Carpenter, Emily

From: Boyd, Elke <Elke.Boyd@skw-inc.com>
Sent: Friday, May 15, 2015 2:04 PM
To: Carpenter, Emily
Cc: Garrett, Doug
Subject: RE: Affordability Question re SRF

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Emily,

The discussion on the phone was helpful. I read the 5/15/15 Affordability Memo you sent me. Here are my comments/questions on the Implementation, starting page 4:

If an applicant submits a United States Department of Agriculture Rural Development or Missouri Department of Economic Development's Community Development Block Grant approved income survey, the income value will replace the reported MHI in the cost analysis for compliance.
Given the potentially great inaccuracy of ACS data, particularly for small communities, this is good. However, for CDBG/RD funded projects the income survey typically only establishes percent LMI (for interest rate purposes), rather than an actual dollar amount for income. As far as I know, the actual income survey will only be conducted if there is tangible evidence of a different income, e.g. a mayor employer moved, a certain demographic was excluded, etc. Also, I don't know what it takes to get one of these income surveys done. Would CDBG/RD do it? And why would they, if the project is not getting their funding? Would they be willing to approve a survey done to their standards but by someone else? Who would perform the survey? How much would it cost? These are really just questions I have and perhaps something to think about.

If the existing cost analysis for compliance was dated after September 17, 2014 and is applicable to the proposed project, staff will recognize this previous work effort and will not perform an additional cost analysis for compliance. This appears to refer to cost analyses done as part of the permit renewal. These do not always reflect the full, site-specific or up-to-date project cost and/or economic conditions and are rarely reviewed by the permit holder during the permit issue process. Using these as a basis for making financing decisions which will have a major impact on the community is putting too much importance on getting each and every Cost Analysis with each and every permit correct and applicable to possible future engineering, economic, and regulatory decisions. I suggest allowing applicants to request a new review upon submittal of their facility plan.

Any cost analysis newly done for SRF purposes should be considered, as applicable, for assigning priority points and making additional subsidization decisions.

Thanks for the opportunity to comment,

Elke

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From: Carpenter, Emily [mailto:emily.carpenter@dnr.mo.gov]
Sent: Friday, May 15, 2015 12:12 PM
To: Boyd, Elke
Cc: Garrett, Doug
Subject: RE: Affordability Question re SRF

Elke,

Since you won't be able to attend the stakeholder meeting next week, I've attached the draft memo that we will present and discuss. You are welcome to provide comments now or during the formal public notice period.

You are correct in assuming that future grant money will be based in some part on the affordability analysis.

Your question is interesting… FAC will conduct most affordability analysis ourselves by using the CAFCom template already established. However, we do want to take advantage of previous CAFComs to reduce workload efforts. We had planned on using previous CAFComs drafted by operating permits and enforcement if they meet the following conditions:

- Previous CAFCom is dated after September 17, 2014;
- Less than 5 years have passed between the previous CAFCom and SRF application date;
- Applicable to the proposed SRF project; and
- No significant change in the applicant's economic conditions.

Feel free to call or send comments on the draft memo if you want to discuss further. Thanks!

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From: Boyd, Elke [mailto:Elke.Boyd@skw-inc.com]
Sent: Friday, May 15, 2015 11:48 AM
To: Carpenter, Emily; Garrett, Doug
Subject: Affordability Question re SRF

Emily and Doug,

I am not sure which one of you is the right person to ask. I was at the stakeholders meeting for the pending Chapter 4 revisions on Wednesday and we discussed, among other things, the affordability factors. We were also told about the stakeholders meeting on the 20th, but I won't be able to attend.

The current Chapter 4 draft uses Affordability as one of the factors for assigning Priority Points for regionalization projects. Per Doug, the FAC would use the Cost Analyses from the NPDES permits.

Will Affordability also play into other SRF related issues, e.g. in the assignment of points for other types of projects, grant allocation, interest rates, etc.??

If the answer is "yes", let's say I am community that has a draft permit with an acceptable SOC, but the Cost Analysis gives an affordability rating that does not consider all costs. In this case, when I apply for SRF, will I be hurt by the higher resulting affordability rating? In other words, should the permittee pay particular attention to the Cost Analysis in the permit now, since this analysis may translate into real dollars later on?

Thanks for any insights! Feel free to call me.

Elke

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