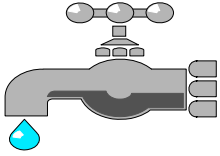


Factsheet: Ready to Proceed (RTP) – 2011 DWSRF



The Public Water Supply (PWS) Section of the North Carolina Division of Water Resources prepared this factsheet to explain the meaning of "Ready To Proceed" (RTP) for

construction projects, and the implications of reaching RTP status.

Why Does RTP Matter?

The goal of RTP status is to be able to execute an agreement for funding. Most applications for funding include a loan (including a principal forgiveness loan), and the Local Government Commission (LGC) must review all applications for loans to determine if the applicant is eligible to receive the requested loan. So an application including a loan is not RTP until the PWS Section has received all the materials the LGC needs to review the application.

After the LGC approves the application, the PWS Section generates the "Offer and Acceptance - Part A." The funding is then committed to the project only when the "Part A" is executed by both parties.

None of this occurs, however, until the seven elements of RTP have been achieved. Four elements (plans & specs approval, environmental review, one hundred percent project funding and authorization to construct) are required under the Drinking Water State Revolving Fund (DWSRF) rules [15A NCAC 1N .0701(b)(1) through (4)]. Two elements (acquisition of real property interests and updated water system management plan) are required under the authority granted by NCGS 159G-39(d) to ensure that the project is viable, can proceed immediately, and is going to a water system that is prepared to maintain proper service, even in times of emergency.

One element (notification of the Joint Legislative Committee) is required by SL 2011-0291.

What are the Seven Elements of RTP?

The seven elements of RTP are described below:

1. **Environmental Review:** Completing environmental review means receiving a "Categorical Exclusion from Environmental Assessment Review Processes" (CE), or a "Finding of No Significant Impact" (FONSI). Certain very large projects require an "Environmental Impact Statement" (EIS) and a "Record Of Decision" (ROD).

Please note that there is a difference between a state-only CE and a federally recognized CE. For more information on this subject, please read the *Factsheet: Instructions for Applicants Seeking a Federal Categorical Exclusion*, which is available at: <http://www.ncwater.org/pws/srf/Pages/factsheets.htm>.

2. **Plans & Specifications (P&S) Approval:** P&S approval requires at least tentative well-site approval

for that portion of any project involving wells, tentative approval for any water tanks, and full approval for all other parts of the project (as applicable). The applicant also needs to include the appropriate (federal and/or state) special conditions package in the applicant's P&S.

3. **Updated Water System Management Plan (WSMP):** The relevant water system must update its WSMP to include the project for which a funding application has been submitted. A WSMP that has been deemed complete within two years prior to the date establishing the project's Readiness To Proceed may be updated by a cover letter describing the impact of the project on the water system's managerial and financial capacity. Otherwise, the water system must submit an amended or new WSMP.
4. **Authorization to Construct:** The applicant must obtain an "Authorization to Construct" as required by 15A NCAC 18C .0305, which is available at: http://www.ncwater.org/pws/rules/Section_0300.pdf.

Some projects do not require review of plans and specifications, issuance of an authorization to construct, or an updated WSMP. Such projects include projects solely for meter replacement (including upgrades such as retrofitting radio-read), and projects to replace existing pumps with the same size or smaller high-efficiency pumps. Such projects have automatically met these three criteria for RTP.

5. **One Hundred Percent Project Funding:** The applicant must show that all the funding necessary for the project is committed. Such funding would include municipal bonds and loans or grants from other agencies.
6. **Acquisition of Real Property Interests:** The applicant must document that it has acquired the real property interests that allow for the construction and maintenance of the project as shown in the plans and specifications. These interests may include site ownership, right-of-way, and easements.
7. **Joint Legislative Committee on Local Government Report:** The applicant must report debt to be issued over one million dollars (\$1,000,000).

How does the applicant demonstrate RTP?

First, the applicant needs to demonstrate RTP status to the PWS Section. The PWS Section will know a project is RTP when the loans and grants project review engineer receives a cover letter from the applicant asserting RTP status backed up by the following documents:

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1. A copy of the categorical exclusion¹, finding of no significant impact, or record of decision, showing that environmental review is complete;
2. Ideally, the applicant should have submitted the three copies of the P&S for review directly to the project review engineer. The applicant should have indicated the following on the transmittal sheet:
 - A. The application’s WIF number.
 - B. Which financing programs (e.g., DWSRF) the applicant applied for,
 - C. Which financing programs have offered funding,
 - D. State that no inter-local agreement is necessary for the project to proceed or include the agreement, and

Alternatively, the applicant can provide the project review engineer with a copy of all plans and specification approval letters (if applicable);

Be sure to submit the appropriate review fee for the plans and specifications.

3. Three copies of the of the revised water system management plan,, or a copy of the “deemed complete” letter;
4. A copy of the authorization to construct;
5. A copy of the commitment letters and a tabulation (detailing the funding sources) demonstrating that all the funding necessary for the project (see A and B below) is committed;

Please include the following items:

- A. If the project scope and cost estimate have not changed since the original application, then please state so in the cover letter.

If the project scope or cost estimate has changed since the original application, please provide an updated project scope and/or cost estimate. The revised scope and/or cost estimate should be in the form of an amendment to the preliminary engineering report (PER), typically, as a sealed engineering letter.
- B. If the project cost estimate has changed, an updated application¹ (five pages). The funding sources in the Project Budget (page 4) should ask for the financial assistance offered. The project cost (also on page 4) should agree with the latest amendment to the PER, and should include the applicable administrative fee. Administrative fees are as follows:

Program	Fee (%)
High Unit Cost Grant	1.5
State Emergency Loan	2.5
State Revolving Loan	2.5
Drinking Water State Revolving Loan	2.0

- C. If the project includes a loan, an updated LGC-108C form¹ showing the impact of financing that portion of the project for which the applicant requests a loan. The applicant should base this estimate on realistic assumptions of interest rate and loan term for the requested financing (e.g., 3% and 20 years for DWSRF).

Please note on this LGC-108C form¹ what portion of the debt principal and interest is due to the requested loan.

- D. If the project includes a loan, an LGC-108A form¹ for the most recently completed fiscal year.

If the PWS Section’s funding includes any loans, the PWS Section will forward the application to the Local Government Commission (LGC – an arm of the state treasury).

6. Documentation of real property interests as provided by a signed Clear Site Certification¹ and accompanying Site Certificate by Title Counsel¹; and
7. A copy of the letter (if applicable) reporting the project to the Joint Legislative Committee on Local Government. Projects that require a loan (including a principal forgiveness loan) over one million dollars (\$1,000,000) must be reported to the Joint Legislative Committee on Local Government by the Applicant at least 45 days before the LGC will consider eligibility for a State-managed loan. This reporting must be carried out in accordance with the LGC guidance found at:

http://www.ncwater.org/pws/srf/Factsheets/LGC_NewStatute.pdf.

¹ The referenced forms can be downloaded from <http://www.ncwater.org/pws/srf/Pages/other-forms.htm>

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All of the following items must be reviewed and approved by the PWS Section no later than May 31. Some items may require an earlier submittal date.

I. Items that must be submitted by the application due date of September 30th. These items must be approved by the PWS Section no later than May 31st.

- | | | <u>Submittal
Date</u> | <u>Approval
Date</u> |
|--------------------------|---|---------------------------|--------------------------|
| <input type="checkbox"/> | 1 Environmental Review | _____ | _____ |
| <input type="checkbox"/> | (a) Categorical Exclusion
[See http://www.ncwater.org/pws/srf/Factsheets/Factsheet_Federal_CE.pdf] | | |
| OR | | | |
| <input type="checkbox"/> | (b) Environmental Assessment or Impact Statement
[See http://www.ncwater.org/pws/srf/Factsheets/Factsheet_EA_procedures_for_Applicants.pdf]
The PWS Section requires one of the following approvals, which may come from another Federal or State agency: | | |
| <input type="checkbox"/> | (i) Finding Of No Significant Impact (FONSI) completed | | |
| OR | | | |
| <input type="checkbox"/> | (ii) Record of Decision (ROD) completed | | |

II. Items that must be submitted by the last day of February (postmark date).

- | | | <u>Submittal
Date</u> | <u>Approval
Date</u> |
|--------------------------|---|---------------------------|--------------------------|
| <input type="checkbox"/> | 2 Plans & Specifications (P&S) Approval | _____ | _____ |
| <input type="checkbox"/> | (a) N/A because the project is solely for meter replacement. | | |
| OR | | | |
| <input type="checkbox"/> | (b) All applicable P&S approval letters. | | |
| OR | | | |
| <input type="checkbox"/> | (c) Three copies of the P&S for review submitted directly to the Loans & Grants project review engineer with a transmittal sheet showing the following: | | |
| <input type="checkbox"/> | (i) The project's WIF number. | | |
| <input type="checkbox"/> | (ii) Which financing programs (e.g. DWSRF) the applicant applied for. | | |
| <input type="checkbox"/> | (iii) Which financing programs have offered funding for the project. | | |
| <input type="checkbox"/> | (iv) Inter-local agreement | | |
| <input type="checkbox"/> | <i>N/A because no inter-local agreement is necessary for the project to proceed.</i> | | |
| OR | | | |
| <input type="checkbox"/> | <i>The executed and legally binding inter-local agreement.</i> | | |
| <input type="checkbox"/> | 3 Updated Water System Management Plan (WSMP)
[See http://www.ncwater.org/pws/CapDev/CapDevForms.htm] | _____ | _____ |
| <input type="checkbox"/> | (a) N/A because the project is solely for meter or pump replacement. | | |
| OR | | | |
| <input type="checkbox"/> | (b) An appendix to the Applicant's WSMP and new "Deemed Complete" letter, if the WSMP is ≤ two years old. | | |
| OR | | | |
| <input type="checkbox"/> | (c) Applicant's revised WSMP and "Deemed complete" letter. | | |

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III. Items that must be submitted to the PWS Section by May 31st (postmark date).

		<u>Submittal Date</u>	<u>Approval Date</u>
<input type="checkbox"/>	4 Authorization to Construct (ATC)		
<input type="checkbox"/>	(a) N/A because the project is solely for meter replacement.		
	OR		
<input type="checkbox"/>	(b) Authorization to Construct (ATC) for all project plans and specifications.		
<input type="checkbox"/>	5 One Hundred Percent Project Funding		
<input type="checkbox"/>	(a) Additional sources of funding.		
<input type="checkbox"/>	(i) N/A because the project does not require additional sources of funding.		
	OR		
<input type="checkbox"/>	(ii) A copy of all commitment letters and a tabulation (detailing the funding sources) that demonstrates that all monies needed to meet the project costs have been committed.		
<input type="checkbox"/>	(b) For loans only – Local Government Commission Review		
<input type="checkbox"/>	(i) Preliminary Engineering Report Update		
<input type="checkbox"/>	<i>N/A because there have been no changes in scope or cost since the PER was submitted.</i>		
	OR		
<input type="checkbox"/>	<i>Amendment to the PER</i>		
<input type="checkbox"/>	(ii) Application Update		
<input type="checkbox"/>	<i>N/A because there have been no changes in scope or cost since the original application.</i>		
	OR		
<input type="checkbox"/>	<i>Revised Application (five pages)</i>		
<input type="checkbox"/>	(iii) LGC-108A Form Update		
<input type="checkbox"/>	<i>N/A because the LGC-108A submitted with the application is < one year old.</i>		
	OR		
<input type="checkbox"/>	<i>Revised LGC-108A form</i>		
<input type="checkbox"/>	(iv) LGC-108C form updated to show the impact of financing that portion of the project for which the Applicant requests a loan.		
<input type="checkbox"/>	6 Acquisition of Real Property Interests		
<input type="checkbox"/>	(a) Clear Site Certification signed by Applicant's Authorized Representative, and		
<input type="checkbox"/>	(b) Site Certificate signed by Title Counsel		
<input type="checkbox"/>	7 Joint Legislative Committee on Local Government Report		
<input type="checkbox"/>	(a) N/A because the project does not require issuance of debt > \$1,000,000.		
	OR		
<input type="checkbox"/>	(b) A copy of the letter reporting the project to the Joint Legislative Committee on Local Government.		