



COLORADO

Department of Public Health & Environment

Dedicated to protecting and improving the health and environment of the people of Colorado

4-3-2015

Larimer County on Behalf of Hondius Water Users Group
Ed Schemm
1525 Blue Spruce Drive
Fort Collins, Colorado 80524

Re: Larimer County on Behalf of Hondius Water Users Group
Drinking Water Revolving Fund (DWRf)
Pre-qualification Review Letter, Project Number 140155D

Dear Mr. Schemm:

The Water Quality Control Division received the Larimer County on Behalf of Hondius Water Users Group Pre-qualification Form on February 2, 2015. A pre-application meeting was held on March 3, 2015 with the following in attendance: Ed Schemm, Larimer County, Jim Redman, Hondius Water Users Group, Joe McConnell, DOLA, Ross Kuhn, CWRPDA Authority, Melanie Criswell, CDPHE Engineering, Amy Zimmerman, CDPHE Engineering, Matt Stearns, GLU - CDPHE Compliance, and Richard Markovich GLU of CDPHE. The SRF agencies recommend Larimer County on Behalf of Hondius Water Users Group advance to the next stages of the DWRf loan application process once an LID has been formed and an election has been held to allow the LID to borrow money and pay with special assessments. All projects pursuing SRF loan funds are recommended to utilize a procurement methodology that meets or exceeds the Architectural and Engineering procurement requirements of 40 U.S.C. 1101et seq. The information below details the results of the eligibility assessment, preliminary environmental determination, and financial analysis based on the information included in the pre-qualification form.

Eligibility Assessment

The division completed an eligibility assessment of Larimer County on Behalf of Hondius Water Users Group proposed drinking water project. The project will meet the criteria required for DWRf eligibility once an election has been held to create the LID and the LID is formed. Please note, this assessment does not guarantee funds will be awarded to Larimer County on Behalf of Hondius Water Users Group. This letter only assures the project will meet the DWRf eligibility requirements based upon the requirements noted.

A summary of the needs of the Larimer County on Behalf of Hondius Water Users Group, as identified in the pre-qualification form are:

1. Replacement of existing water distribution system and existing connection to the Town of Estes Park.
2. The proposed project components that are listed in the 2015 Intended Use Plan are:
 - Connect to existing facility
 - Construction or rehabilitation of distribution and/or transmission lines (including water pump stations for maintaining pressure (without booster chlorination)
3. The Pre-qualification form does not specifically address if the existing Hondius distribution tanks will be utilized in the final distribution system configuration. The pre-qualification application does not appear to have "water storage facilities" selected, and the 2015 IUP does not have replacement, relocation or rehabilitation of the storage tank described in Appendix A, therefore this portion of the project will not be eligible under the 2015 IUP.
4. One or more components does appear to be eligible for self certification:
 - Distribution system piping
 - Pump station (without integral treatment)
 - Valves, hydrants, and/or meters

Preliminary Environmental Determination

CATEGORICAL EXCLUSION

The State Environmental Review Process specifically states that Categorical Exclusions may be granted for projects where no federal cross-cutters are impacted, there are no known or expected extraordinary circumstances and the facilities planning are solely directed toward DWRf [Minor rehabilitation of existing facilities/ Functional replacement of equipment / Construction of additional facilities adjacent to existing facilities which do not affect the degree or capacity of treatment by more than 30 percent of the existing populations / Distribution line replacement / Minor upgrades and expansions of existing water systems in communities of 10,000 population or less (distribution line



extensions are not included). The project may be eligible for a Categorical Exclusion, however, a determination will be made after review of the PNA. Furthermore, any changes to the project may require reevaluation.

and/or

Environmental Assessment - Most likely will be required if the storage tank removal/replacement is added to the project. Coordination with other state and Federal entities will be required.

To comply with the requirements of the National Environmental Policy Act, it was determined by the division that the project has the potential to impact federal crosscutters and may not meet the criteria of the State Environmental Review Policy for a categorical exclusion as it may include a storage tank removal/replacement on National Park Land. The project may be required to prepare an Environmental Assessment (EA) to analyze potential environmental impacts, however, a determination will be made after review of the PNA.

Financial Analysis

The Division of Local Government of the Colorado Department of Local Affairs reviewed the pre-qualification form and found that of the eleven checklist items, additional information/actions are needed to ensure the project and applicant will be financially able to receive DWRf funding.

- An LID needs to be formed by the county
- County may create the LID by resolution, but would still need voter approval to borrow money & pay with special assessments. Earliest opportunity is November 2015.
- The community is clearly not disadvantaged, as they themselves stated.
- There is potential to conduct an income survey because the homes are merely 80 of about 500 dwellings in their Census Block; but due to the fact that the properties are 2nd homes the possibility of a successful attempt is extremely low.
- An O&M reserve of 3 months of operating expenses will need to be established within one year of commissioning of the project.

Planning grant recommendation:

After initial review, it was determined that this project did not meet the criteria for a \$10,000 planning grant.

The next steps leading to the DWRf loan application include:

- Update the eligibility survey for the upcoming Intended Use Plan to add the storage tank and meters if required. This must be accomplished by the June, 2015 deadline to ensure the project is listed on the 2016 IUP as of January 1, 2016.
- Utilize the \$12,000 EIAF Grant and \$12,000 matching funds to hire an engineering firm to develop a Preliminary Needs Assessment to determine the scope and cost for the project. Note: the engineering funds can be reimbursed from the SRF loan once it is executed.
- The Preliminary Needs Assessment engineering study should determine the environmental impact of potentially removing the existing storage tank from Rocky Mountain National Park land, and either relocating the tank, or substituting a pressurization system for the service area.
- Create an LID and conduct an election to gain voter approval to borrow money and pay with a special assessments. Utilize the accurate cost figures determined through the Preliminary Needs Assessment.
- A/E procurement.
- The applicant should anticipate eight to ten months between the the Project Needs Assessment and submission of the DWRf loan application, depending on the project scope. This will allow time for all technical reviews and responses to be addressed and approved prior to loan application submittal. If self certification is not approved and the division requires a full plans and specification review, the plans and specifications may be submitted at the time of loan application. However, approval must be obtained prior to loan execution. Please note, the loan agreement will include a project schedule as identified in the Project Needs Assessment; therefore the borrower is expected to notify the division if the schedule has changed.
- The Local Assistance Unit of the division offers free training and assistance for applicants who would like assistance with meeting the drinking water Technical, Managerial, and Financial (TMF) Capacity requirements embedded in the Project Needs Assessment. The training is presented onsite at the system and provides an understanding of the TMF requirements and tools. In addition, the unit can provide additional training for training units (TUs) to certified operators. Please contact Jacki Main at 303-692-3665 or cdphewqdwtraining@state.co.us to request this assistance.

- Conduct public meeting, prior to loan application, to inform the citizens in the affected area of the proposed drinking water project to comply with the Federal public participation requirement. The meeting must be noticed at least 30 days prior to the scheduled meeting date, and should include a discussion of project alternatives, the preferred alternative, any projected rate increases, and construction related and/or environmental impacts of the project. Submit an affidavit of publication, agenda, meeting minutes and list of attendees to the division prior to loan application. A sample legal notice is available on the division website.
- All State Revolving Fund recipients are required to include the *SRF Required Bid Specifications* in the bid package, found on the division website. The boilerplate specifications identify requirements with Davis Bacon Act and the use of American Iron and Steel, according to Section 436 of H.R. 3547 Consolidated Appropriations Act, 2014; all iron and steel products purchased using DWRF monies must be produced in the United States unless the project or portion of the project is waived from this requirement. Projects choosing to self certify or streamline design are not required to submit design for technical review if the division engineer deems all or portions of the project are eligible for self certification. A copy of the specifications is required to be submitted to the division project manager to ensure the *SRF Required Bid Specifications* have been included prior to going to bid. Please also submit the State Revolving Fund Drinking Water Self-Certification Form or State Revolving Fund Wastewater Design Submittal Form with letter of intent to self certify if approved. Bid advertisement and award(s) should take place after loan execution.
- Additional engineer documents such as; Site Location, PELs, Process Design Report and/or Basis of Design Report must be submitted to the division for technical review prior to submission of a loan application.

The above items must be submitted prior to loan application, with the exception of plans and specifications if required, to demonstrate the borrower is ready to proceed with the SRF program. Submittals may vary based on traditional project schedule; however, submittal timelines can change based on applicants schedule. Again, plans and specifications can be sent in after loan approval but must be approved before loan execution. Borrowers will be asked to apply at later application deadline if the above items require further resolution.

All technical documents require review by the division engineer which may result in request for information from Larimer County on Behalf of Hondius Water Users Group. Larimer County on Behalf of Hondius Water Users Group is encouraged to respond promptly to ensure subsequent reviews meet the loan application and project schedule. Larimer County on Behalf of Hondius Water Users Group should contact the division if the application date changes.

Thank you for your interest in the revolving fund program. I look forward to working with you on this project and should you have any questions, please contact me at 303-691-4051 or by email at richard.markovich@state.co.us.

Sincerely,

Richard Markovich
Project Manager
Grants and Loans Unit
Water Quality Control Division

ec: Jim Redman, Hondius Water Users Group
CONSULTING ENGINEER - Not yet Determined
Joe McConnell, DLG representative
Ross Kuhn, Authority representative
Melanie Criswell, WQCD ENGINEER
Matt Stearns, GLU of CDPHE