

# From Application to Approval

## The Infrastructure Funding Process

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BY JAMES  
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**IN THE PAST**, applicants who needed funding for infrastructure projects were forced to individually approach funding agencies in order to obtain the proper funding. The creation of the West Virginia Infrastructure and Jobs Development Council (IJDC) changed that by centralizing the review of applications to include multiple funding agencies. The infrastructure council, which was formed by law in 1994, wears two hats. It is the central clearinghouse for review of hundreds of millions of dollars of water, sewer and economic development grants and low-interest loan applications, and it is also a funding agency itself.

“Each year, the council typically receives around 70 to 80 applications for public water and sewer projects,” explains Jim Ellars, the executive director of the IJDC. “The review process takes approximately 50 to 60 days, and once the application is approved, the sponsor is authorized to pursue the approved funding package and project scope.” Bringing a

project to completion takes years from that point. Final engineering design must be completed, and that design must be reviewed and approved by state agencies. Final rates must also be developed, and for utilities other than municipalities, those rates must be approved by the Public Service Commission. Interests in real property need to be acquired, sometimes by condemnation, and the construction work has to be put out to bid. Once these issues are addressed, closing on financing occurs and construction can begin.

“Having adequate water and sewer service in place in advance is often a prerequisite to an area landing a large commercial or industrial prospect,” says Todd Hooker, the senior manager of Financial Programs & National Accounts at the West Virginia Development Office. “These commercial and industrial entities are typically looking at various sites in several states with a relatively short time frame. If it’s just a question of a water or sewer line extension, typically that can be accomplished within the time frame needed by the prospect. If a treatment plant, either water or sewer, needs to be constructed, though, it tends to be a much larger challenge to get that constructed in time.”

In its central clearinghouse role, the council approves, modifies or denies applications for funding. Approved projects will be directed to utilize specific funding sources, such as the West Virginia Department of Environmental Protection’s (WVDEP) State Revolving Fund, the WVDEP Abandoned Mines Lands and Reclamation Program, the West Virginia Bureau for Public Health’s Clean Water State Revolving Fund, Small Cities Block Grants and Appalachian Regional Commission grants administered by the West Virginia Development Office.

### ExEdge

In 1806, Congress allotted funds for the national road, the first federally funded road. It stretched from Cumberland, MD to, eventually, southern Illinois.

Source: [http://amhistory.si.edu/onthemove/themes/story\\_47\\_1.html](http://amhistory.si.edu/onthemove/themes/story_47_1.html)



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# The Council's Committees

The West Virginia Infrastructure and Jobs Development Council is made up of four committees:

#### Sewer and Water Technical Review Committees

Comprised of four member agency heads, these conduct all technical reviews of applications and provide written comments and recommendations to the council for each application.

#### Funding Committee

This committee meets in advance of the full council meeting on a monthly basis and reviews applications and their proposed funding packages. They either approve or make modifications to the packages.

#### Consolidation Committee

Meeting on an as-needed basis, this committee reviews multiple applications that may have competing or overlapping scopes of work and applications that may benefit from consolidation with another project.



In its second role, the council funds projects using its own infrastructure fund. According to Ellars, the three basic sources of income for the fund are from excess video lottery proceeds, income from investment earnings and interest paid on outstanding loans. The council also provides funding for economic development projects that are eligible under the statutory definition. These projects follow a different application process, with applications first being submitted to the West Virginia Development Office.

Executive Director of Region IV Planning and Development Council W.D. Smith worked closely with the council during its formation and has worked with the IJDC to obtain funding for

water and sewer projects in his region, which includes Nicholas, Fayette, Webster, Greenbrier and Pocahontas counties. "Prior to the council, cities and towns would have to find funding, which typically meant hunting for a grant," says Smith. "The legislation determined that there needed to be a better way, which led to this more comprehensive and formal approach for communities to plan and develop their public works."

"Six state agencies make up half of the voting members of the council," says Ellars. "The others mentioned in the law are either advisory, nonvoting members or invitees to the council's public meetings." By statute, the council invites two federal funding agencies to each meeting: the Rural Utilities Service of the U.S. Department of Agriculture and the U.S. Army Corp of Engineers.

The IJDC cannot direct federal agencies on how to use their funds, but applicants will often utilize a federal agency for funding part of a project, which will be a part of the funding package put together by the council.

Applications are submitted by project sponsors, which is now a completely Web-based process. The council reviews a project application and decides on its approval or rejection based on the scope of the project, the project's estimated cost and the proposed funding sources that will finance the project. Once the application is filed, the council's funding committee will meet to discuss and make a recommendation to the voting members of the council with regard to each application. It is important for applicants to attend these funding committee meetings. Being present allows the applicant to address any concerns that may arise.

After the application is approved, often with modifications, the council expects the project to begin preparation for construction. "The council does not provide a binding commitment of funds until the project is ready to proceed to construction," says Ellars. This is important for applicants to note in advance to ensure their filing and funding process goes smoothly.

When reviewing applications, the council also considers the applicant's resources in an effort to provide approval and funding in the most beneficial manner. "They look at user rates of utilities and try to level the playing field," says Smith. "Some communities are paying a lot more for their services. Where rates are extremely high, the council works to give those people more opportunities for lower rates and grants. They are working to give better deals to the communities that need them."

Because of the decrease in available grant dollars, low-interest loans are becoming a more common way of funding utility projects. What the council is able to do for applicants is provide these loans at below-market interest rates through government agencies rather than approaching banking establishments, which can't provide funding on the same terms.

"Everyone in my region, from large areas to a community with a population of eight, has accessed the infrastructure council," says Smith. "In general, it has been a good thing. It brings continuity to the system, and we're seeing funds spread out to those communities that really need it."

Between the council itself and other funding agencies, approximately \$224 million was committed to water and sewer projects that had not yet proceeded to construction in 2013. The infrastructure council made up approximately \$53 million of those binding commitments. ■



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