



CWSRF Asset Management Loan Forgiveness Guidance Document September 2019

The NHDES Clean Water State Revolving Fund (CWSRF) program is currently offering **up to \$30,000** per phase in loan forgiveness on loans made for the development of an asset management program for wastewater assets **AND a maximum of \$30,000** in loan forgiveness on loans made for the development of an asset management program for stormwater assets. Loan forgiveness for stormwater assets is limited to a one-time eligibility. Loan forgiveness for wastewater assets can be phased and loan recipients are eligible for up to \$30,000 for *each* approved phase.

The CWSRF program is a federal-state-local partnership that provides communities with below market financing (loans) for a wide range of water quality infrastructure projects. Once all eligible project expenses are incurred, and subsequently disbursed, the loan is finalized and loan forgiveness is then applied to the principal balance. Potential loan recipients must receive the authority to borrow the full loan amount through town warrant article or city equivalent process. The CWSRF loan amount may be greater than \$30,000 depending upon the estimated cost for the project, but a maximum of \$30,000 in loan forgiveness will be offered for stormwater assets and each approved phase for wastewater assets.

Stormwater and Wastewater Asset Management Programs:

All asset management programs, while having the same elements from one community to the next, are community-specific. For an asset management program development loan to qualify for loan forgiveness, all of the following **core** elements of asset management must be addressed and fulfilled to result in a **complete community-specific “decision making tool”**. If well developed and maintained up-to-date, these core elements are effective tools for communicating with stakeholders.

- **VISION STATEMENT**-Define a vision that describes what the community wishes to achieve through development of an asset management program. When properly crafted, this community-specific vision statement will help communicate to stakeholders, the purpose and overarching goals of what asset management will do for the community. The vision statement should identify and define all of the stakeholders (both internal and external).
- **ASSET INVENTORY**- Create an asset inventory, including a naming convention that makes sense for the specific community. The asset inventory should include each asset name, location and all pertinent information known about each asset.
- **LEVEL OF SERVICE (LOS) WORKSHOP**- Using a workshop approach, develop a defined LOS. The workshop should include input from stakeholders, such as: system operators, management, ratepayers and supporting input from the engineer (if applicable). Participation in the workshop by outside stakeholders is encouraged. Many communities have found that a balanced scorecard type matrix is helpful in developing and using LOS. LOS goals need to be specific, measurable, achievable, relevant and timely (SMART). These LOS goals should be reviewed frequently and modified accordingly.
- **PRIORITIZATION OF ASSETS**- Prioritize assets based on condition assessment and criticality. Many communities have found that a risk assessment type matrix comparing likelihood of failure vs. consequence of failure is an effective and useful tool for helping to prioritize assets and to visualize the state of the community's assets.

- **LIFE CYCLE COST ANALYSIS (LCCA)**- Analyze life cycle costs of each asset including capital costs, operating costs (including energy costs for all vertical assets) and maintenance costs for the life of the assets.
- **FUNDING STRATEGY**- Identify a funding strategy for asset maintenance and replacement, showing the need for increased revenue or justification of adequate revenue for the long term management of the assets. This funding strategy needs to move the community toward being able to identify the actual cost to provide the service of collecting and treating wastewater and/or the cost of collecting and discharging or treating stormwater. This funding strategy should also identify the current day value of the assets (included in the asset management program) owned by the community.
- **IMPLEMENTATION PLAN**- Develop an implementation plan that explains how the community will continue to maintain and use the asset management program. The implementation plan also needs to include a description of how the community will incorporate energy and water conservation into day to day operations. For projects completed by a consultant, this implementation plan should include a description of training conducted by the consultant as part of the asset management program development to enable the system operators to successfully continue with the asset management program to manage the community's assets. This implementation plan is critical to the continuation of using and adapting the asset management program to meet the stakeholder's needs. The project schedule must allow for adequate and reasonable time for the system operators to use the asset management tool and return to the consultant, with questions, changes or clarification, if applicable.
- **COMMUNICATION PLAN**- Prepare a communication plan with time frame for completion of deliverables to inform stakeholders about the asset management program and its capabilities. This communication plan will identify the most effective methods of communicating with each stakeholder group identified during the development of the community's vision statement.

Wastewater Asset Management Phased Programs:

NHDES realizes that the wastewater infrastructure in each sewer New Hampshire community varies greatly in size and complexity. Based on this variability, NHDES is allowing a phased approach for larger communities or communities with complex systems to develop their asset management programs for wastewater. The asset management work completed in each wastewater phase must be for a defined group of assets, such as vertical assets (all pumping stations and WWTF) or horizontal assets (all piping, manholes, vents, drains, etc.). Communities may apply for up to \$30,000 of loan forgiveness for each phase of a wastewater project. Communities may also apply for all eligible phases at one time. The number of eligible wastewater phases will be determined by NHDES staff.

Eligibility of Costs:

All loan disbursements directly related to asset management program development are eligible for loan forgiveness, subject to **prior** approval by NHDES. Expenses must meet the documentation requirements of the CWSRF program. Typical expenses that may be incurred include but are not limited to:

- Software purchases – must be selected using a qualifications-based selection (QBS) process following the current CWSRF procurement process;
- Equipment purchases/rentals such as GPS and tablets- must follow the current CWSRF procurement process;

- Consulting fees – consultants must be selected using the standard CWSRF QBS process for engineering services; and
- In-house personnel* assigned to work on asset management program elements.

* If in-house personnel time will be used, a proposal for allocation of these costs must receive approval from NHDES **prior to** the initiation of work. In-house personnel time must be documented using a NHDES-approved method. An in-house labor report template is available from NHDES, if needed.

NHDES Review and Approval:

Pre-applications, work scopes, report phase engineering contract and phasing plans need to be pre-approved by NHDES **prior to** submitting the CWSRF loan application **AND prior to** initiating work.

Deliverables and NHDES Oversight:

To maintain eligibility for CWSRF loan forgiveness, NHDES **must** attend the **kick off meeting**, the **LOS workshop** and the **wrap up meeting**. The wrap up meeting must include a final presentation of the asset management program development to the system and community management at a meeting open to the public. NHDES encourages the community staff responsible for implementing and continuing the asset management work for the community to be the presenter or co-presenter. NHDES encourages the community to use this funding to:

- focus on developing a tool that will help the community better manage its valuable water infrastructure assets; and
- better communicate with stakeholders relative to the value of the assets owned and the services provided.

The standard operating procedures needed to continue using the asset management program, as well as the key decision points made in moving the asset management program forward must be documented in a brief summary report. The summary report should include, at a minimum:

- the vision statement developed by the community and the stakeholders identified;
- summary of software selection process (what factors were included in the QBS) or a statement to why software was determined to be unnecessary;
- key notes relative to asset inventory, such as summarizing the thought process for determining the naming convention for assets, or notes relative to condition assessment;
- the LOS goals identified by the community and the review frequency for the LOS goal attainment;
- a description of the LCCA completed to date and a description of how the LCCA will be updated as additional information becomes available going forward;
- a description of the funding strategy with a description of additional data that is needed to fully understand the cost of providing the wastewater and/or stormwater services;
- description of the implementation plan, including standard operating procedures for reference, staff positions and responsibilities relative to implementing the asset management program on an ongoing basis; and
- a description of the communication plan with timelines for deliverables.

Questions/Contact Information

For wastewater projects/questions/approvals, contact Sharon Nall, P.E. at Sharon.Nall@des.nh.gov

For stormwater projects/questions/approvals, contact Deb Loiselle at Deborah.Loiselle@des.nh.gov

For CWSRF Loan Administration questions, contact Kathie Bourret at Kathleen.Bourret@des.nh.gov