

Dear Clients, Colleagues, and Friends,

Re: Preparing for the Next Round of H2O Grant Applications

While the need for infrastructure improvements seems overwhelming and the available financial resources insufficient, any opportunity to secure assistance should be considered. As many of us continue to deal with ever increasing municipal water and wastewater infrastructure improvement needs and how the cost of these improvements will affect ratepayers, municipalities continue to work diligently at balancing their budgets, while facing increased construction and operational costs. In addition, we are constantly inundated with information on government assistance programs that require us to consider, evaluate, and otherwise deal with a ton of data, forms, and conditions, all in order to be in a position to compete with everyone else seeking assistance for their needs.

In 2009, one such program, the Commonwealth Financing Authority (CFA) H2O PA Grant Program, issued a total of almost \$490 million in grant financing for water, wastewater, and stormwater improvement programs. However, due to the competitive nature of the application process and the limited amount of funding, the CFA was able to provide financial assistance to only about one third of the 774 applicants. The good news is that the CFA has set July 1, 2010 as the deadline **for a second round of applications**. This second round will vie for the remainder of the original \$665 million that was approved for water, wastewater, and stormwater programs, equating to approximately \$170 million in available funding for the second round.

Here's where the competition begins. According to CFA, projects that were funded in the first round are not eligible for additional funding in the second round. However, projects that were not funded in the first round will be rolled over and made eligible, along with all other new projects, for funding with the submission of updated information. Other key requirements and evaluation criteria include:

- Projects must be for public entities.
- The local share must be at least 50 percent of the total CFA grant.
- Priority is given to projects that address consent orders or help avoid enforcement actions.
- Projects should represent the most cost effective approach and promote the sustainability of the system.
- Construction has not started but can start within 120 days of grant award.
- All permits for the project must be issued or close to being issued.
- The project would be "unaffordable" without H2O PA grant funds (CFA criteria defines affordability as having utility rates that are at least 1.2 percent of median household income or more).
- Priority is given where the physical and/or managerial consolidation of two or more systems is considered.

CFA has stated that applications made in July will be considered at its November 2010 board meeting. Those seeking funding should start now! Engineering, permitting, and establishing the local financing share should begin as soon as possible. The needs are great and, as noted, there is not that much money and time available. Understanding what you need to do and getting it done to position yourself to take advantage of any grant opportunities is your best option. So talk with your operational staff, engineer, and financial advisors, make a plan, and move forward towards a successful project.

Change of Address

*Our Trevose office has moved to Doylestown.
Contact information for this new office location is:*

**CET Engineering Services • 3655 Route 202, Suite 105 • Doylestown, PA 18902
Telephone: 215-230-3663 • Fax: 215-230-3559**

Until next time,

A blue ink signature of Steven C. Huntzinger.

Steven C. Huntzinger, QEP
Principal