

## **OUR COMMUNITY NEEDS GRANT FUNDING FOR A WATER/SEWER PROJECT WHERE DO WE START?**

One of the most frequently asked questions that we receive at Mo-Kan Regional Council, is how does a community get a water/sewer grant? Following is a basic list of items that need to be completed before the day that the Governor announces that your community has been awarded state CDBG grant funds.

The **first** item your community needs to address is: (1) what problems exist and (2) which problem needs to be fixed first? After the community has earmarked a project, an engineer needs to be procured. The governmental entity then should place an advertisement called a Request for Professional (RFP) Engineering Services in their local paper. The community may also directly solicit engineering firms. Mo-Kan Regional Council can provide a list of engineering firms we have worked with in the past. After an engineer has been selected, the engineer will assess the situation and create a document called a Preliminary Engineering Report (PER). The PER is vital in the completion of a good grant application, because the community needs to have an accurate cost estimate. Too often a grant application is accepted by the state, the community bids out the project and the bids come in higher than the available money. In these cases the community will be responsible for the shortfall of funds, costing the community thousands of dollars or stopping the project from ever taking place. For these reasons, a good engineering firm must be selected.

The **second** item to complete is the Missouri Water/Wastewater Review Committee (MWWRC) Report and Summary Sheet. This is a four-page application that gives the funding agencies a brief look at the proposed project as well as how the city/county expects to finance the project. Keep in mind that the city/county will be responsible for placing the community's own funds into the project. **The days of 100% grant funding have ended.** The review committee will not accept an

application that requests 100% of the project's cost are paid from grant funds. To solve this problem, the state and the federal government have a few options in loan programs. USDA-RD can help a community set up a possible low-interest loan through the federal government. The number is (816) 364-3767, extension 5. Another possibility is to apply for a loan from MoDNR. There are at least two separate loan funds that were established by DNR to assist communities with project funding shortfalls. Any community interested in a loan from MoDNR should call (573) 751-6680.

**Funding the proposed project will more than likely increase your water/wastewater rates.** The rule of thumb is the state expects a resident to spend two percent of their county's annual median household income (MHI) on either water or wastewater utilities. For example, if the county's MHI is \$30,000, the state expects the average 5,000-gallon user's rates to be \$50/month. ( $\$30,000 \times 0.02/12$ ) Furthermore, the community will have to hold an election to determine whether the community's residents want to go into debt for the improvement. There are two types of debt/bonds the community can pursue. The first is general obligation bonds, which increase property taxes. The second option is called revenue bonds. Revenue bonds are repaid through your water or wastewater rates. After the financing possibilities have been settled, the application will be sent to the Missouri Water/Wastewater Review Committee. The Review Committee will check the application for accuracy and financing strategies as well as review the engineering specifications. The Committee will then create a written response to the application, either inviting the community to apply for CDBG funding or asking the community to address their concerns. If the MWWRC has questions, they expect the application to be corrected and returned to them. The city/county might have to send an updated application in several times before the committee is ready to write a CDBG grant. It will take time and effort by the local officials to carry out all of the duties that the Review Committee will

expect before the project is funded. (Responses from MWWRC typically take 30-45 days.) There is no limit on how many times a project can be sent to the Review Committee. Keep in mind that even if the project has been invited to apply for CDBG funding, there is no guarantee that the city/county will be funded. It also should be noted that the Review Committee meets bi-monthly all year long.

After the community has been invited to apply for grant funding, the applicant will need to perform a Needs Assessment Public hearing. The Public Hearing is required by CDBG to inform the public of the possible project. After the Public Hearing has been held, the grant writer can begin preparing the application. The grant writer can research most of the information in the grant application but some of the questions that need to be answered deal with the history of the current system. CDBG usually gives the community 30-60 days to submit the application. It should also be noted that the Water/Wastewater grants proposals may be submitted year-round. After the proposal is submitted to CDBG, the CDBG staff reviews and rates the application. The application will be graded and must have a minimum of 65 points out of 100. If the proposal is accepted, the Director of the Department of Economic Development (DED) will create a Press Release informing the public that the project has been funded. Then, the final engineering plans can be started and the project can be constructed.

This is a basic overview of the initial steps in ensuring a successful CDBG project. The average timeframe from submission of the initial MWWRC application to the aforementioned press release from DED is 12 to 16 months. Of course, this varies depending upon the level of participation from city officials and the PER completeness. Please call Tom Bliss at (816) 233-3144 if you have questions.