We work with others to protect the health of the people of Washington State by ensuring safe and reliable drinking water.
DWSRF Webinar
July, 2020

Mike Copeland
Underwriter and
Grants and Loan Unit
Manager
Agenda

- Financial Statements
- Contract Requirements
- Federal Requirements
- Invoicing
- Completion and Closeout
- DHAP/APE Map
- Reference Table
Financial Statements

Income:

2009 $12,424
2010 $13,724
2011 $14,841

Expense:

2009 $11,721
2010 $13,201
2011 $13,792
Acceptable Financials

- BARS Reporting
- S.A.O. Reports
- Tax Returns (non-municipal)
- Quickbooks (non-municipal)
Financial Statements (Continued)

Date: November 6, 2015

Credit Memorandum, City of Example:

Project Overview: The City is constructing a low pressure membrane filtration and chlorination water treatment facility on city owned property. The facility will provide drinking water in compliance with federal regulations. Costs include but are not limited to; engineering, cultural and historical resources review, environmental review, permits, bid documents, construction, construction administration and city project management to allow the city to meet local, state and federal standards. The city is under a DOH agreed order to have it online by October of 2016.

The project’s low pressure membrane filtration and chlorination water treatment facility includes an approximately 6,600 sf building, all process piping, membrane filtration units, chlorination apparatuses and storage, mechanical screens, pumps, flow meters, electrical systems, and back up power supply. The treatment plant will include a parking area, landscaping, storm drainage, an access road, sewer, SCADA system upgrades and power service. Site development includes approximately 3,000 LF of underground power.

Rate / Fee / Term: $1,200,000 @ 1.50% / 1.0% loan fee / 20 year term / estimated annual pmt = $69,895.

Financial Analysis:

Income Statement: The income statement reflects good, steadily increasing revenues from stable and reoccurring sources. Operating expense has risen in line with income. The System should be able to easily make the proposed payment.

Balance Sheet: The system does not produce a formal balance sheet so we have no historical asset figures in our analysis. It is anticipated the City will undergo asset management training in the near future and should have the capacity to produce a balance sheet going forward on an annual basis.

Cash Flow Analysis: Cash flow is good and sufficient to make this proposed annual debt payment without a raise in rate. Historical DSCR and operating expense to sales ratios are excellent. The system also shows sufficient liquidity to fund short term debt.

<table>
<thead>
<tr>
<th>YTD</th>
<th>ERU Served</th>
<th>Operating Revenue</th>
<th>Operating Expense</th>
<th>Outstanding Debt</th>
<th>Liquidity</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2330</td>
<td>$5,394,292.</td>
<td>$3,511,145.</td>
<td>$2,565,328.</td>
<td>$1,417,705.</td>
<td>Not provided</td>
</tr>
<tr>
<td>2013</td>
<td>2273</td>
<td>$5,269,250.</td>
<td>$3,581,186.</td>
<td>$3,479,006.</td>
<td>$884,559.</td>
<td>Not provided</td>
</tr>
<tr>
<td>2012</td>
<td>2212</td>
<td>$4,482,938.</td>
<td>$3,707,000.</td>
<td>$1,819,995.</td>
<td>$489,679.</td>
<td>Not provided</td>
</tr>
</tbody>
</table>
# Financial Statements (Continued)

## Cash Flow Model

<table>
<thead>
<tr>
<th>BORROWER: City of Example</th>
<th>Key Ratios</th>
<th>L.T.D. Reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER: City of Example</td>
<td>Cash flow from operations</td>
<td>$5,121,396.00</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$5,394,292.00</td>
<td></td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$3,511,145.00</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$247,333.00</td>
<td></td>
</tr>
<tr>
<td>Operating Cash Flow Ratio</td>
<td>20.71</td>
<td></td>
</tr>
<tr>
<td>Current Ratios</td>
<td>5.73</td>
<td></td>
</tr>
<tr>
<td>Operating Cash Flow Ratio</td>
<td>20.71</td>
<td></td>
</tr>
<tr>
<td>Current Assets minus Inventory</td>
<td>$892,456.00</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$247,333.00</td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$247,333.00</td>
<td></td>
</tr>
<tr>
<td>Quick Ratio</td>
<td>3.61</td>
<td></td>
</tr>
<tr>
<td>CPLTD</td>
<td>$2,972,424</td>
<td></td>
</tr>
<tr>
<td>Current Portion of Long Term Debt</td>
<td>$2,972,424</td>
<td></td>
</tr>
<tr>
<td>Annual Debt Service</td>
<td>$69,895.00</td>
<td></td>
</tr>
<tr>
<td>Proposed Loans Annual Debt Service</td>
<td>$69,895.00</td>
<td></td>
</tr>
<tr>
<td>DSCR</td>
<td>26.943</td>
<td></td>
</tr>
<tr>
<td>Proposed Loans Annual Debt Service</td>
<td>$69,895.00</td>
<td></td>
</tr>
<tr>
<td>DSCR</td>
<td>26.943</td>
<td></td>
</tr>
</tbody>
</table>

Do not include "reserved" funds as they can not be utilized as a source of repayment.

"Inter-governmental funds", "capital contributions" or "other financing sources" should also not be included, as these are typically not recurring and consistent sources of revenue.

Depreciation and Amortization are non-cash expenses and can be added back for cash flow purposes.

### Key Ratios:

- **Operating cash flow ratio** measures the borrower's ability to pay debt from operations. If the ratio is less than 1.0, the borrower is not generating enough cash to pay off its short-term debt.
- **Current Ratio** measures how many times a borrower can meet its short-term debt and is a measurement of liquidity.
- **Quick Ratio**, like the current ratio above, is a measurement of liquidity only and takes inventory out of the equation.
- **Debt Service Coverage Ratio**, measures the borrower's ability to meet long-term debt obligations.

CPLTD, is the borrower’s Current Portion of Long Term Debt. Current portion refers to long term debt payments that will be made over the current year.

L.T.D reduction: Tracks borrowers payments of long term debt, also makes it easier to track interest only payments and the potential effects of future P&I payments for forecasting.
Financial Statements (Continued)

- ERU total/rate increase
  - 2,330 ERUs = $48.30 average/month
  - Expected increase to $57.50 at completion
- Affordability index = 1.35%
- Subsidy Y/N = None
- Private partnership = None
- Loan covenants = None
  - If city has minimal cash flow/other circumstances that require annual financial review, information requested here
- Policy exceptions = None
- Recommendations = Approve as presented
Contract Requirements Overview

- Three years to complete project
- Loan repayment starts October 1 after signing contract
- Davis-Bacon requirements
- American Iron and Steel (AIS) project requirement
- Must be current in BETA.SAM.gov database
Contract Requirements Overview (Continued)

- Complete section 106/State Environmental Review Process (SERP) before any ground disturbance occurs
  - Submit copy of approval letter
- Borrowers must maintain dedicated repayment account for the life of the loan
## Davis-Bacon Requirements

<table>
<thead>
<tr>
<th>Roles and Responsibilities: Wage Determinations (WD)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Recipient</strong></td>
<td><strong>Contractor</strong></td>
</tr>
<tr>
<td>Find the correct WD and include in bid order</td>
<td>Use WD in bid specs to develop bid proposal</td>
</tr>
<tr>
<td>Submit WD to SRF project manager for approval (private entities)</td>
<td>Initiate conformance process for missing WD (if necessary)</td>
</tr>
<tr>
<td>Monitor <a href="http://www.dol.gov">www.dol.gov</a> during bid period for changes</td>
<td>Require all subcontractors to follow WD included in prime contract</td>
</tr>
<tr>
<td>Award contract within 90 days of bid opening to “lock in” WD</td>
<td>Include EPA Davis-Bacon contract language in all subcontracts</td>
</tr>
<tr>
<td>Include EPA Davis-Bacon contract language in contracts and bid specs</td>
<td>Ensure subs are not excluded from federal contracts at <a href="http://www.sam.gov">www.sam.gov</a></td>
</tr>
<tr>
<td>Ensure winning bidder is not excluded from federal contracts at <a href="http://www.sam.gov">www.sam.gov</a></td>
<td></td>
</tr>
</tbody>
</table>
DB Wage Decisions

- Insert applicable federal age decision in bid specifications
- Which Wage Determination schedule is “right one?”
  - **Building**: Other enclosed structures
  - **Highway**: Almost anything paved
  - **Heavy**: Everything else (typical DWSRF projects)
  - Additional guidance [here](#)
- Department of Health (DOH) project manager can assist in obtaining wage decision
- Non-municipalities: DOH project manager must pull WD
Welcome to the Wage Determinations OnLine Program!

This website provides a single location for federal contracting officers to use in obtaining appropriate Service Contract Act (SCA) and Davis-Bacon Act (DBA) wage determinations (WDs) for each official contract action. The website is available to the general public as well. Guidance in selecting WDs from this website is provided in the WDOL.gov User’s Guide.

Alternatively, the WDOL.gov Program also provides contracting officers direct access to the Department of Labor’s (DOL’s) “e98” website to submit a request for SCA WDs for use on official contract actions. In some instances, the WDOL.gov Program will not contain the appropriate SCA WD, and contracting officers will be directed to use DOL’s e98 website in order to obtain the required SCA WD. DOL will provide the contracting officer with an SCA WD through the e98 system.

Questions pertaining to the application of contract labor standards or the selection of appropriate WDs for specific contract actions should be referred to the contracting officer or to the designated agency labor advisors. Questions pertaining to this website may be referred to the WDOL.gov Webmaster.

The WDOL.gov Program and the User’s Guide does not relieve the contracting officer or other program user of the requirement to carefully review the contract or solicitation, federal acquisition regulations, and/or DOL regulations related to these actions.

Where the contracting officer selects a SCA or DBA WD using the WDOL.gov Program and DOL later determines, whether before or after contract award, that the appropriate SCA or DBA WD was not incorporated in a covered contract, the contracting officer, within 30 days of notification by DOL, shall include in the contract the applicable WD issued by DOL.

This site is best viewed with Microsoft Internet Explorer 6.0+ or Mozilla Firefox 1.0+ browsers
Selecting DBA Wage Decisions

Select DBA WD by number:

(Enter WD number in the following format: two letter abbreviation for the state)

Search

OR

By Selection criteria beginning with:

State: WASHINGTON
County: Thurston
Construction Type: All Construction Types
WD Number: WA1

Search

Back

Selecting DBA Wage Decisions

Select DBA WD by number:

(Enter WD number in the following format: two letter abbreviation for the state)

Search

OR

By Selection criteria beginning with:

State: WASHINGTON
County: Thurston
Construction Type: HEAVY
WD Number: WA3

Search

Your search returned the following results:

<table>
<thead>
<tr>
<th>Wage Determination</th>
<th>Construction Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Display WA102</td>
<td>'HEAVY'</td>
</tr>
<tr>
<td>Display WA105</td>
<td>'HEAVY'</td>
</tr>
<tr>
<td>Display WA3</td>
<td>'HEAVY'</td>
</tr>
</tbody>
</table>

Find Another WD  Exit

Back
HEAVY CONSTRUCTION PROJECTS (including 'le,' 'later construction).
<table>
<thead>
<tr>
<th>Name and Individual Identifying Number (e.g., last four digits of Social Security number) of Worker</th>
<th>Work Classification</th>
<th>Hours Worked Each Day</th>
<th>Total Hours</th>
<th>Rate of Pay</th>
<th>Gross Amount Earned</th>
<th>FICA Withholding Tax</th>
<th>Other Total Deductions</th>
<th>Net Wages Paid for Week</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</table>

While completion of Form WH-347 is optional, it is mandatory for covered contractors and subcontractors performing work on Federally financed or assisted construction contracts to respond to the information collection contained in 29 C.F.R. §§ 3.3, 5.5(a). The Copeland Act (40 U.S.C. § 3145) current contractors and subcontractors performing work on Federally financed or assisted construction contracts to “furnish weekly a statement with respect to the wages paid each employee during the preceding week.” U.S. Department of Labor (DOL) regulations at 20 C.F.R. § 5.5(a)(2) require contractors and subcontractors to submit weekly a copy of all payroll to the Federal agency contracting for or financing the construction project, accompanied by a signed “Statement of Compliance” indicating that the payroll is correct and complete and that each laborer or mechanic has been paid not less than the proper Davis-Bacon prevailing wage rate for the work performed. DOL and Federal subcontracting agencies receiving this information review the information to determine that employees have received legally required wages and fringe benefits.

Public Burden Statement:
We estimate that it will take an average of 55 minutes to complete this collection, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. If you have any comments regarding these estimates or any other aspect of this collection, including suggestions for reducing this burden, send them to the Administrator, Wage and Hour Division, U.S. Department of Labor, Room 32802, 200 Constitution Avenue, N.W. Washington, D.C. 20210.
(a) WHERE FRINGE BENEFITS ARE PAID TO APPROVED PLANS, FUNDS, OR PROGRAMS

(b) WHERE FRINGE BENEFITS ARE PAID IN CASH

<table>
<thead>
<tr>
<th>EXCEPTION (CRAFT)</th>
<th>EXPLANATION</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<tr>
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</tbody>
</table>

REMARKS:

NAME AND TITLE: Signature

THE WILFUL FALSIFICATION OF ANY OF THE ABOVE STATEMENTS MAY SUBJECT THE CONTRACTOR OR SUBCONTRACTOR TO CIVIL OR CRIMINAL PROSECUTION. SEE SECTION 1001 OF TITLE 18 AND SECTION 357 OF TITLE 31 OF THE UNITED STATES CODE.
What if a Classification is Not on My Determination?

- Try to use existing classifications
  - Can an existing classification perform the work?
- Request additional wage rate classifications from Department of Licensing
  - Use standard form 1444
- Get WD agreement beforehand from
  - Contractor
  - Laborer
- “Reasonable” compared to other wage rates already in determination
Monitor for Labor Standards (Recipients)

- Review certified payrolls
  - Weekly submission (including subcontractors)
  - Contractor responsible for review of subs payrolls
  - Fringe benefits/zone pay
  - Verify apprentices

- Conduct on-site review
  - Davis-Bacon poster
  - Federal wage decision
  - AIS site visit
Monitor for Labor Standards  (Continued)

- Conduct employee interviews
  - One per contractor per trade
  - Use interview form

- Submit 21-day labor package to DOH for approval, which includes
  - Statement of intent
  - First two weeks of certified payroll
  - Employee interviews
Procuring a Contractor for Professional Services

- Participating municipalities with MSRC (loans under $300,000): Can use consultant roster
- All others follow competitive process: Advertise “Request for Professional Services” in general circulation newspaper
- Borrowers must have documented review process for proposals and statements
- Check BETA.SAM.gov for federal exclusion
  - Print findings and keep with records
Procuring a Contractor for Construction

Bidding your project

1. Request federal wage decision in bid specifications (specs)
2. DOH must review bid specs (front end specs) to ensure all federal requirements included
3. DOH must approve bid advertisement before publishing
4. Ad must run once a week for two weeks, with 14 days between last publication and bid opening
5. Check with DOH 10 days prior to your bid opening for modifications to wage decision (10-day wage check)
6. Contact DOH if you receive less than two bids
After your bid opening

1. Check [BETA.SAM.gov](https://beta.sam.gov) for federal exclusion on selected contractor/sub-contractors
   - Print findings and submit with *Notice To Proceed*

2. Conduct pre-construction conference
   - Retain conference minutes in files (send copy to DOH)

3. Issue *Notice To Proceed within 12 months, no exceptions.*
   - Send copy to DOH project manager with affidavit of bid solicitation and advertisement
Submitting A-19 Invoice Voucher

- Use provided A-19
- Submit project status report with each invoice
  - Include supporting invoice copies
- A summary sheet of invoices is required for the review process
- Must be current in BETA.SAM.gov
- Must have an active account with State Treasurer
Submitting A-19 Invoice Voucher (Continued)

Construction draw requests

1. Environmental process must be complete
2. Approval of construction documents from DOH engineer
3. Must issue a Notice To Proceed to construction within 12 months of contract execution
4. 21-day labor package must be submitted and approved by your project manager
5. Include Labor Standards Certification
**INVOICE VOUCHER**

State of Washington

**AGENCY NAME**

Department of Health
Office of Drinking Water
ATTN: Dennis E. Hewitt
PO Box 47822
Olympia, WA 98504-7822

**VENDOR OR CLAIMANT** (Warrant is to be payable to)

Vendor’s Certificate: I hereby certify under penalty of perjury that the items and totals listed herein are proper charges for materials, merchandise or services furnished to the State of Washington, and that all goods furnished and/or services rendered have been provided without discrimination because of age, sex, marital status, race, creed, color, national origin, handicap, religion, or Vietnam era or disabled veterans status.

BY __________________________
(SIGN IN INK)

__________________________
(TITLE) ___________________
(DATE) ___________________

Federal ID No. or Social Security No. (For Reporting Personal Services Contract Payments to I.R.S.)

**DATE** | **DESCRIPTION** | **QUANTITY** | **UNIT** | **UNIT PRICE** | **AMOUNT** | **FOR AGENCY USE**
---|---|---|---|---|---|---

**Total Reimbursement Request**

Prepared by

Telephone Number

Date

Agency Approval

Date

Doc. Date | Ref. Due Date | Current Doc No. | Ref. Doc No. | Vendor Number | Vendor Message | Date
---|---|---|---|---|---|---

**MASTER INDEX**


Grants Approval for Payment

Date

Warrant Total

Invoice No.
Project Completion

1. Submit *Construction Completion Report* to your DOH engineer
   - Send copy to DOH project manager

2. Email project completion request to your DOH project manager

3. DOH project manager will generate:
   - *Project Completion Amendment* for signature
   - Final A-19 request
Project Completion Report

CONSTRUCTION COMPLETION REPORT FORM

In accordance with WAC 246-290-120 (5), a Construction Completion Report is required for all approved construction projects. Operators must submit a Construction Completion Report to us within sixty (60) days of completion and before use of any water system facility. This includes any source, water quality treatment, storage tanks, booster pump facilities, and distribution projects.

Please type or print legibly in ink:

DOH System ID No.: ____________________________

Name of Water System: ____________________________

DOH Project No.: ____________________________ (if applicable)

Name of Purveyor (Owner or System Contact): ____________________________

Date Construction Documents Approved by DOH: ____________________________ (If applicable)

Mailing Address: ____________________________

City: ____________________________ State: ____________________________ Zip: ____________________________

PROJECT NAME AND DESCRIPTIVE TITLE: _________

CHECK ONE: ☐ Entire Project Completed. ☐ Description of Portions Completed.

PROFESSIONAL ENGINEER’S ACKNOWLEDGMENT (Complete items below—Attach additional sheets as needed)

The undersigned professional engineer (PE), or their authorized agent, has inspected the above-described project which, as to layout, size and type of pipe, valves and materials, reservoir and other designed physical facilities, has been constructed and is substantially completed in accordance with construction documents reviewed by the purveyor’s engineer or approved by the Department of Health. In the opinion of the undersigned engineer, the installation, physical testing procedures, water quality tests, and disinfection practices were carried out in accordance with state regulations and principles of standard engineering practice.

I have reviewed the disinfection procedures ☐ pressure test results ☐ and results of the bacteriological test(s) ☐ for this project and certify that they comply with the requirements of the construction standards/specifications approved by the Department of Health. (Check all boxes that apply that are consistent with the nature of the project.)

This project changes the physical capacity of the system to serve consumers. The system is now able to serve _______ equivalent residential units (ERUs.) ☐ Not applicable

Date Signed: ____________________________

Name of Engineering Firm: ____________________________

Name of PE Acknowledging Construction: ____________________________

Mailing Address: ____________________________

City: ____________________________ State: ____________________________ Zip: ____________________________

Engineer’s Signature: ____________________________

State/Federal Funding Type (if any) ____________________________

Please return completed form to your regional office checked below:

☒ NWRO Drinking Water
Department of Health
20425 72nd Ave, S, Ste 310
Kent, WA 98032-2388

☒ SWRO Drinking Water
Department of Health
PO Box 47823
Olympia, WA 98504-7823
360-236-3030

☒ ERO Drinking Water
Department of Health
16201 E. Indiana Ave, Suite 1500
Spokane Valley, WA 99216
509-329-2100

For people with disabilities, this document is available on request in other formats. To submit a request, please call 1-800-525-0127 (TDD/TTY call 711).

The operator must attach a completed Water Facilities Inventory (WFI) form in accordance with WAC 246-290-120(6), if applicable. Contact your regional office for WFI forms or additional Construction Completion Report forms.

DOH Form 331-121-F (01/10)
Department of Archeology and Historic Preservation (DAHP) Map

Project as Approved

Completed Construction
Quick References for DWSRF Loans

- Federal Wage Decision: [www.dol.gov](http://www.dol.gov)
- Office of Minority and Women's Businesses: [www.omwbe.wa.gov](http://www.omwbe.wa.gov)
- Municipal Research and Services Center: [www.msrc.org](http://www.msrc.org)
- Washington Small Business Development: [www.wsbdc.org](http://www.wsbdc.org)
- Washington Society of CPAs: [www.wscpa.org](http://www.wscpa.org)
- Federal Excluded Parties List: [www.BETA.SAM.gov](http://www.BETA.SAM.gov)
Questions?
Contact

Mike Copeland
Grants and Loan Unit Manager
360-236-3083
mike.copeland@doh.wa.gov
doh.wa.gov/DWSRF