



2021 SRF WORKSHOP

LOAN PROCESS OVERVIEW



STATE REVOLVING FUND PROGRAMS



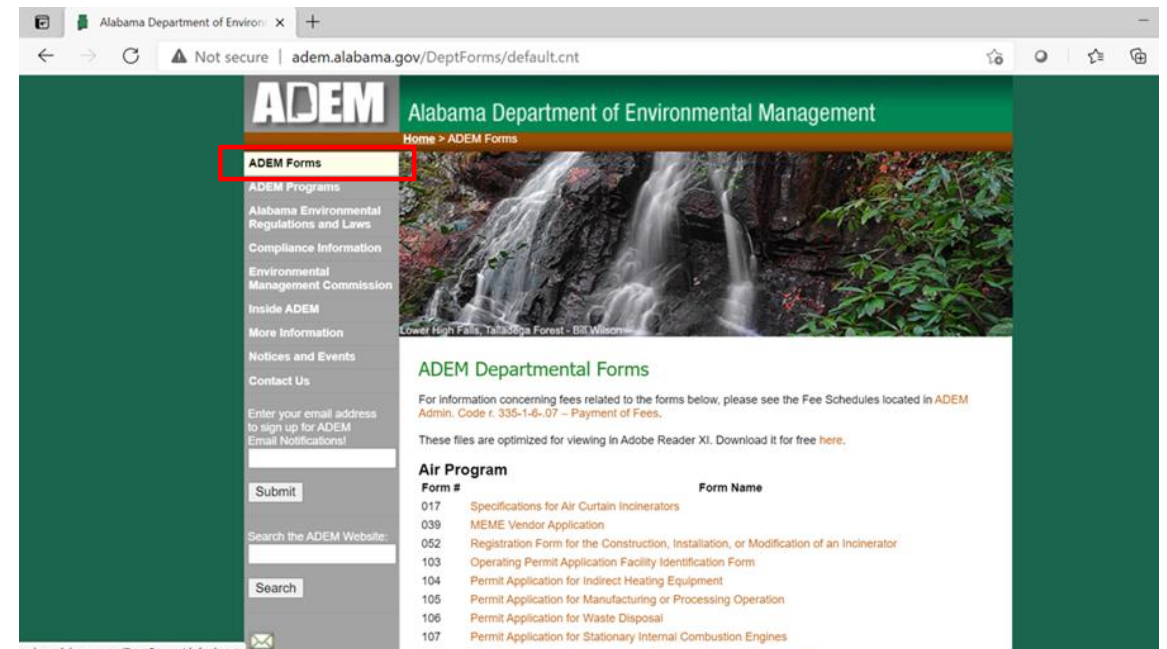
- Clean Water State Revolving Fund (CWSRF)
 - Clean Water Act (1989)



- Drinking Water State Revolving Fund (DWSRF)
 - Safe Drinking Water Act (1999)

NEW TO 2021

- Updated Application Forms
 - Application Forms – Form 339 (CWSRF) or Form 369 (DWSRF)
 - ADEM Forms – adem.alabama.gov
 - Water Program
 - Fillable electronically
 - Electronic submittals preferred



NEW FOR 2021 - UPDATED CONTACT INFORMATION

- Updated Supplemental General Conditions (SGCs)
 - New contact information for identifying DBE contractors/subcontractors

If a DBE subcontractor fails to complete work under the subcontract for any reason, the prime contractor must notify the Owner in writing prior to any termination and must employ the six good faith efforts described above if using a replacement subcontractor. Any proposed changes from an approved DBE subcontractor must be reported to the Owner and to ADEM on the Changes to Approved Subcontractors Form prior to initiation of the action. EPA Forms Nos. 6100-3 and 6100-4 must also be submitted to ADEM for new DBE subcontracts.

VI – Resources for Identifying DBE Contractors/Subcontractors

The following organizations may provide assistance in soliciting DBE participation:

City of Birmingham
Office of Economic
Development
ATTN: Monique Shorts,
Economic Specialist 710
20th Street North
Birmingham, Alabama
35203
205/254-2799
205/254-7741 FAX
monique.shorts@birmingham.gov
amal.gov

U.S. Small Business
Administration
<http://www.pro-net.sba.gov>

National Association of
Minority
Contractors (NAMC)
<http://www.namc-atl.org>

Alabama Department of
Transportation
ATTN: John Huffman
1409 Coliseum Boulevard
Montgomery, Alabama
36130
334-244-6261
<http://www.dot.state.al.us>

U.S. Department of
Commerce
Minority Business
Development Agency
ATTN: Donna Ennis
75 5th Street NW –
Suite 300 Atlanta,
Georgia 30308
404/894-2096
<http://www.mbda.gov/>

Governor's Office of
Minority and Women's
Business Enterprises
Ms. Hilda Lockhart
STEP Project Director
401 Adams Avenue
Suite 360
Montgomery, Alabama
36130
334/242-0442

Birmingham Construction
Industrial Authority
ATTN: Ashley Ori or
Kimberly Bivins 601 37th
Street South
Birmingham, Alabama
35222
205/324-6202
aorl@bcia1.org
kbaylorbivins@bcia1.org

NOTES:

(1) The Owner and the prime contractor shall use the necessary resources to identify and directly solicit no less than 3 certified DBE/MBE firms and 3 WBE firms to bid in each expected contract/subcontract area. If a diligent and documented search of ALDOT, SBA, and MBDA directories does not identify 3 potential certified DBE/MBE firms and 3 potential certified WBE firms, then the prime contractor shall post an advertisement in at least 1 of the other online or print resources. Whenever possible, post solicitation for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.

NEW FOR 2021

- Updated Supplemental General Conditions (SGCs)
 - New contact information for identifying DBE contractors/subcontractors
 - New project sign requirements

NEW FOR 2021 – SIGN TEMPLATE



STATE OF ALABAMA
Honorable (Name), Governor



ALABAMA DRINKING WATER FINANCE AUTHORITY
INFRASTRUCTURE PROJECT

(NAME OF OWNER)

(NAME OF PROJECT)

\$(amount) STATE REVOLVING FUND LOAN

(NAME OF CONTRACTOR) • CONTRACTOR
(NAME OF ENGINEER) • CONSULTING ENGINEER

ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT
U.S. ENVIRONMENTAL PROTECTION AGENCY

NEW FOR 2021 – SIGN TEMPLATE

1. Sign is to be constructed of 1/2" MDO plywood, 4' x 8'. Alternate materials may be used if approved by ADEM prior to use.
2. Paint with two (2) coats oil-base enamel before lettering.
3. Background color white; lettering black.
4. Lettering may be painted or vinyl. All lettering sizes to be proportionate to sign layout.
5. Sign shall be attached to 4" x 4" x 8' treated posts. Alternatives may be used if approved by ADEM prior to use.
6. Sign shall be placed in a prominent location easily readable from existing street or roadway.
7. Sign shall be maintained in good condition until completion of project.

NEW FOR 2021

- Updated Supplemental General Conditions (SGCs)
 - New contact information for DBE solicitation
 - New project sign requirements
- Increased closing fee
 - \$10,000 → \$11,000

NEW FOR 2021

- Updated Supplemental General Conditions (SGCs)
 - New contact information for DBE solicitation
 - New project sign requirements
- Increased closing fee
 - \$10,000 → \$11,000
- Drinking Water Needs Survey and Assessment (DWINSA)
 - Respond to surveys
 - Pre-application priority ranking

UPCOMING IN 2021

- Clean Watersheds Needs Survey (CWNS)
 - Expected to begin in late 2021/2022
 - Respond to surveys

SRF PROGRAM DETAILS

- 20-Year Fixed Rate Loan
- Low Interest Rate – 2.2% for 2021
- Minimal Closing Fee
- Principal Forgiveness

THE SRF PROCESS

- Pre-application
- Application
- Credit Review
- Loan Closing
- Pre-construction
- Construction
- Reimbursement
- Project closeout

THE SRF PROCESS

- Pre-application
 - Pre-application form
 - Form 340 – CWSRF
 - Form 370 – DWSRF
 - Available electronically on website
 - Due date is February 1st
 - Preliminary engineering report (PER)
 - Three (3) years of financial audits

SRF PROCESS – APPLICATION

- Full Application
 - Due within 60 Days of receiving fundability letter
 - Electronic submittal preferred
- Project Budget/SRF Cost Share
 - Total project cost vs SRF assistance requested
 - Additional funding from other programs
 - Self funding parts of the project
- Resolution Designating Official Representative
 - Keep up to date
- Certifications/Form 4700-4
 - Cannot close loan with out all signed certifications

SRF PROCESS – APPLICATION

- Projected outlay schedule
 - Should match amount requested for SRF funds
 - Construction start dates determine loan closing
 - Construction end dates determine first payment date
 - Capital interest is calculated based on construction period and payment date
 - Update as soon as possible if changes are needed.

Projected Outlay Schedule

Year: _____

Month	Outlay
Jan	
Feb	
Mar	
Apr	
May	
Jun	
Jul	
Aug	
Sept	
Oct	
Nov	
Dec	

Year: _____

Month	Outlay
Jan	
Feb	
Mar	
Apr	
May	
Jun	
Jul	
Aug	
Sept	
Oct	
Nov	
Dec	

Year: _____

Month	Outlay
Jan	
Feb	
Mar	
Apr	
May	
Jun	
Jul	
Aug	
Sept	
Oct	
Nov	
Dec	

*Grand Total: _____

*Must equal loan amount requested.

Construction Start Date: _____

Construction Completion Date: _____

Note: The construction completion date should be selected carefully, as loan repayment will begin immediately thereafter. Please contact the SRF Section if you have any questions.

SRF PROCESS – APPLICATION

- Environmental Information Document (EID)
- Audited Financial Statements
- Plans and Specifications
- Engineering Consultant Contract

SRF PROCESS – ENVIRONMENTAL INFORMATION DOCUMENT

- Outline in application forms
- Concurrence Letters (USFWS, COE, AHC, and RPC)
 - US Fish and Wildlife Service (USFWS)
 - Core of Engineers (COE) – New program details
 - Alabama Historical Commission (AHC)
 - Regional Planning Commission (RPC)
 - AL Power or TVA if applicable
 - State that these would not be applicable in EID if not
- Project Maps
- Alternatives – four project alternatives required including “no action”
- Environmental Justice
- Public Meeting

SRF PROCESS – AUDITED FINANCIAL REVIEW

- Previous 3 years audited financial statements required
 - Must show a 1.1x coverage ratio
 - Rate increases recommended when the coverage ratio cannot be met
 - Submit audits as soon as possible for review
 - Contacted by SRF financial advisor if recommended

SRF PROCESS – APPLICATION

- Plans and Specifications
 - Must be submitted prior to Project Review and Cost Summary
 - Must be approved prior to bid of project
- Any permits must be obtained by the applicant prior to plan approval
- Engineering Contract
 - Must be approved prior to payment of Engineering expenses
 - Should include a ceiling amount for contract accounting

SRF PROCESS – ENVIRONMENTAL REVIEW

- Environmental Review
 - Completeness of Application and EID
 - Comments will be issued through letter to the applicant and consulting representative
- Finding of No Significant Impact (FONSI) or Categorical Exclusion (CE)
 - 30 day public notice period
 - Completed environmental review

SRF PROCESS – LOAN CLOSURE

- Legal Review
 - Amortization schedules produced by ADEM
 - Loan closure managed by ADEM attorney's
 - Applicant's financial representative and legal counsel is contacted by attorney
 - Loan approved for closure after final loan documents have been adopted by the borrower

SRF PROCESS – LOAN CLOSURE

- Draft loan documents from closing attorney
- Exact payment amounts and dates are detailed in amortization schedule
- Review information in loan documents and appendices.
 - Principal Forgiveness
 - Capital Interest
 - Payment Start Date
- Project manager will contact you and provide payment request form upon loan closing

- Project and Loan Information - Appendix A
 - Correct contact information
 - Authorized Representative
 - Update Application Form
 - Payment Date
 - February or August after construction completion date
 - Loan Amount
 - Capital Interest
 - Principal Forgiveness

Loan Recipient: **Name of Borrower**
Street Address
City, AL Zip Code

Name and telephone number of contact: **Authorized Representative**
Telephone Number

SRF Project Number: **10 digit SRF # starting with CS or FS**

SRF Trustee Number: **8 digit identifier (XXX-XXXX-X)**

Date of Commencement of Loan Payment: **February or August 15, 20XX**
(This date will not be extended or changed for any reason.)

Project Name: **Name of project**
 Estimated Completion: **Construction end date**

I. Loan Amount

a. Project Fund:	\$1,000,049.17
b. Capitalized Interest:	\$14,950.83
c. Loan Recipient's Share of Finance Expenses*:	\$10,000.00
<hr/>	
Total Loan Amount:	\$1,025,000.00

II. Repayment Amount

a. Total Loan Amount:	\$1,025,000.00
b. Principal Forgiveness:	\$500,000.00
<hr/>	
Total Loan Repayment Amount:	\$525,000.00

**Note: The Loan Recipient's share of finance expenses have been adjusted to deduct any applicable loan commitment fees paid by the borrower.*

■ Amortization Schedule - Appendix C

- Payment Start Date
- Principal
- Interest
- Total Amount

PMTDATE	PRIN	INT	PMT
08-15-2022	\$20,000.00	\$4,299.17	\$24,299.17
02-15-2023	\$0.00	\$5,555.00	\$5,555.00
08-15-2023	\$20,000.00	\$5,555.00	\$25,555.00
02-15-2024	\$0.00	\$5,335.00	\$5,335.00
08-15-2024	\$20,000.00	\$5,335.00	\$25,335.00
02-15-2025	\$0.00	\$5,115.00	\$5,115.00
08-15-2025	\$25,000.00	\$5,115.00	\$30,115.00
02-15-2026	\$0.00	\$4,840.00	\$4,840.00
08-15-2026	\$25,000.00	\$4,840.00	\$29,840.00
02-15-2027	\$0.00	\$4,565.00	\$4,565.00
08-15-2027	\$25,000.00	\$4,565.00	\$29,565.00
02-15-2028	\$0.00	\$4,290.00	\$4,290.00
08-15-2028	\$25,000.00	\$4,290.00	\$29,290.00
02-15-2029	\$0.00	\$4,015.00	\$4,015.00
08-15-2029	\$25,000.00	\$4,015.00	\$29,015.00
02-15-2030	\$0.00	\$3,740.00	\$3,740.00
08-15-2030	\$25,000.00	\$3,740.00	\$28,740.00
02-15-2031	\$0.00	\$3,465.00	\$3,465.00
08-15-2031	\$25,000.00	\$3,465.00	\$28,465.00
02-15-2032	\$0.00	\$3,190.00	\$3,190.00
08-15-2032	\$25,000.00	\$3,190.00	\$28,190.00
02-15-2033	\$0.00	\$2,915.00	\$2,915.00
08-15-2033	\$25,000.00	\$2,915.00	\$27,915.00
02-15-2034	\$0.00	\$2,640.00	\$2,640.00
08-15-2034	\$30,000.00	\$2,640.00	\$32,640.00
02-15-2035	\$0.00	\$2,310.00	\$2,310.00
08-15-2035	\$30,000.00	\$2,310.00	\$32,310.00
02-15-2036	\$0.00	\$1,980.00	\$1,980.00
08-15-2036	\$30,000.00	\$1,980.00	\$31,980.00
02-15-2037	\$0.00	\$1,650.00	\$1,650.00
08-15-2037	\$30,000.00	\$1,650.00	\$31,650.00
02-15-2038	\$0.00	\$1,320.00	\$1,320.00
08-15-2038	\$30,000.00	\$1,320.00	\$31,320.00
02-15-2039	\$0.00	\$990.00	\$990.00
08-15-2039	\$30,000.00	\$990.00	\$30,990.00
02-15-2040	\$0.00	\$660.00	\$660.00
08-15-2040	\$30,000.00	\$660.00	\$30,660.00
02-15-2041	\$0.00	\$330.00	\$330.00
08-15-2041	\$30,000.00	\$330.00	\$30,330.00
Totals:	\$525,000.00	\$122,109.17	\$647,109.17

■ Amortization Schedule - Appendix C

- Payment Start Date
 - Principal
 - Interest
 - Total Amount
-
- Start date and principal amount should match Appendix A

PMTDATE	PRIN	INT	PMT
08-15-2022	\$20,000.00	\$4,299.17	\$24,299.17
02-15-2023	\$0.00	\$5,555.00	\$5,555.00
08-15-2023	\$20,000.00	\$5,555.00	\$25,555.00
02-15-2024	\$0.00	\$5,335.00	\$5,335.00
08-15-2024	\$20,000.00	\$5,335.00	\$25,335.00
02-15-2025	\$0.00	\$5,115.00	\$5,115.00
08-15-2025	\$25,000.00	\$5,115.00	\$30,115.00
02-15-2026	\$0.00	\$4,840.00	\$4,840.00
08-15-2026	\$25,000.00	\$4,840.00	\$29,840.00
02-15-2027	\$0.00	\$4,565.00	\$4,565.00
08-15-2027	\$25,000.00	\$4,565.00	\$29,565.00
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08-15-2028	\$25,000.00	\$4,290.00	\$29,290.00
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08-15-2030	\$25,000.00	\$3,740.00	\$28,740.00
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02-15-2032	\$0.00	\$3,190.00	\$3,190.00
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08-15-2036	\$30,000.00	\$1,980.00	\$31,980.00
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02-15-2040	\$0.00	\$660.00	\$660.00
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02-15-2041	\$0.00	\$330.00	\$330.00
08-15-2041	\$30,000.00	\$330.00	\$30,330.00
Totals:	\$525,000.00	\$122,109.17	\$647,109.17

LOAN CLOSURE – COMMON QUESTIONS

- Can we start the project prior to loan closure?
 - Applicant may receive short term funding from local banks or use existing cash
 - SRF loan may be used to pay off the bank loan, including accrued interest
 - ADEM must be notified if this plan is to be used

BIDDING AND PR&CS

- Plans and Specs must be submitted and approved prior to Bid
- Project Review and Cost Summary documentation received (SGC-36 filled out by consulting engineer)
- DBE solicitation documentation of Prime Contractor and contractors must be documented
- DBE documentation of the contractor is required
- Approval to award letter issued after a satisfactory review of PR&CS

PRE-CONSTRUCTION PHASE

- Pre-construction meeting
 - SRF Project Manager must be present
- Contracts must include current ADEM Supplemental General Conditions
- If project is bid prior to loan closing, ADEM must be notified

DBE REQUIREMENTS

- The "Six Good Faith Efforts" approach must be utilized when soliciting disadvantaged business enterprise contractors.
 - Available in Supplemental General Conditions
- Annual DBE Report – EPA Form 5700-52A

ADDITIONAL CONSIDERATIONS

- Failure of the prime contractor to follow the six affirmative steps
 - Document even if there are none available
- Failure to not have procurement processes documented and approved by ADEM
 - Starting prior to loan closing
 - Communication – ask us before proceeding
- Not including ADEM SGCs in contract documents
 - Updated for 2021
 - Must be used even for subcontractors

CONSTRUCTION PHASE

- Davis-Bacon Wage Rates Required
 - Must be incorporated into bidding specifications
 - Project type and county specific
 - Can be obtained at beta.sam.gov
 - Conduct interviews

CONSTRUCTION PHASE

- American Iron and Steel Requirement
 - Requires construction materials made of primarily Iron and Steel (>50%) and permanently incorporated into the finished project to be manufactured within the United States
 - Supplier provides certification
 - Include where the material is forged and melted. Both must be in the U.S.
 - EPA working with suppliers to develop standard documentation
 - Contact EPA for help with market research and waiver eligibility

PROJECT REIMBURSEMENT

- Loan must be closed
- ADEM payment request form must be submitted with invoices
 - Change orders
- Only one payment request per month will be processed
- Payments will not be made directly to the contractor

PROJECT REIMBURSEMENT

- Payment Request
 - Pay request form will be provided through email after loan closure
 - Pay request should be submitted electronically by email using the format specified in the quick reference guide provided
 - Pay Request should be emailed to the SRF Project Engineer
 - Carbon Copies (cc) should be provided to Diane Lockwood and Laketa Reese (Fiscal) and the SRF Mailbox (srf@adem.alabama.gov)
 - First request must include wiring instructions from the borrower's bank

PROJECT CLOSEOUT

- Inspections by SRF staff
 - Documentation review
- Initiation of Operations Letter/Performance Certification
 - Return form letters to ADEM

ADDITIONAL CONSIDERATIONS

- Non-eligible costs
 - In-kind labor
 - Land costs
 - Growth specific projects
 - Industry
- Additional Sources of Funding
 - Let us know as soon as possible to avoid issues
 - Still must follow SRF requirements
 - May need to see additional documentation from other funding source for payment reimbursements
 - Submission of payment request forms for both programs.

ADDITIONAL CONSIDERATIONS

- Supplemental applications
 - Same project scope to qualify
 - Environmental Review already completed
 - Supplemental Application Form
 - Due by February 1st of fiscal year
 - Financial Review still required – updated audits
- Principal Forgiveness/IUP
 - Released in April – May
 - 30 day notice period
 - Can begin closing once IUP notice has ended

ADDITIONAL CONSIDERATIONS

- Submit all required documentation separately if possible.
 - Large documents can cause issues
 - Documents are sent to multiple places for review
- Electronic submittal preferred
- Your project manager is your point of contact

QUESTIONS?

Eric Reidy

Chief, SRF Section

eric.reidy@adem.alabama.gov

(334) 271-7805