matt Weaver, Associate Director

matt.weaver@dhcd.virginia.gov
(804) 371-7011

Rachel Jordan, Policy Analyst

rachel.jordan@dhcd.virginia.gov
(804) 371-7076