

# ***Financial Hardship for Wastewater Facility Construction***

Slide 2

SFY19 Applicant Workshops – Facilities Breakout Session – Financial Hardship for Wastewater Facility Construction



## **Contact Information**

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## Criteria

- Population  $\leq 25,000$  paying for the project
- Without subsidy the project will result in sewer fees of  $\geq 2\%$  of the Median Household Income (MHI) of the community



## Subsidy

- Only for existing residential need
- Not for growth
- Not for industrial, large commercial, or institutional customers



# Financial Hardship Analysis Basis

## ■ Basis of the hardship analysis

- Current costs of the system + the project costs
- Examine the impact on existing residential ratepayers
  - Assumes no growth
  - Assumes all Ecology funding requested is covered with a standard 2.6% interest rate, 30-year loan



# Information Needed for Analysis

Total Costs Requested From Ecology
Design Costs Needed From Ecology
Annual Debt Service From Committed Non-Ecology Loans for Project
Annual Facility Costs, Including Existing Debt Service
Existing Population of Area Served by Project
Design Population of Area Served by Project
Existing Residential Equivalent Residential Units (ERUs)
Existing Commercial/Industrial/Institutional ERUs
Annual MHI of Project Area



# Subsidy Options and Limits

## ■ Subsidy Options

- Centennial grant
- Forgivable principal loan
- Further reduced interest rates

## ■ Limits

- \$5M grant/forgivable principal loan per project



# Interest Rates & Subsidy Eligibility

<i>Sewer Fee ÷ MHI =</i>	<2% (non-hardship)	2%-3% (moderate hardship)	3%-5% (elevated hardship)	>5% (severe hardship)
<i>Hardship Designation:</i>	Non-hardship	Moderate	Elevated	Severe
<i>5-year Term Interest Rates:</i>	1.0%	0.7%	0.3%	0.0%
<i>20-year Term Interest Rates:</i>	2.0%	1.3%	0.7%	0.0%
<i>30-year Term Interest Rates:</i>	2.6%	2.0%	1.3%	0.7%
<i>Grant/Forgivable Loan Eligibility:</i>	Not eligible	50% (\$5M cap)	75% (\$5M cap)	100% (\$5M cap)



## Financial Hardship Form

- **Must complete the Financial Hardship form in EAGL in order to be considered for eligibility**
- **Access the form via the Subcategory Form**
  - *Answer YES to the question, “Is this a wastewater facility project that includes Construction tasks for which you are seeking funding and is the population of the community that will pay for the project less than 25,000 and do you want to be considered for Financial Hardship subsidy?”*



## Financial Hardship Form Sections

- **Other Secured Funding**
- **Estimated Annual Facility Costs**
- **Population of Area Served by Project**
- **Existing Ratepayers**
- **Monthly Sewer Fees**
- **Median Household Income (MHI)**



# Other Secured Funding

Are other grant funds committed to this Project? \*  Yes  No

If yes, provide details on the amounts of secured/committed grant funding for your project from the "Cost estimate and project funding table"

Source	Amount of Grant
<input type="text" value=""/>	<input type="text" value=""/>
Total	\$0

Are other loan funds committed to this Project? \*  Yes  No

If yes, provide details on the amounts of secured/committed loan funding for your project from the "Cost estimate and project funding table"

Year	Source	Amount Borrowed	Interest Rate	Years until Maturity	Annual Debt Service
<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/>	<input type="text" value=""/> %	<input type="text" value=""/>	<input type="text" value=""/>
	Total	\$0			\$0

■ Only include if the funding is secured



# Estimated Annual Facility Costs

**\*Estimated Annual Facility Costs**

Provide information on the annual costs for the facility paid by the ratepayers responsible for paying for the project.

The costs provided in the table are the costs that will be paid by the ratepayers responsible for paying for the project. Usually this will be the ratepayers of the entire facility. However, some projects are only for a specific area, and only ratepayers in the specific area will be responsible for paying the costs of the project. An example is a project supported through Local Improvement District assessments or similar special rate districts. For such projects, include only the portion of the costs that will be paid by the affected ratepayers.

Costs = existing facility cost + proposed facility costs - any cost savings from the proposed facility.

Do not include depreciation on equipment or buildings.

Attach additional documentation or explanation as necessary.

Cost Item	Annual Cost
Personnel (operations and administration)	<input type="text" value=""/>
Utilities	<input type="text" value=""/>
Materials and Supplies	<input type="text" value=""/>
Outside Services	<input type="text" value=""/>
Miscellaneous Expenses	<input type="text" value=""/>
Equipment Replacement (e.g., pumps, vehicles)	<input type="text" value=""/>
Existing Debt Service	<input type="text" value=""/>
Other (e.g., City and State taxes, permits)	<input type="text" value=""/>
Total	\$0

■ Only include the costs for those paying for the project



# Population Served by Project

## Population of Area Served by Project

Provide an estimate of the population for the area served by the project at the time of application and the population the project is designed to serve according to the current Facility Plan.

Current population of the area served by the project  \*

Design population of the area served by the project  \*

- Only include the costs for those paying for the project
- If the project does not accommodate growth, make that clear



# Existing Ratepayers

## \* Existing Ratepayers

Provide information on the number of existing ratepayers responsible for paying for the project.

The information provided in the table is for the ratepayers responsible for paying for the project. Usually this will be the ratepayers of the entire facility. However, some projects are only for a specified area, and only ratepayers in the specified area will be responsible for the paying for the project. An example is a project supported through Local Improvement District assessments or similar special rate districts. For such projects, include only information for the affected ratepayers.

Generally, one single family residential sewer account is one equivalent residential unit (ERU). Calculating ERUs for non-single family residences can be done in many ways, including by costs. For example, multi-family residences, local public facilities, commercial customers, and industrial customers may pay more for sewer service than a typical residential ratepayer. In such cases, you can calculate the number of ERUs based on the typical sewer bill. For example, an industrial customer who pays 5 times the sewer bill of a typical residential ratepayer would be reported as 5 ERUs.

\*Residential\* includes: Single Family Residences; Multi-family Residences; Local Public Facilities such as schools, fire stations, community centers, police stations, and city halls; and Small Commercial Customers with a wastewater flow of <3,500 gallons/day and gross revenue of <\$100,000/year. Small commercial enterprises may include public lodging (e.g., motels, hotels, bed and breakfasts) and small restaurants, stores, or taverns.

Attach additional documentation or explanation as necessary.

Existing Ratepayers	Sewer Account	ERUs
Residential	<input type="text"/>	<input type="text"/>
Commercial, Industrial & Institutional	<input type="text"/>	<input type="text"/>
Total	<input type="text"/>	<input type="text"/>

- “Residential” = single family, multifamily, local public facilities, and small commercial customers
  - “Small commercial” = <3,500 gallons/day—no longer have an income limit
- A single family residence = 1 ERU



# Monthly Sewer Fee & MHI

**Monthly Sewer Fees**

What is the current basic monthly sewer fee for a single family household? \*

**Median Household Income (MHI)**

What is the current estimated MHI for Project Area? \*

Source \*

See the current Water Quality Financial Assistance Guidelines available for download on the Forms Menu

If Income survey, please attach

▪ MHI via Funding Guidelines or approved Income Survey



DEPARTMENT OF  
**ECOLOGY**  
State of Washington

# QUESTIONS?