

**CONNECTICUT DEPARTMENT OF PUBLIC HEALTH
PRIORITY RANKING SYSTEM FOR PROJECTS
ELIGIBILITY FOR DRINKING WATER STATE REVOLVING FUND (DWSRF) FUNDING**
(Revised 2/25/10)

INTRODUCTION:

The statutory authority for establishing the Drinking Water State Revolving Fund (DWSRF) is embodied in the Connecticut General Statutes (CGS) Sections 22a-475 to 22a-483 inclusive. The Connecticut Department of Public Health (DPH) shall establish and maintain a priority list of eligible drinking water projects and shall establish a system setting the priority for making project loans to eligible public water systems (PWS). In establishing such priority list and ranking system, the Commissioner of DPH shall consider all factors which he deems relevant, including but not limited to the following:

1. The public health and safety;
2. Protection of environmental resources;
3. Population affected;
4. Risk to human health;
5. PWS most in need on a per household basis according to applicable state affordability criteria;
6. compliance with the applicable requirements of the federal Safe Drinking Water Act (SDWA) and other related federal acts;
7. Applicable state and federal regulations.
8. Consistency with the plan of conservation and development;
9. Consistency with the policies delineated in Section 22a-380;
10. Consistency with the coordinated water system plan in accordance with subsection (f) of Section 25-33d.”

The ranking system used to prepare the priority list of eligible drinking water projects is delineated in this document.

ELIGIBILITY FOR DWSRF LOANS

Project eligibility applications must be submitted by the deadline specified in the annual Call for Projects announcement issued. Applications must include sufficient technical documentation, data, reports, certifications, etc. for the DWS to make a determination on project eligibility. Incomplete or inadequate information may result in a determination that the project is not eligible or affect its ranking. The DPH will utilize the State and Federal regulations and drinking water industry standards in evaluating projects for eligible funding.

The following public water systems are **NOT** eligible for assistance:

1. Federally-owned public water systems and for profit non-community water systems.
2. Systems that lack the technical, financial and managerial capability to ensure compliance with the requirements of the SDWA unless assistance will ensure compliance and the owner or operators of the systems agree to undertake feasible and appropriate changes in operations to ensure compliance over the long term.

3. Systems that are in significant noncompliance with any national primary drinking water regulation or variance unless assistance will ensure compliance.

The following projects and costs are **NOT** eligible for assistance:

1. Dams or rehabilitation of dams
2. Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy
3. Reservoirs or rehabilitation of reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located
4. Projects needed primarily for fire protection
5. Projects needed primarily to serve future growth
6. Projects that have received assistance under the national set-aside for Indian Tribes and Alaska Native Villages pursuant to section 1452(i) of the Act
7. Cost of laboratory fees for routine monitoring
8. Cost of operation and maintenance expenses

SUBSIDIZATION

The DPH may provide subsidization to eligible projects in the form of principal forgiveness to the extent allowed by Federal law. The amounts of subsidization, if available, and method of distributing such subsidies will be determined annually as a percentage of total financial assistance a qualifying project receives from the DWSRF.

INTENDED USE PLAN (IUP)

Annually the DPH will also prepare an Intended Use Plan (IUP) that identifies how the State intends to use available DWSRF funds. The IUP will be submitted to the U.S. Environmental Protection Agency (EPA) as part of the DPH's annual capitalization grant application for DWSRF funds. The IUP will identify the ranked eligible projects in a priority list and will include specific detail on how the State intends to use set-aside funds designated under the DWSRF program.

PRIORITY RANKING SYSTEM

Each year the DPH will solicit planning, design, and construction projects from community water systems, both privately and publicly owned, and non-profit, non-community water systems for funding under the DWSRF program.

DPH may fund planning and design projects which may lead to construction projects. Planning and design projects will be included in the ranked priority list and will be given ranking points in accordance with the appropriate activity that the project intends to address (e.g. treatment would get points for addressing various water quality problems). DPH may also fund planning and/or feasibility studies.

In developing the ranking system, the DPH has made quality and adequate quantity of drinking water the highest priority in an effort to provide maximum public health benefits. Regulatory compliance with water quality standards and adequate quantity of drinking water are given the highest points within the ranking system. Projects which are planned to address/resolve a quality

or quantity regulatory violation will not receive additional points in the Proactive Infrastructure category.

This approach is consistent with the SDWA Amendments of 1996, which indicate that the IUP shall provide, to the maximum extent practicable, priority for the use of funds be given to projects that:

- addresses the most serious risk to human health;
- are necessary to ensure compliance with the requirements of the SDWA including requirements for filtration; and
- assist systems most in need on a per household basis according to state affordability criteria.

Connecticut's ranking process capitalizes on the SDWA by ensuring that all projects are reviewed from the perspective of risk to health and compliance with regulations. Connecticut's DWSRF priority ranking system assigns criteria points for each project deemed eligible for funding. The eight major point categories are as follows: Category I (Quality) deals with various water quality risks while Category II (Quantity) deals with the need to maintain adequate supply so that lack of pressure does not create health risks by introducing contamination from the distribution system. Category III (Acquisition/Transfer) allows water systems to be restructured financially, managerially or technically so that they operate in compliance with State and Federal regulations. Categories IV (Proactive Infrastructure) and V (Water System Protection) allow for improvements in source, treatment and distribution to achieve long term infrastructure sustainability so that health risks from infrastructure failure are averted. Category VI (Affordability) awards an additional 10 points to those systems having projects in towns where the Median Household Income is less than 80% of the State's average, based on data from the most recent Census. Category VII (Green Project Reserve) awards points to projects that incorporate "green" components and Category VIII awards points to projects that will address Significant Deficiencies under the Ground Water Rule.

The SDWA Amendments of 1996 also requires that, to the extent that there are sufficient number of eligible project applications, not less than 15% of the available funding shall be dedicated to small systems serving less than or equal to a population of 10,000. An applicant's population will be determined on the combined population of the parent PWS which will include the population of all of its individually owned PWSs.

Each fiscal year DPH will compile only one comprehensive priority list of ranked projects for the IUP. This list will identify which projects are expected to receive funding for the given year. The list may include planning, design, and construction projects. Some projects may include planning, design and construction elements (i.e. multi-phase projects). For multi-phase projects, the DPH will only include the portions of the project that can be completed during the annual DWSRF funding cycle. The non-funded phases will be eligible for DWSRF assistance in future years.

For federal fiscal year (FFY) 2010, additional program requirements have been implemented. The Federal FFY2010 Appropriations Bill (House Resolution 2996) has set additional specific requirements for all DWSRF programs. One requirement is that to the extent that there are sufficient eligible project applications, not less of 20% of the FFY2010 capitalization grant is to be made available for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities..

There will be 4 factors taken into consideration when compiling the final draft comprehensive priority list. Those factors are:

1. The total numerical points assigned to a project which is arrived at by tallying points from each of the 6 priority point categories.
2. A PWS's readiness to proceed with the activities they have requested funding for during the annual DWSRF funding cycle.
3. To the extent that there are sufficient eligible project applications, not less than 15% of the available funding shall be dedicated to small systems serving less than or equal to a population of 10,000.
4. To the extent that there are sufficient eligible project applications, not less than 20% of the FFY2010 capitalization grant shall be dedicated to projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

Every project submitted to DPH will be identified by the PWS identification number utilized by the State and Federal Government for the inventory of PWS, and other identifiers to note the FFY and differentiate it from other projects submitted by the same PWS. Unless otherwise justified to DPH, the population number the DPH currently has on inventory for that water system will determine which population category the project falls under.

ELEMENTS FOR ESTABLISHING THE PRIORITY POINTS ASSIGNED TO DWSRF PROJECTS:

The following Categories describe in detail the elements involved in assigning priority points to eligible projects.

- I. **Quality:** Violations of Water Quality are divided into five subcategories:
 - A. **Immediate:** Water quality violations requiring immediate action include surface water treatment rule violations and acute microbiological and inorganic chemical Maximum Contaminant Level (MCL) violations. These violations pose health risks which must be brought into compliance expeditiously.
 - B. **Long-term:** Violations of water quality which have health risk ramifications over extended periods of time include the following subcategories: non-acute inorganic chemical, pesticides, herbicides, PCB's, organic chemicals and radioactivity and treatment technique's (e.g. fluoride, chlorine residual, and phosphates). Violations sufficiently severe as to present acute health risks may be elevated to Category I A. Sodium exceedence is a Notification process and is not a MCL.
 - C. **Goals:** Include water quality parameters for which DPH has determined a health risk exists even though the parameter is not yet regulated. For these parameters DPH has set formal action levels prior to development of a federal regulation. This category also includes a preventative measure by allowing ranking points for systems which have not exceeded MCL's but nonetheless have determined that steps are necessary to reduce human exposure and risk associated with a water quality concentration that is elevated and approaching an MCL.
 - D. **Physical:** The physical element of the water quality category allows points for parameters that are primarily deemed aesthetic/physical rather than having significant health ramifications.
 - E. **Private wells:** Wells that are currently not being served by a PWS yet are experiencing contamination which may cause the private well to violate Public Health Code Section 19-13-B101, can be assigned ranking points, if the solution is to extend water service to the affected wells from the applicant's public water supply.

- II. Quantity:** The quantity category includes violations for quantity of supply deficiencies and problems where the water system is unable to sustain the adequacy of water as prescribed by the PHC including: source deficit, system capacity deficits, lack of source (production) meters, pressure violations, and supply deficiencies including insufficient margin of safety.

Source deficit or insufficient margin of safety recognizes that new source development is necessary now to comply with Section 19-13-B102(o) of the Public Health Code. Whole system capacity deficit refers to the issue that the PWS cannot meet projected or anticipated demands which have been approved by the DPH under a currently acceptable process to comply with Section 19-13-B102(p) of the Public Health Code.

Source development recognizes that the PWS needs to develop additional supplies to augment and/or replace existing sources. This effort may be a result of providing alternative supplies for emergencies and /or carrying out sound engineering practices.

Implementation of conservation measures is also given ranking credits. This recognizes conservation as an effective means for efficient utilization of drinking water sources for both supply and demand.

Connecticut has always considered quantity a very important issue which has health implications. Inadequate supply translates to poor or inadequate pressure which can lead to back siphonage and potential contamination of the water distribution. Even with active cross connection programs to correct the possibility of contamination, lack of pressure may result in accidental contamination events.

- III. Acquisition/Transfer and Consolidation:** Acquisition ranking points gives acquiring systems additional points for projects which include acquisition of other systems. Acquisitions can be by direct interconnections or satellite ownership (own and operate smaller public water systems).

Interconnection of PWSs in general is prudent. When two PWSs interconnect yet there is no acquisition or transfer, then the applicant (PWS) may also receive priority point for the consolidation of systems.

- IV. Proactive Infrastructure Upgrades:** Proactive or elective infrastructure upgrades include upgrades to physical facilities that have or shortly will have served their useful life span, or the construction of new and more efficient facilities. In many cases, these facilities need replacement and/or major reconstruction even though their condition has not resulted in a violation. These types of facilities include but are not limited to:

- treatment facilities
- pumping facilities
- water main replacement/improvement projects
- treatment residuals management
- storage tank repair/replacement projects
- source development
- inter-connection of two or more existing public water systems through water main extensions (not intended for system growth)
- system automation
- posting, fencing and other security measures

- water main extensions to existing private wells with public health concerns

V. Water System Protection: Water system protection projects reinforce protective measures necessary to ensure the safe delivery of drinking water. These measures must be directly related to a construction project being funded by the DWSRF. The protection measures include:

- purchase of land expressly needed for the new source(s) as to what is needed to construct treatment facilities, or pumping stations, etc.
- implementation of Best Management Practices (BMPs) on watersheds
- source distribution violations of the PHC to address well construction violations and/or other violations that are not included in other categories. A partial list of types of violations are as follows:
 - casing extension
 - eliminate surface ponding around wellhead
 - pitless adapters
 - well repairs/replacement
 - well seal replacement
 - storage tank ventilation
 - storage tank protection
 - cross-connection, etc.
- other source protection improvements including activities that are associated with construction projects. In order to improve source protection, activities like the removal of septic systems, prevention of spillage by diverting drainage, etc. can be utilized

VI. Affordability: A PWS may receive additional points for undertaking projects in towns where the Median Household Income (MHI) is less than 80% of the State's average MHI as determined by the most recent census. The following towns currently qualify under this category: Ansonia, Bridgeport, East Hartford, Hartford, Killingly, New Britain, New Haven, New London, North Canaan, Norwich, Plainfield, Putnam, Sprague, Torrington, Waterbury, West Haven, and Windham.

VII. Green Project Reserve: Green projects include those that promote green infrastructure and energy or water efficiency, as well as projects that demonstrate new or innovative ways to manage water resources in a sustainable way. Priority points will be assigned to eligible projects where sufficient documentation has demonstrated that the project achieves identifiable and substantial benefits that qualify as green project benefits. The assignment of these points is subject to DPH review and approval of the justification and based on the percentage of the eligible DWSRF project determined to be "green". A "business case" is required of all green project applications, including supporting documentation of how the project or portion of the project achieves green project benefits.

VIII. Ground Water Rule: Projects in this category will correct a "Significant Deficiency", as referenced in the DPH DWS "Significant Deficiencies Guidance Document". If a "Significant Deficiency" condition exists, but has not yet been documented by DPH, sufficient justification must be submitted to warrant these points. The assignment of these points is subject to DPH review and approval of the justification and based on the percentage of the eligible DWSRF project determined to result in the correct of a Ground Water Rule deficiency..

TOTAL POINTS AND TIE-BREAKERS

The total numeric score for a project is determined by summing the points from each of the 8 categories above. In circumstances where more than one project has an equivalent ranking score, the following tiered approach will be implemented to break the tie:

1. The size of the population served by the project; the project with the larger population served will be given preference.
2. The percentage of total system population served by the project; the project serving a higher percentage of the overall system population will be given preference.
3. The size of the total population served by the system applicant; the system with the larger population will be given preference.

If two or more projects remained tied after implementation of tie-breaker #1, then #2 will be applied. If two or more projects remain tied after implementation of tie-breakers #1 & #2, then #3 will be applied.

The DWSRF Eligibility Application provides details of the point values that are available for specific elements under each of the 8 categories.

READINESS TO PROCEED & BY-PASS PROCEDURE

Only those elements (planning, design, construction) of eligible projects that can result in executed contracts and DWSRF loan agreements within the current FFY2009 and FFY2010 funding cycle may receive funding during that cycle. Elements of eligible projects that cannot result in executed contracts and DWSRF loan agreements will be eligible to receive funding in future funding cycles. The criteria used to determine readiness is included in the Eligibility Application.

If for some reason a project is not ready to proceed in a timely fashion, the DPH may by-pass that project and select the next highest ranked eligible project for funding based on that PWS's ability to initiate the project as well as on its completion period. A project may also be by-passed if the applicant has withdrawn its application. This By-Pass process is necessary to ensure that available DWSRF funds will be disbursed in a timely fashion.

EMERGENCY BY-PASS PROCEDURE

The DPH Commissioner with the concurrence of the Commissioner of the Department of Environmental Protection may make a project loan or loans with respect to an eligible drinking water project without regard to the priority list of eligible drinking water projects if a public drinking water supply emergency exists, pursuant to Connecticut General Statute Sec 25-32(b), which requires that the eligible drinking water project be undertaken to protect the public health and safety. In such cases of unexpected public drinking water supply emergencies which develop into severe public health risk, there may be a need to by-pass projects ranked on the project priority list.