

Drinking Water State Revolving Fund Hearing Report SFY 2019

State Of Connecticut
Department Of Public Health



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I. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Pub. L. 104– 182) authorized the creation of the Drinking Water State Revolving Fund (DWSRF) program. The purpose of the DWSRF program is to assist public water systems (PWS) in financing the costs of infrastructure necessary to achieve or maintain compliance with SDWA requirements and to protect public health.

Each year, pursuant to the SDWA, the U.S. Environmental Protection Agency (EPA) awards capitalization grants to the states for their DWSRF programs, which includes loans and other assistance to PWSs for design, planning and construction projects. Under the SDWA, each state is required to provide matching funds of at least 20 percent of the state's federal capitalization grant (state matching funds).

To access the funds, each state is required to submit a capitalization grant application to EPA. As part of the application, each state is required to include an annual Intended Use Plan (IUP), which describes how the state intends to use available funds. In the state of Connecticut, the Department of Public Health (Department) is the agency responsible for submitting the capitalization grant application to EPA and administering the state of Connecticut's DWSRF program.

In federal fiscal year (FFY) 2018, Congress appropriated \$1,136,667,000 to EPA for the national DWSRF program. Of this amount, EPA disbursed \$1,110,734,000 to the states based on their statewide needs assessment. The state of Connecticut will receive 1% of the disbursement or \$11,107,000 from EPA to fund design, planning and construction projects, as well as to fund set-aside activities. The state of Connecticut has approximately \$218,000,000 available for DWSRF projects during state fiscal year (SFY) 2019 (July 1, 2018, through June 30, 2019), which amount includes the federal funds received, the state matching funds, loan repayments, interest and leveraged financing. The FFY 2018 federal capitalization grant requires the Department to use 20% or \$2,221,400 of the grant to subsidize drinking water projects, which the Department intends to use to subsidize projects in the form of loan "principal forgiveness" during SFY 2019.

On January 25, 2018, the Department issued a Call for Projects for SFY 2019 and DWS Circular Letter #2018-03 to eligible PWSs to determine the statewide DWSRF funding needs and required that PWSs submit project eligibility applications to the Department not later than March 30, 2018. *See Attachment A.1.* In response to such Call for Projects, the Department received project eligibility applications requesting financial assistance from the DWSRF for 10 infrastructure projects totaling approximately \$25 million in project costs. All 10 of these applications were determined to be eligible for DWSRF funding.

The Department ranked all eligible drinking water projects in accordance with the priority ranking system (PRS) provided in the Call for Projects. The Department placed those eligible drinking water projects that the Department determined were ready to proceed during SFY 2019 on the Draft IUP's SFY 2019 Fundable Project Priority List (PPL). The Department placed those projects that were determined not ready to proceed during SFY 2019 on the Draft IUP's Comprehensive Project List. *See Attachment A.2.*

II. Statutory and Administrative Requirements

In accordance with 40 CFR 35.3555(b) and § 22a-482-1(c)(4) of the Regulations of Connecticut State Agencies, the Department issued a Notice of Public Hearing, which provided notice that the Draft SFY 2019 IUP, which included the Draft SFY 2019 PPL, was available for public review and that it would hold a public comment hearing and accept written comments on such Draft SFY 2019 IUP prior to finalization. *See* Attachment A.4. The public comment period began on May 25, 2018 and ended on July 2, 2018. The Notice of Public Hearing appeared in the Hartford Courant, New Haven Register, and Waterbury Republican-American on May 25, 2018, and the La Voz Hispana and the Northeast News Today on May 31, 2018. In addition, on June 4, 2018, the Department emailed DWS Circular Letter #2018-16 dated May 29, 2018, which provided notification that the Draft SFY 2019 IUP was available for public review and that the Department would hold a public comment hearing and accept written comments on such Draft IUP, to all PWSs that submitted an eligibility application to the Department in response to the Call for Projects for SFY 2019, all municipal Chief Elected Officials, all certified operators of PWS and all other administrative officials of PWSs that are eligible to receive DWSRF loans. *See* Attachment A.5. Notification was also placed on the Secretary of the State's website under "State Agency Public Meeting Calendar" on June 7, 2018. Pursuant to such Notice, the Department held a public comment hearing on June 28, 2018, at the Department of Public Health, 470 Capitol Avenue, Conference Room A/B, in Hartford, Connecticut and accepted written comments until July 2, 2018, at 4:30 PM. At the June 28, 2018 public comment hearing, 3 people provided oral testimony. In addition, the Department received 3 letters of testimony at or before 4:30 PM on July 2, 2018.

Oral comments were provided at the public comment hearing by the following persons. A transcript of the public hearing is in Attachment A.6.

Ms. Susan Negrelli, Metropolitan District Commission
Mr. Craig Patla, Connecticut Water Company
Ms. Tiffany Lufkin, South Central Regional Water Authority

Written comments, which are in Attachment A.7.a through A.7.c, were received from the following persons or entities:

Mr. Patrick Kearney, Manchester Water Department
Ms. Rose M. Gavrilovic, South Central Connecticut Regional Water Authority
Mr. Josh Cansler, Southeastern Connecticut Water Authority

III. Summary of Comments and Responses

Following the conclusion of the public comment hearing and written comment period, pursuant to 40 CFR 35.3555(b) and § 22a-482-1(c)(4) of the Regulations of the Connecticut State Agencies, the Commissioner of Public Health (Commissioner) is required to consider all oral and written testimony received by the Department and may elect to modify the draft SFY 2019 IUP, including the draft SFY 2019 PPL, on the basis of such testimony. The Commissioner is also required to indicate his reasons for accepting or rejecting any suggested revisions as part of the hearing record. Following the consideration of the testimony received and notice of any changes to the draft SFY 2019 IUP, as noticed within this hearing report, it shall be deemed final. After finalization, the Commissioner is authorized to make minor revisions to the SFY 2019 PPL under § 22a-482-1(c)(5) of the Regulations of Connecticut State Agencies if such revisions are not considered significant.

The following are summaries of the oral testimony provided at the June 28, 2018 public comment hearing and the written testimony received by the Department at or before 4:30 PM on July 2, 2018. The Department's responses to these testimonies are provided in the second paragraph of each.

A. Susan Negrelli (oral testimony June 28, 2018)

Ms. Negrelli's testimony, which she provided on behalf of the Metropolitan District Commission (MDC), is in Attachment A, Exhibit 5. Ms. Negrelli did not request any revisions to Draft SFY 2019 IUP. In her testimony, Ms. Negrelli described the MDC's water production, service area characteristics, and major infrastructure assets, including the age and condition of such assets. Ms. Negrelli also spoke about the MDC's asset management plan for their water distribution system and the need for more work to be done to improve the MDC's water infrastructure. Ms. Negrelli expressed support for continued and increased funding for the DWSRF Program.

The Department commends the MDC on their asset management planning efforts and recognizes the importance of these programs as a foundation for infrastructure sustainability. The Department thanks Ms. Negrelli for attending the hearing and for her testimony on behalf of the MDC. The Department has determined that no revisions to the draft SFY 2019 IUP are necessary as a result of Ms. Negrelli's testimony.

B. Craig Patla, Connecticut Water Company (oral testimony June 28, 2018)

Mr. Patla's testimony, which he provided on behalf of Connecticut Water Company (CWC), is in Attachment A, Exhibit 5. Mr. Patla expressed opposition to CWC's preclusion from participation in the Public Water System Improvement Program because CWC is a private water company. Mr. Patla spoke of CWC's efforts to provide safe and affordable water to many of the Connecticut communities that they serve and that it is unfair to these communities to deny them access to public monies that are available to other communities.

The Department thanks Mr. Patla for attending the hearing and for his testimony on behalf of CWC. Since CGS Section 22a-483f excludes all public service companies from receiving grants-in-aid from the Public Water System Improvement Program, and CWC is a public service company, no revisions can be made to the draft SFY 2019 IUP. The Department does, however, plan to look into the exclusion of public service companies in CGS Section 22a-483f and opportunities to provide grants-in-aid for projects in communities served by such public service companies.

C. Tiffany Lufkin, South Central Connecticut Regional Water Authority (oral testimony June 28, 2018)

Ms. Lufkin's testimony, which she provided on behalf of South Central Connecticut Regional Water Authority (SCCRWA), is in Attachment A, Exhibit 5. Ms. Lufkin orally read a letter from Rose M. Gavrilovic to Cameron Walden, Supervising Sanitary Engineer of the Department, and dated June 28, 2018. In her testimony, Ms. Lufkin explained SCCRWA's mission to provide the highest quality water to their customers at a reasonable cost. She further explained the savings that SCRWA has been able to achieve through the DWSRF Program over other traditional financing alternatives. It has provided them with the ability to undertake additional capital improvement projects. The testimony also relayed SCCRWA's appreciation of the Department's staff in the Drinking Water Section assistance to them in complying with DWSRF requirements, particularly on-site assistance,

and their commitment to continue partnering with the Department through the DWSRF Program to finance additional projects in the future.

The Department appreciates SCCRWA's commitment to the DWSRF program and is equally committed to the partnership that has been formed under this program over recent years. The Department will continue to provide the best customer service possible to our borrowers to assist them in understanding and complying with all of the state and federal requirements that go along with DWSRF funding. The Department thanks Ms. Lufkin for attending the hearing and for the testimony on behalf of SCCRWA. The Department has determined that no revisions to the draft SFY 2019 IUP are necessary as a result of SCCRWA's testimony.

D. Patrick Kearney, Manchester Water Department (written testimony dated June 27, 2018)

Mr. Kearney's testimony, which he provided on behalf of Manchester Water Department (MWD), is in Attachment A, Exhibit 7.a. In Mr. Kearney's written testimony, he explained the efforts that MWD has undertaken to assist residents with private wells in the Town of Glastonbury that have high levels of Uranium in them. Mr. Kearney requested that MWD be allowed to expand their current DWSRF "Stove Pipe Replacement – Misc. Areas" project that appears on the DWSRF Carryover List in Appendix E to the draft SFY 2019 IUP to include the water main extension and associated water service connections to the properties in the Town of Glastonbury impacted by high Uranium levels in their groundwater.

The Department thanks Mr. Kearney for his testimony on behalf of MWD and thanks MWD for the assistance they have offered to the Town of Glastonbury and their residents to address this important matter of public health protection. Since the water main extension in Glastonbury is outside of the scope of work submitted in MWD's original eligibility application, the Department intends to amend the SFY 2019 annual IUP immediately upon finalization to add this additional project to the SFY 2019 Comprehensive Project List in accordance with Section IV.C. of the IUP. Following the public comment period, and assuming no comments or concerns are raised regarding the addition of this project to the SFY 2019 Comprehensive Project List, the Department hopes to make DWSRF funding available to MWD to undertake this important public health project. The Department greatly appreciates the work of the MWD, the Town of Glastonbury and the residents of Glastonbury that are wishing to quickly address this public health issue.

Please note that the Department plans to look into streamlining the DWSRF funding process when there are more immediate public health issues, such as the one in the Town of Glastonbury. It recognizes that when there are immediate public health issues, time is of the essence.

E. Rose M. Gavrilovic, South Central Connecticut Regional Water Authority (written testimony dated June 28, 2018)

Ms. Gavrilovic's testimony, which she provided on behalf of SCCRWA, is the same as Ms. Lufkin's testimony in Paragraph C above and is in Attachment A, Exhibit 7.b.

F. Josh Cansler, Southeastern Connecticut Water Authority (written testimony dated July 2, 2018)

Mr. Cansler's testimony, which he provided on behalf of Southeastern Connecticut Water Authority (SCWA), is in Attachment A, Exhibit 7.c. Mr. Cansler's testimony included information to support the inclusion of SCWA Montville Division's "Interconnection with SCWA – Seven Oaks Division" project on the draft Carryover List in Appendix E of the draft SFY 2019 IUP. The testimony

included information from Part 1 of the Financial Assistance Application, which was submitted to the Department by SCWA for that project in January 2018 that states the design of that project would start in late calendar year 2018 and construction would take place during 2019. Mr. Cansler's testimony also included a DWSRF PLANNING/DESIGN PHASE UPDATED PROJECT SCHEDULE and a DWSRF CONSTRUCTION PHASE UPDATED PROJECT SCHEDULE, which supported that the project would be fully designed and put out for construction contract bidding during SFY 2019. Mr. Cansler requested on behalf of SCWA that the Department revise the draft Carryover List in Attachment E of the draft SFY 2019 IUP to add their Montville Division's "Interconnection with SCWA – Seven Oaks Division" project.

The Department thanks Mr. Cansler for his testimony on behalf of SCWA. SCWA Montville Division's "Interconnection with SCWA – Seven Oaks Division" project did appear on the finalized SFY 2018 Fundable Project Priority List in Attachment F to the final SFY 2018 IUP and was eligible to be included on the SFY 2019 IUP's Carryover List. After careful consideration of Mr. Cansler's testimony, and upon further review of SCWA's Financial Assistance Application Part 1 submitted to the Department on January 31, 2018, the Department has determined that SCWA has adequately documented that their project will be ready for DWSRF funding for the project's design in the fall of 2018 and will be ready for construction bidding in the spring of 2019. Since both of these activities are expected to occur prior to the end of SFY 2019, the Department has included the SCWA Montville Division's "Interconnection with SCWA – Seven Oaks Division" project in the amount of \$369,050 on the final Carryover List in Attachment E to the final SFY 2019 IUP. The Department has further determined that this change will not reduce funding for any other public water systems with projects appearing on the draft Carryover List or draft SFY 2019 Fundable Project Priority List, provided as Attachments E and F, respectively, to the draft SFY 2019 IUP.

IV. Summary of Changes Made to the Draft SFY 2019 IUP

The Department is making changes to the Draft SFY 2018 IUP as a result of the written testimony provided by Patrick Kearney of MWD on June 27, 2018 and provided by Josh Cansler of SCWA on July 2, 2018. These changes are summarized below:

A. Attachment E: Carryover List.

SCWA Montville Division's "Interconnection with SCWA – Seven Oaks Division" project has been added to the final Carryover List in the amount of \$369,050. The funding amount associated with this change has been incorporated at other appropriate locations throughout the final SFY 2019 IUP.

The Department is also making additional changes based on additional information obtained or discovered by the Department since the draft SFY 2019 IUP was published on May 25, 2018, as detailed below.

B. Section I.A. State of Connecticut's Drinking Water State Revolving Fund

This section was updated to reflect the actual FFY 2018 capitalization grant amount that the Department will be receiving from the EPA in SFY 2019, as well as the actual amount of the national allocation of DWSRF funds to the states. At the time the draft SFY 2019 IUP was finalized for publishing, these amounts were estimated amounts due to the fact that the EPA had not published final amounts. On May 22, 2018, the EPA published the final amounts, which are now included in the final SFY 2019 IUP. These final amounts are slightly lower than the estimated amounts due to

post appropriation rescissions, but will not have any impact on the Department's DWSRF funding availability for eligible drinking water projects during SFY 2019.

The final FFY 2018 capitalization grant amount that the Department will receive from the EPA has also been updated at other appropriate locations throughout the finalized SFY 2019 IUP to reflect this change.

C. Section I.B. What's New for SFY 2019? and Section IV.B Capacity Assessments

These sections were updated to reflect the passage of Public Act 18-168, Section 61, that was previously listed as House Bill #5163, Section 520, in the Draft SFY 2019 IUP. This Act requires that all community water systems serving at least twenty-five, but not more than one thousand, year-round residents have fiscal and asset management plans no later than January 1, 2021.

D. Section IV. C. Projects Expected to be Funded

This section was updated to reflect the changes that were made to the draft SFY 2019 IUP identified in Sections IV.A. and IV.M. of this report and also to reflect updated project costs that the Department has obtained through June 30, 2018.

E. Section IV.D. Small System Funding

A technical correction was made to this section. The draft SFY 2018 IUP stated in paragraph 2: ***"In response to the Call for Projects, the DPH received applications for 4 eligible small system projects, including 2 EPGP projects, totaling approximately \$663,750 in eligible project costs."*** The total amount of \$663,750 included a fifth project for the Town of Bethel. Bethel's project, which was identified on the draft SFY 2019 Fundable Project Priority List as "SCADA upgrades" in the amount of \$383,000, was previously submitted during the Call for Projects for SFY 2018 and was rolled over to SFY 2019. This section has been revised in the finalized SFY 2019 IUP to reflect this correction.

F. Section IV.G. Additional Subsidization

The available federal subsidization for eligible drinking water projects during SFY 2019 was adjusted to reflect the change in the Department's FFY 2018 federal capitalization grant amount mentioned in Section IV.B. of this report. In addition, the **Prior Years' Federal Subsidization** portion of this section has been updated through June 30, 2018 as it was updated only through April 1, 2018, in the draft SFY 2019 IUP.

G. Section VI.B. Sources and Uses of DWSRF Funds

This section has been updated to reflect the adjusted amount of the Department's FFY 2018 federal capitalization grant amount mentioned in Section IV.B. in this report. It has also been updated to reflect recent DWSRF loan activities and project information that has occurred through June 30, 2018, which was previously updated through April 1, 2018, in the draft SFY 2019 IUP. The unliquidated obligation (ULO) amount under the **Uses** portion of this section has been updated through June 1, 2018.

H. Section IV.D. State Matching Requirement

This section has been updated to reflect the adjusted amount of the Department's FFY 2018 federal capitalization grant amount mentioned in Section IV.B. of this report.

I. Section VII. Set Aside Activities

This Section has been updated to reflect the adjusted amount of the Department's FFY 2018 federal capitalization grant amount mentioned in Section IV.B. of this report. It has also been updated to reflect activities under each set-aside account as provided in set-aside workplans required to be submitted with the Department's FFY 2018 capitalization grant application that were prepared after the draft SFY 2019 IUP was published on May 25, 2018.

J. Section IX: Public Outreach and Comment

This section has been updated to reflect the public outreach activities that have occurred since the draft SFY 2019 IUP was prepared for publishing to seek meaningful input on the final SFY 2019 IUP.

K. Attachment A: Sources and Uses of DWSRF Funds

This section has been updated to reflect:

- the adjusted amounts of set-aside funds from the Department's FFY 2018 federal capitalization grant reduction mentioned in Section IV.B. of this report; and
- recent DWSRF loans that were executed between April 1, 2018 and June 30, 2018 that were not identified in the draft SFY 2019 IUP; and
- changes identified in Section IV.A., Section IV.L. and Section IV.M. of this report; and
- changes to the estimated project costs for projects listed on the Comprehensive Project List through June 30, 2018, which was previously updated through April 1, 2018, in the draft SFY 2019 IUP.

L. Attachments C and D: Comprehensive Project Lists

The Department removed the following two projects mentioned in Section IV.A. and Section IV.M. of this report from the Comprehensive Project Lists as a result of their placement on the Carryover List in the final SFY 2019 IUP:

1. SCWA Montville Division – Interconnection with SCWA Seven Oaks Division
2. East Lyme Water Department – Advanced Metering Infrastructure

M. Attachment E: Carryover List


The Department has added the Town of East Lyme's "Advanced Metering Infrastructure" project to the Carryover List in the amount of \$3,413,575. This project was listed on the SFY 2018 Fundable Project Priority List last year. In reevaluating the Town's Financial Assistance Application that they submitted to the Department on March 6, 2018, this project is expected to be ready to proceed during SFY 2019 and was inadvertently omitted from the Carryover List in the draft SFY

2019 IUP. The funding amounts associated with this change has been incorporated at other appropriate locations throughout the final SFY 2019 IUP.

V. Final Decision

Based on the oral testimony provided at the June 28, 2018 public comment hearing and the written testimony received by the Department on or before July 2, 2018 at 4:30 PM, I hereby adopt the final SFY 2019 Annual IUP in Attachment B, which incorporates the changes discussed herein.

08/14/18
Date


Raul Pino, MD, MPH
Commissioner

Attachments

- A. Documents in the Hearing Record
 - 1. DWSRF Call for Projects Announcement and Circular Letter #2018-03 dated January 25, 2018
 - 2. Draft SFY 2019 Intended Use Plan
 - 3. Commissioner Pino's Designation of Kathryn Keenan as Hearing Officer
 - 4. DWSRF Notice of Public Hearing
 - 5. Circular Letter #2018-16 dated May 29, 2018
 - 6. Written transcript of the June 28, 2018 Public Hearing
 - 7. Written testimony received at or before 4:30 PM on July 2, 2018
 - a. June 27, 2018 Mr. Patrick Kearney, Manchester Water Department
 - b. June 28, 2018 Rose M. Gavrilovic, South Central Regional Water Authority
 - c. July 2, 2018 Josh Cansler, Southeastern Connecticut Water Authority
- B. Final SFY 2019 Annual Intended Use Plan

Attachment A

Documents in the Hearing Record

Attachment A.1.

DWSRF Call for Projects Announcement
and Circular Letter #2018-03
dated January 25, 2018



**CALL FOR PUBLIC DRINKING WATER
PROJECTS NOTICE**
CONNECTICUT DEPARTMENT OF PUBLIC HEALTH
DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM
STATE FISCAL YEAR 2019: July 1, 2018- June 30, 2019
ELIGIBLE PUBLIC WATER SYSTEMS INCLUDE:
COMMUNITY WATER SYSTEMS &
NON-PROFIT NON-COMMUNITY SYSTEMS

Do you have drinking water projects that will need funding during State Fiscal Year 2019 (July 1, 2018 to June 30, 2019)? Your project may be eligible for a low-interest loan through the Connecticut Department of Public Health's (DPH) Drinking Water State Revolving Fund (DWSRF) Program. Interest rates of these loans are at half of the market rate and borrowers have up to 20 years to repay them after their project is completed. These highly competitive terms make the DWSRF a very attractive financing option for Public Water Systems (PWSs).

The DPH may subsidize eligible projects to the extent allowed by Federal and/or State law. The amounts of subsidy will be determined annually and detailed in the DWSRF Intended Use Plan (IUP). A DWSRF loan must be executed in order to receive the subsidy. There is no penalty for early repayment of the loan.

The DWSRF is intended to be used only for improvements to existing infrastructure. The DWSRF cannot be used to finance water system expansion projects unless those projects are necessary to resolve documented public health problems. [Examples](#) of eligible drinking water projects are provided on the DWSRF website. A project must first be deemed eligible for funding and ready to proceed before the DPH can provide any offer of financing. To begin the eligibility review process, please visit our website at: www.ct.gov/dph/dwsrf and complete a [DWSRF Eligibility Application](#) for each project you wish to finance. DPH must receive all applications no later than 12:00 noon on Friday, March 30, 2018 if you wish to have your project considered for inclusion on DPH's SFY 2019 Project Priority List (PPL). Please refer to DPH Circular Letter 2018-03 regarding applications submitted after the deadline. If your project is eligible for funding, it will be ranked according to the DPH's [Priority Ranking System](#). The DPH will then prepare the PPL detailing the projects that are anticipated to receive the available funding for SFY 2019 based on their ranking and their readiness to proceed. Please provide as much detail as possible about your project when completing your eligibility application. If your project qualifies for funding you will be requested to complete a Financial Assistance Application at the appropriate time.

Emergency Power Generator Program: The DWSRF will continue to offer a program to provide subsidized loans for the purchase and/or installation of emergency power generators to operate critical drinking water infrastructure during power outages. PWSs that need to install generator systems to comply with Regulations of Connecticut State Agencies (RCSA) Section 19-13-B102(w) may benefit significantly from this program.

A streamlined DWSRF [Emergency Power Generator Program Eligibility Application](#) is available online to apply for generator projects costing less than \$100,000. Small systems in need of emergency power to operate their water systems during prolonged power outages are strongly encouraged to apply. Generator projects valued at over \$100,000 must complete the more detailed [DWSRF Eligibility Application](#) mentioned previously. The deadline for filing these applications with DPH is also no later than 12:00 noon on Friday, March 30, 2018.

For more information or to request assistance, please contact the Connecticut Department of Public Health's Drinking Water Section at (860) 509-7333 and ask for a DWSRF Program representative.

As part of the DWS's efforts to reduce the use of paper, an electronic copy of the application(s) with digital signature along with all associated documentation is required and may be sent via email to DPH.CTDWSRF@ct.gov or on a USB flash drive or CD to:

Connecticut Department of Public Health
Drinking Water Section
DWSRF Unit
410 Capitol Avenue, MS# 12DWS
P.O. Box 340308
Hartford, CT 06134-0308

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner




Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Drinking Water Section

DWS Circular Letter #2018-03

TO: Community and Non-Profit Non-Community Public Water Systems

FROM: Lori Mathieu, Public Health Section Chief, Drinking Water Section 

DATE: January 25, 2018

RE: Drinking Water State Revolving Fund (DWSRF) – Call for Projects for State Fiscal Year 2019 Financing

The Department of Public Health is announcing its call for eligible drinking water projects for potential funding through the Drinking Water State Revolving Fund (DWSRF) during State Fiscal Year (SFY) 2019. The Call for Projects notice is available on the [DPH website](#) with a deadline of **March 30, 2018** to submit Eligibility Applications for consideration for the SFY 2019 Project Priority List (PPL). The PPL details the projects that DPH is expecting to commit the available DWSRF funds to for the year. Applications received after that deadline will be assigned appropriate priority points according to the DWSF [Priority Ranking System](#) and periodically (expected to be done quarterly) added to the DPH's Comprehensive Project List (CPL). The CPL is essentially a "waiting list" for funding. Occasionally, projects on the PPL get delayed or withdrawn from funding which opens those funds up to projects on the CPL. The highest ranking project(s) on the CPL that are ready to proceed are then moved to the PPL to replace the delayed or withdrawn project(s). In the event that funding does not open up for a CPL project during the course of the year, all CPL projects will be considered for inclusion on the following year's PPL if they are ready to proceed. If you have an eligible drinking water construction project that will be ready to proceed during the period of July 1, 2018 through June 30, 2019 you are strongly encouraged to submit your application as early as possible and no later than March 30.

If you have any questions on these changes or wish to learn more about the DWSRF Program please do not hesitate to contact Cameron Walden from our DWSRF Program at (860) 509-7333.



Phone: (860) 509-7333 • Fax: (860) 509-7359
410 Capitol Avenue, MS#12DWS, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer



Attachment A.2.

Draft SFY 2019
Intended Use Plan

Drinking Water State Revolving Fund

Draft Intended Use Plan

SFY 2019

State Of Connecticut
Department Of Public Health
Drinking Water Section



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Acronyms Used in This Document:

AIS	American Iron and Steel
CAT	Capacity Assessment Tool
C&D Plan	Connecticut Plan of Conservation and Development
CFR	Code of Federal Regulations
CGS	Connecticut General Statutes
CWF	Clean Water Fund
CWS	Community Water System
CWSRF	Clean Water State Revolving Fund
DEEP	Department of Energy and Environmental Protection (CT)
DPH	Department of Public Health (CT)
DWF	Drinking Water Fund
DWINSAs	Drinking Water Infrastructure Needs Survey and Assessment
DWNIMS	Drinking Water National Information Management System
DWS	Drinking Water Section (within DPH)
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency (Federal)
EPGP	Emergency Power Generator Program
ETT	Enforcement Targeting Tool
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FR	Federal Register
GIS	Geographic Information System
IUP	Intended Use Plan
MOU	Memorandum of Understanding
NEIWPPCC	New England Interstate Water Pollution Control Commission
NEPA	National Environmental Policy Act
NTNC	Non-Transient Non-Community (Public Water System)
OA	Operating Agreement
OPM	Office of Policy and Management (CT)
OTT	Office of the State Treasurer (CT)
PBR	Project Benefits Reporting database
PER	Preliminary Engineering Report
PPL	Project Priority List
PRS	Priority Ranking System
PURA	Public Utility Regulating Authority (within CT DEEP)
PWS	Public Water System(s)
PWSID	Public Water System Identification Number
PWSS	Public Water System Supervision grant
RCSA	Regulations of Connecticut State Agencies
SBC	State Bond Commission
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
TNC	Transient Non-Community (Public Water System)
ULO	Unliquidated Obligations
USC	United States Code

I. INTRODUCTION

A. State of Connecticut's Drinking Water State Revolving Fund

In 1996, Congress passed amendments to the Safe Drinking Water Act (SDWA) establishing the Drinking Water State Revolving Fund (DWSRF). Section 1452 of the SDWA authorizes the Administrator of the United States Environmental Protection Agency (EPA) to award capitalization grants to states. The amount of each state's capitalization grant is determined as a percentage of the national congressional allocation of DWSRF funding. Each state's percentage is based on the outcome of a Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) conducted by the EPA every 4 years. The most recent DWINSA conducted in 2015 identified a \$4,017.7 billion needed investment in Connecticut to maintain its existing drinking water infrastructure over the next 20 years. This was a 12.3% increase from the \$3,578.3 billion estimated need in 2011. Connecticut currently receives 1% of the national allocation and is eligible to receive approximately \$11,359,000 from the \$1,163,233,000 appropriated by Congress for Federal Fiscal Year (FFY) 2018.

The Department of Public Health (DPH) is the primacy agency for Connecticut's drinking water program and the designated agency that is authorized to enter into capitalization grant agreements with the EPA, accept capitalization grant awards, and otherwise manage the DWSRF. This Intended Use Plan (IUP) is part of our application for the FFY 2018 Capitalization Grant. The SDWA requires that each State annually prepare an IUP to describe how the State intends to use DWSRF program funds to support the overall goals of the DWSRF program and meet the SDWA objectives. This IUP highlights the State of Connecticut's ongoing improvement of the DWSRF program and seeks to further maximize the program's resources. The DWSRF program is an essential component of Connecticut's efforts to protect public health and improve the quality and availability of water to all its citizens. The IUP communicates our plans to stakeholders who include: public water systems, the public, EPA and other state agencies.

The IUP discusses how DPH intends to utilize its allotment of FFY 2018 funds, state legislative funding authorizations, and unobligated project funds carried forward from previous IUPs during the State Fiscal Year (SFY) 2019 time period (July 1, 2018 – June 30, 2019). The available funding includes unliquidated obligations (ULO) from previous federal capitalization grants. The IUP details the short-term and long-term goals that the DPH has developed to support the overall objectives of the DWSRF program of ensuring public health protections, complying with the SDWA, ensuring affordable drinking water, and maintaining the long-term financial health of the DWSRF. The IUP also provides the financial status of the DWSRF. Finally, the IUP describes the criteria and methods that DPH will use to distribute the funds, including the ranking criteria under which the eligible projects were ranked and placed on the fundable Project Priority List and Comprehensive Project List and the procedures that allow DPH to bypass projects on the fundable Project Priority List.

During SFY 2019, the DPH will continue to focus on implementing the public health aspects of the SDWA and will work to ensure that funds move expeditiously and responsibly from the time the State of Connecticut is awarded the capitalization grant to the time the funds are awarded to projects. These efforts are instrumental in achieving the requirements of the SDWA. The DPH works closely together with other state and federal agencies to identify opportunities for funding specific projects and to coordinate funding efforts.

Connecticut has legislation enabling it to establish and operate a DWSRF program and to apply for and receive federal funds, which is contained in Connecticut General Statutes (CGS) Sections 22a-475 through 22a-483, inclusive. As the administrator of the DWSRF program for the State of

Connecticut, the DPH coordinates the activities of two different state agencies, which are the Office of the State Treasurer (OTT), the Department of Energy and Environmental Protection (DEEP), and within DEEP, the Public Utilities Regulatory Authority (PURA), with the charge of implementing certain aspects of and overseeing the DWSRF program. The DPH, DEEP, OTT, and PURA entered into a DWSRF Interagency Memorandum of Understanding (DWSRF Interagency MOU), which details the roles and responsibilities of each agency. The DWSRF Interagency MOU is an attachment to the Operating Agreement (OA) between the State of Connecticut and the EPA. The OA was filed with the EPA as part of the DPH's 1997 Capitalization Grant application and established the basic framework and procedures of the DWSRF program that are not expected to change annually.

The DPH is responsible for programmatic and fiscal administration of DWSRF projects and capitalization grant set-aside funds. The DPH processes General Obligation Bond allocation requests directly through the State Bond Commission (SBC) for any state funds used to subsidize DWSRF projects. The DPH provides the bi-annual capital budget request and the SBC Revenue Bond allocation requests for DWSRF projects to the DEEP for processing under the Clean Water Fund (CWF). The DEEP is responsible for administration of the CWF, of which the DWSRF is a sub-account. The PURA is responsible for programmatic and fiscal input for those water companies that it regulates who are requesting DWSRF funding. The OTT is responsible for the fiscal administration of all DWSRF project accounts, oversight of loans, oversight of the leveraging process through bond sales, administration of a DWSRF financial plan, and assessing the financial viability of borrowers.

Figure 1 on page 3 displays the role the IUP plays in the DWSRF funding process.

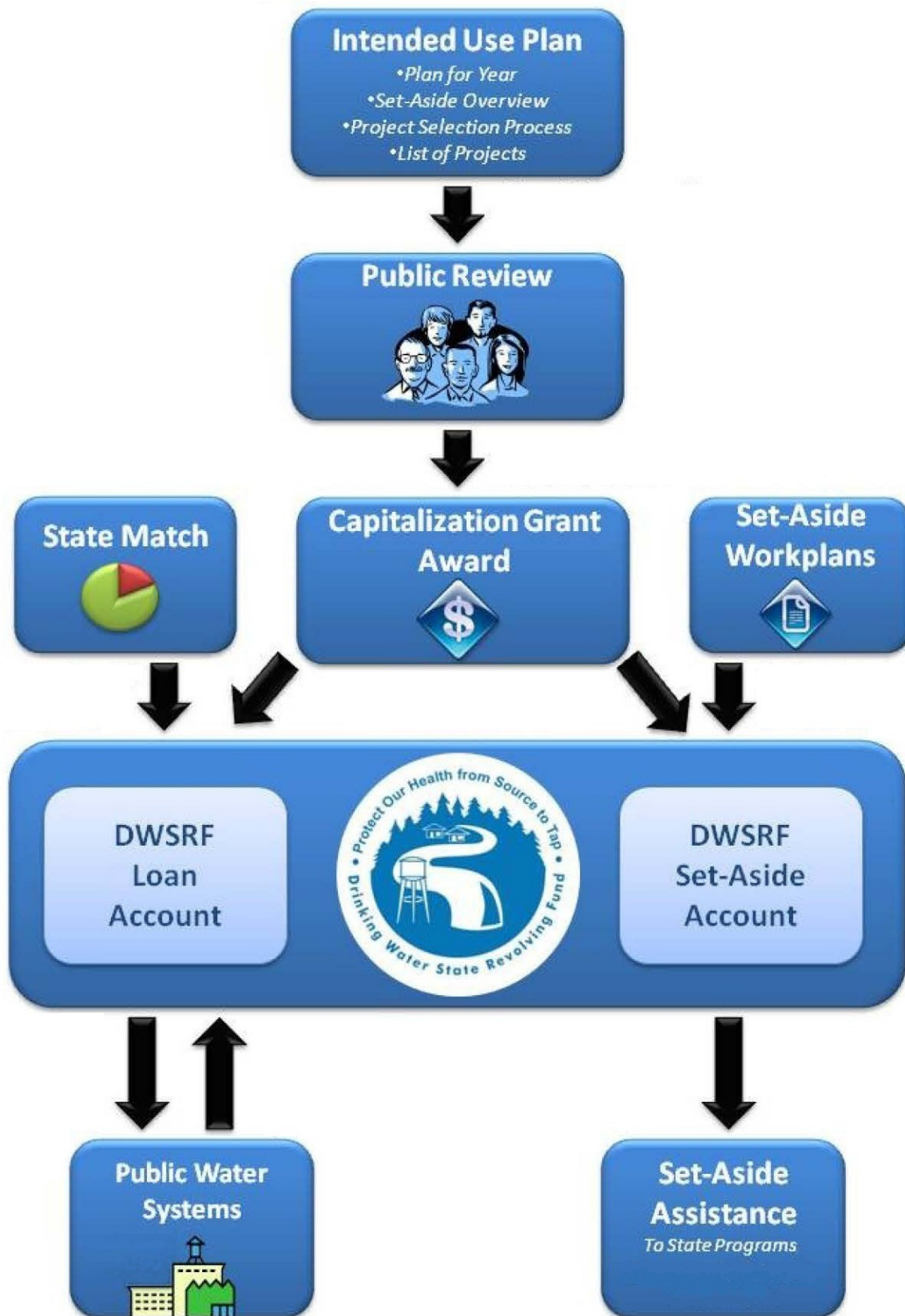
B. What's New for SFY 2019?

The federal national appropriation for the DWSRF was increased from previous years. This additional funding, coupled with the continued requirement to provide a portion as subsidization, will continue to allow the DWSRF to be an attractive option for funding drinking water infrastructure projects.

The DPH is continuing its efforts to help small water systems improve their technical, managerial, and financial (TMF) capacity. As part of this effort, and in line with the DWSRF requirement that all borrowers have sufficient overall TMF capacity, a new condition of receiving subsidization requires small systems to have a fiscal management plan, as explained in Section IV. G.

In addition, legislation (House Bill #5163, Section 520) is awaiting the Governor's signature which will implement a requirement that all community water systems serving at least twenty-five, but not more than one thousand, year-round residents have fiscal and asset management plans no later than January 1, 2021. To help these systems, the DPH is renewing its effort to build small system capacity through training has developed a strategy to address emergency preparedness for the state's community public water systems.

Figure 1 - The DWSRF Funding Process



II. STRUCTURE OF THE DWSRF

A. Eligibility for Projects for Planning, Design, and Construction

The DWSRF provides funding assistance for the planning, design, and construction of water infrastructure improvement projects to eligible PWSs, which include all community PWSs and non-profit, non-community PWSs. Projects must meet federal DWSRF eligibility requirements. Eligible projects include:

- Installation or upgrade of facilities to improve the quality of drinking water to comply with the SDWA and State drinking water regulations;
- Rehabilitation of wells or development of eligible sources to replace contaminated sources;
- Installation, rehabilitation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes;
- Installation or upgrade of eligible water storage facilities to prevent microbiological contaminants from entering a PWS;
- Interconnecting two or more public water systems;
- Creation of a new community water system to serve homes with contaminated individual drinking water sources or to consolidate existing systems into a new regional system.
- Routine capital improvement projects for drinking water infrastructure that has exceeded or is nearing the end of its useful service life.

Federal DWSRF regulations specify that funding may not be used for projects that are primarily intended to serve growth. The focus of DWSRF assistance is to ensure safe drinking water for the current PWSs population. Eligible projects may be sized to accommodate for reasonable growth during the expected life of the infrastructure. However, the State of Connecticut will not fund projects intended to serve future growth outside of reasonable expectations and remains vigilant to ensure the limited DWSRF funds available are directed to serve the existing population.

Additionally, the DWSRF may not provide assistance to any system that has an Enforcement Targeting Tool (ETT) score of 11 or greater unless DPH determines that the system will return to compliance and has an adequate level of technical, managerial and financial capability to maintain compliance.

Assistance provided to a PWS from the DWSRF program may be used only for expenditures that will facilitate compliance with national primary drinking water regulations or otherwise significantly further the public health protection objectives of the SDWA.

B. Set-Asides

The State of Connecticut will use its capitalization grant set-aside funds to provide additional support to promote and implement the State's safe drinking water efforts and for activities to assist water systems in developing enhanced capabilities for the future. Each of the set-asides is briefly explained below and additional information may be found in Section VII.

Administration - to support administrative and fiscal management of the DWSRF accounts and provide assistance to borrowers in preparing their loan applications and satisfying program requirements

Small system technical assistance - for assistance to small systems serving less than 10,000 people through state personnel or agreements with third party assistance providers

State program management – for Public Water System Supervision program support and implementation of the Operator Certification program

Local assistance and other state programs – for assistance for Capacity Development and for source water protection activities

III. DWSRF GOALS

The DPH has developed short-term and long-term goals to support the overall goals for the DWSRF program of ensuring public health protection, complying with the SDWA, ensuring affordable drinking water, and maintaining the long-term financial health of the DWSRF. The DPH is committed to continuous program improvement by assuring that program measures are tracked and achieved, fiscal oversight and coordination continues to improve, Connecticut's public water systems are continuously aware of DWSRF opportunities, the DPH's DWSRF program is adequately staffed, and the public drinking water infrastructure needs for the State of Connecticut are adequately addressed, documented and shared with the public to the greatest extent possible.

Maintaining an adequate staffing level has been identified as a critical factor in the success of the DWSRF program, and overall in the assistance and oversight provided to all public water systems by the entire DWS.

The DWSRF short-term goals are focused on continued development and implementation of all facets of the DWSRF program, including moving eligible fundable projects through the loan process to ensure that all monies are committed in a timely manner. The short-term goals as indicated below are benchmarks for measuring overall success and effectiveness of the program.

A. Short-Term Goals

1. Apply for the capitalization grant as soon as possible following notification from EPA Region 1 that applications are being accepted. Upon award, comply with the capitalization grant's terms and conditions.
2. Enter into financial assistance agreements with PWSs for projects identified in this IUP with an overall goal of committing all available project funds during the IUP period and increasing the pace of the DWSRF program.
3. Continue to implement existing DWSRF elements, including re-evaluation and improvement of the following when necessary:
 - a. Effective and efficient fiscal management of DWSRF funds;
 - b. Routine procedures for entering into project funding agreements with recipients;
 - c. Effective and efficient communications between State agencies for all components of the DWSRF program;
 - d. Improve the efficiency of review of project submittals and execution of funding agreements, where possible.
 - e. Review of the PRS, maintaining an emphasis on ready-to-proceed projects;
 - f. Responsibilities delineated in the DWSRF Interagency MOU;

- g. Routine procedures for monitoring oversight and contract compliance of DWSRF set-aside projects;
 - h. Procedures for evaluating technical and managerial capacity of DWSRF applicants and sustainability aspects of proposed projects.
4. Input project information into the DWSRF Project Benefits Reporting (PBR) and the Drinking Water National Information Management System (DWNIMS) on-line databases and continue to monitor program pace to meet or exceed national goals and measures for awarding funds in a timely manner.
5. Maintain a financing plan that secures the perpetuity of the DWSRF and meets loan demand.
6. Provide oversight, tracking, and continued implementation of the DPH's January 2013 Cash Management Plan, revision of January 2018.
7. Continue to reduce the DPH's ULOs associated with capitalization grant awards (project funds and set-asides) received from EPA and work towards achieving and maintaining EPA's ULO Objectives.
8. Maintain a robust pipeline of projects through frequent interaction with public water systems.
9. Continue to work closely with DWSRF loan applicants to ensure well-coordinated regulatory reviews and loan preparation activities.
10. Continue using a 2-year loan demand planning period to help ensure sufficient DWSRF funds are appropriated in the biennial State of Connecticut capital budget.
11. Continue to allow new project eligibility applications to be submitted at any time during the year and update the Comprehensive Project List with these new projects in a timely manner.
12. Continue to implement improvements identified during the 2014 DWSRF LEAN process, including:
 - a. Revise the DWSRF Interagency MOU to reflect modifications made with respect to each agency's responsibilities to the DWSRF program to reflect the statutory changes approved in 2010.
 - b. Revise the OA to reflect revisions that have been made to the DWSRF program.
13. Continue to utilize the EPGP as a model for streamlining DWSRF requirements for small systems that undertake other projects with a total project cost of less than \$100,000.
14. Continue to encourage small water systems to apply for funding for all phases of a project, such as: planning, including preparation of asset management plans, preliminary engineering reports, etc.; and design and construction, especially when the project is to correct a compliance concern, consolidate with a larger CWS, or replace older hydropneumatic tanks.
15. Provide education and technical assistance to PWSs to improve the sustainable infrastructure and asset management programs of PWSs.

16. Continue transitioning into the Loans and Grants Tracking System (LGTS) database that will improve communication between State agencies and information sharing with the EPA for projects funded through the DWSRF program.
17. Utilize the information gathered as part of the 2015 DWINSA to work with the selected PWSs to submit projects for future DWSRF funding cycles.
18. Utilize funding from the capitalization grant's administrative set-aside to develop a DPH DWSRF communications strategy which will include preparation of DWSRF marketing materials including an Annual DWSRF Construction Report, brochures, posters and other materials to increase the awareness of the DWSRF among public water systems, legislators, local officials, consultants and other stakeholders.

B. Long-Term Goals

The DWSRF long-term goals express strategic principals for guiding the DWSRF program into the future. These long-term goals are:

1. Commit to monitor, track, and continue to maintain and improve the pace of the DWSRF program.
2. Meet or exceed EPA's ULO objectives for ULOs associated with capitalization grant awards received from the EPA.
3. Continue to reach out to State of Connecticut PWSs in an effort to educate and better promote the DWSRF Program, in order to maintain a pipeline of projects that are eligible to receive DWSRF funding.
4. Coordinate within the DPH, and continue to collaborate with other State agencies where possible and advantageous, to maximize the effectiveness of the program and meet the State of Connecticut's public health, water quality and water adequacy goals.
5. Use set-aside funds to effectively improve the State of Connecticut's aging drinking water infrastructure, drinking water regulatory compliance, the technical, managerial and financial capacity of PWSs and drinking water service to Connecticut's residents. Areas of concern include PWSs sustainable infrastructure programs, long-term water supply planning, source water protection and small water systems.
6. Continue to improve on documenting the PWS infrastructure needs for Connecticut through on-going participation and support for the EPAs Drinking Water Infrastructure Needs Survey and Assessment.
7. Offer a long-term low-interest financing program to eligible PWSs to undertake infrastructure improvement projects.
8. Commit to maintaining cash management policies, procedures and records for DWSRF funding.

IV. CRITERIA AND METHOD FOR DISTRIBUTION OF PROJECT FUNDS

A. Priority Ranking System

A state's Priority Ranking System (PRS) is required to provide, to the extent practicable, priority to projects that: address the most serious risk to human health; are necessary to ensure compliance with the requirements of the SDWA; and assist systems most in need, on a per household basis, according to State affordability criteria. The DPH has statutory and regulatory jurisdiction over all statewide matters related to the purity and adequacy of drinking water. The DPH considers quantity as important as quality in the protection of public health. The PRS developed by the DPH for its DWSRF program specifies the criteria that the DPH uses to determine the distribution of funds and is found in Attachment B of this IUP. The primary objective of the ranking system is to award the highest points to projects that protect public health through improvements designed to address PWS performance in the areas of water quality and water quantity. The DPH is also responsible for the timely distribution of available DWSRF funds and must take into consideration each project's "readiness to proceed" when preparing the Project Priority List (PPL).

The PRS was significantly revised in SFY 2018. Circular Letter 2017-03 was sent to all Community and Non-Profit Non-Community public water systems, as well as other interested parties, to announce and explain the changes. The PRS was made available to all applicants for their reference in completing and submitting project eligibility applications. While the entire PRS was reevaluated, changes were made to key areas, including:

- Infrastructure sustainability: The revised PRS better recognizes the critical role that asset management planning has in achieving a PWSs long-term sustainability;
- Infrastructure resiliency: This new category provides points for projects that will increase a PWSs ability to withstand and recover from natural or man-made disasters, including drought;
- Water Conservation: The revised PRS recognizes the importance of water conservation, including projects for significant "unaccounted for" or "non-revenue" water loss reductions, and increased the points for water main rehabilitation and replacement to recognize the role these projects play in reducing water main breaks and leaks;
- Lead in Drinking Water: Points have been increased for projects which are necessary to resolve lead action level exceedances, and new activities have been added to award points for projects that proactively reduce lead levels at schools and child care facilities, and for complete lead service line replacement.;
- Unregulated and Emerging Contaminants: This new category provides points for projects which address unregulated contaminants or contaminants of emerging concern. There was previously no mechanism to provide points for these types of projects.

The PRS continues to put higher emphasis on projects that will achieve compliance with applicable drinking water quality requirements, while recognizing the importance of projects that will maintain compliance. As part of maintaining compliance, the PRS emphasizes sustainability and acknowledges the inherent value of asset management planning. A PWS's compliance with both state and federal drinking water quality requirements is closely monitored throughout the project review process. If a PWS has any outstanding significant violations or deficiencies or has received an ETT score of 11 or higher, a PWS must demonstrate a path to return to compliance before any formal commitment of funding is made by the State.

Within the parameters set by the PRS, the DPH intends to exercise considerable flexibility in the types of projects the DWSRF will fund with protection of public health and compliance with Federal

and State drinking water mandates as the predominate concerns. Exclusions for growth and other non-eligible elements as described in the PRS stand as limitations on project funding.

B. Capacity Assessments

The SDWA requires that a PWS applying for a DWSRF loan must show that it has the technical, financial and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it will help the system to achieve capacity. The goal of this requirement is to ensure that DWSRF assistance is not used to create or support non-viable systems. DPH has developed and utilizes a capacity assessment tool to analyze the system capacity for small public water systems statewide. Known as the CAT, this tool is used to assess the capacity of small community water systems. Three-hundred and thirty small community PWS were initially evaluated using the CAT. These evaluations were provided to the individual PWSs and have been used in a variety of water planning activities. DPH is working on creating a mechanism to update the CAT to incorporate changes in the PWS technical, managerial and financial capacity as issues are addressed. PWSs serving 1,000 or more are required to develop and maintain a Water Supply Plan, which are reviewed and approved by the DPH.

Incentives for PWS to improve their capacity have been built into the distribution of the required subsidy, as described in Section IV. Small PWSs must have or develop asset and fiscal management plans in order to be eligible for federal subsidization. Qualified applicants of all sizes that wish to qualify to receive state subsidy must also have asset and fiscal management plans. The criteria for these plans were developed by referencing EPA guidance. Checklists of required information for each plan were developed and are included as Attachments G and H. The criteria were chosen so that these plans would address all three areas of capacity.

In addition, legislation (House Bill #5163, Section 520) is awaiting the Governor's signature which will implement a requirement that all community water systems serving at least twenty-five, but not more than one thousand, year-round residents have fiscal and asset management plans no later than January 1, 2021. To help these systems, the DPH is renewing its effort to build small system capacity through training. Following the significant impact of storms on small CWS in 2011 and 2012, a "Three Storm Strategy" was developed to address emergency preparedness for CWS. This document will be updated on an ongoing basis as projects move forward and issues evolve over time.

While the DPH intends to fund a wide range of drinking water projects, it will do so only after careful consideration of an applicant's technical, managerial and financial capabilities and readiness to proceed with their project. An assessment of an applicant's overall capacity, including the long-term capacity to operate and maintain the water system and the infrastructure to be funded by the DWSRF, will be conducted before any funding commitment is made.

Technical Capacity

To demonstrate technical capacity, DWSRF applicants must show that drinking water sources, treatment, distribution, pumping, and storage infrastructure are adequate. Personnel must have the technical knowledge to effectively operate and maintain the system, as well as any additional infrastructure funded by the DWSRF. All community and non-transient non-community (NTNC) PWS are required to have a Certified Operator responsible for the operation of the water system, in accordance with the DPH's operator certification program. As part of reviewing an applicant's technical capacity, the DPH will review the PWS's regulatory compliance records and most recent

sanitary survey report to assure that the system is being properly operated and maintained. The PWS must not have outstanding regulatory compliance problems unless the PWS is actively working to correct or resolve those problems. The engineering reports, plans, and specifications for the proposed DWSRF-funded project will be evaluated during the loan application process.

Financial Capacity

To demonstrate financial capacity, the applicant must show that the PWS has sufficient revenues to cover necessary costs to operate and maintain their water system and repay their DWSRF loan. Applicants must also demonstrate credit worthiness and adequate fiscal controls. The OTT is responsible for reviewing the financial viability of borrowers, including a review of the project budget, annual financial reports, and other pertinent financial information.

Managerial Capacity

To demonstrate managerial capacity, the PWS must have personnel with expertise to manage the entire water system operation. Managerial capacity of a PWS is evaluated during routinely conducted sanitary surveys and when they apply for a DWSRF loan. As part of reviewing an applicant's managerial capacity, the DPH will review the PWS's regulatory compliance records and the most recent sanitary survey report to assure that the PWS is being properly operated and maintained.

C. Projects Expected to be Funded

Projects on the Fundable PPL are expected to receive funding under this IUP. Funds will also be made available to projects carried forward from a prior IUP, but for which binding commitments (i.e. financial assistance agreements) with the DPH have not yet been executed. These projects are being carried over, in accordance with the procedure described in Section V, and are listed on the Carryover List (Attachment E). These carryover projects went through public comment and ranking during the year in which they appeared on a Fundable PPL and are not being re-ranked.

It is the goal of the DPH to fund as many eligible projects as it can with the available DWSRF funding. The projects that are ultimately funded may differ from those outlined on the Fundable PPL for various reasons, which include:

- A project on the Fundable PPL receives full or partial funding from another source;
- A project on the Fundable PPL is bypassed, as described in the PRS and Section IV of this document;
- An applicant is unable to comply with all applicable state and federal program requirements for DWSRF funding;
- An applicant withdraws its DWSRF funding application; or
- A project, or a portion of a project, is determined to be ineligible for DWSRF funds.

The DPH utilized the PRS and readiness criteria to determine if a project can reasonably be expected to proceed during SFY 2019. The Fundable PPL identifies projects, or portions of projects, that can reasonably be expected to proceed during SFY 2019 based on project readiness information provided by the applicants and the criteria explained in Section IV.H of this IUP.

Funding for new projects is limited to eligible PWSs that submitted DWSRF Eligibility Applications by the March 30, 2018 due date announced in the DPH's SFY 2019 Call for Projects. As of the due

date, the DPH received 10 applications totaling approximately \$25 million, of which all are eligible. All project eligibility applications were reviewed and evaluated to ensure that the proposed projects meet the eligibility criteria and that the applicant is prioritizing projects based on their identified needs and addressing any applicable regulatory compliance concerns. All projects were awarded appropriate points based on the PRS. As in the past, the DPH put a significant emphasis on project readiness in development of the Fundable PPL.

The Comprehensive Project List includes all eligible projects submitted in response to the SFY 2019 Call for Projects, or those phases of projects from the Carryover List which have been determined to not be sufficiently ready to proceed. This Comprehensive Project List includes 42 projects for a total of approximately \$80.1 million.

Some applicants have requested funding for planning, design, and construction phases of a project; however all phases may not necessarily receive funding. Projects which requested funding for multiple phases may appear on the Carryover List or Fundable PPL only for certain phases that have been determined to be ready to proceed. These phases are identified in parenthesis next to the project's name with the corresponding estimated DWSRF funding amounts to complete these phases. The Comprehensive Project List shows the full amount of DWSRF funding requested to complete all phases of each project.

The Comprehensive Project List shows projects in alphabetical order by the town of the PWS (Attachment C). This list of projects is also shown in order of ranking points assigned (Attachment D). From this comprehensive list, the Fundable PPL (Attachment F) was developed based on the total amount of funding made available and the expected readiness of a project to proceed. Projects that are determined by the DPH as not ready to proceed during SFY 2019 were not considered in preparing the Fundable PPL regardless of the priority points that the project received or the amount of funding expected to be available. These projects will be maintained on the Comprehensive Project List and will be considered for funding during SFY 2019, if they subsequently become ready to proceed, according to the bypass procedure explained in Section IV.I. or if sufficient funding is available for them.

The Fundable PPL includes those projects, or phases of a project, expected to move forward during SFY 2019 ranked by priority points awarded, and for which sufficient funds are expected to be available. The Fundable PPL includes 12 projects totaling approximately \$25.3 million.

The DPH reserves the right to make changes to the Fundable PPL, using by-pass procedures explained in Section IV.I., to ensure that the available funds are committed in executed funding agreements to the maximum extent possible. Projects on the Comprehensive Project List may also be added to the Fundable PPL if there is a sufficient surplus of funding is available for them and they become ready to proceed during SFY 2019 following the finalization of the annual IUP. Priority in adding a project from the Comprehensive Project List to the Fundable PPL shall be given to the most ready to proceed project regardless of the project's ranking score. Where two or more projects on the Comprehensive Project List become equally ready to proceed, priority for funding shall be given to the project with the highest ranking score.

Eligibility Applications received after the March 30, 2018 deadline will be accepted and reviewed for eligibility. Following publication of the finalized annual IUP, the Comprehensive Project List may be amended periodically to include new projects for which Eligibility Applications were received after the deadline. Any amendments to the Comprehensive Project List will be posted on the DPH

DWS website for a 30-day comment period before being finalized and incorporated as an amendment into the annual IUP.

D. Small System Funding

The SDWA Amendments of 1996 require 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 PWSs, which are PWSs that regularly serve less than or equal to a population of 10,000. In cases where an applicant owns more than one community PWS, the applicant's population will be determined on the combined population of all of its individually owned PWSs.

The Fundable PPL does not achieve the EPA goal of dedicating at least 15% of the available DWSRF funding, or approximately \$24 million, to small PWSs. This was due to a lack of sufficient funding requests for projects ready to proceed during SFY 2019. In response to the Call for Projects, the DPH received applications for 4 eligible small system projects, including 2 EPGP projects, totaling approximately \$663,750 in eligible project costs. All were determined to be ready to proceed in SFY 2019 and appear on the Fundable PPL.

The DPH continues to try to streamline and improve the funding process for small systems to make it easier for them to obtain DWSRF funding.

E. Emergency Power Generator Program

The EPGP was established in SFY 2012 in response to two extreme weather events that occurred in the late summer and fall of 2011. These events left many customers, in particular customers of small PWSs, throughout Connecticut without water service for extended periods of time due to power outages. During 2012 and 2013 two additional severe weather events occurred furthering the need to ensure that all PWSs have back-up power systems capable of providing continued water service to customers during prolonged power outages. The EPGP allows eligible PWSs with projects costing less than \$100,000 to obtain low-interest loans and subsidies to purchase and install generators to be used in the event of power outages.

The EPGP includes streamlined procurement procedures for projects costing less than \$100,000 in an effort to make it easier for small PWSs to proceed through the DWSRF process. PWSs that currently do not have back-up power for a drinking water facility are eligible to receive up to 45% of the total cost of their generator system as subsidization with a maximum amount of \$45,000 for each facility. PWSs that already have back-up power systems installed in their facilities are eligible to receive up to 25% of the total cost of their generator system as subsidization with a maximum amount of \$25,000 per project for replacement generators. These generator projects are ranked along with all other projects in accordance with the PRS.

F. Small Loan Program for Non-Construction Projects

Similarly to the EPGP, the DPH streamlined the procurement procedures for non-construction projects costing less than \$100,000 in an effort to make it easier for small PWSs to proceed through the DWSRF process. This program is only available for the purchase and installation of equipment, or the replacement of equipment, installed within existing facilities that does not involve the construction, alteration or repair (including painting or decorating) of those facilities. Typical projects that would be eligible to receive a loan under this program would include:

- Replacement of pumps or motors
- Installation or replacement of diaphragm pressure tanks
- Installation of water treatment equipment or modifications to existing water treatment systems for regulatory compliance (filters, chemical feed systems, etc.)
- Minor incidental plumbing and electrical work (including SCADA) required only to accommodate the installed or replaced equipment

Low cost projects that would include new buildings, building additions, building alterations or heavy equipment operators for site work would be considered construction projects and would not be appropriate for consideration under this Small Loan Program.

G. Additional Subsidization

Federal Subsidy Funds

The DPH has the statutory authority to provide subsidization in the form of grants, principal forgiveness, negative interest rates, or any combination thereof under CGS Section 22a-477(s)(2)(F). The federal DWSRF appropriation for FFY 2018 requires that 20% of the capitalization grant amount be used by the State to provide additional subsidization to eligible recipients in the form of grants, principal forgiveness, or negative interest loans, or any combination thereof. The DPH is therefore required to provide \$2,271,800 in subsidization. All subsidization will be provided in the form of loan principal forgiveness.

The DPH will use 20% of the capitalization grant to subsidize certain qualifying drinking water projects contained on the Fundable PPL as outlined below.

- a) Projects funded under the EPGP are eligible to receive up to 25% or 45% of the fixed contract cost of their generator system in subsidization, as described in Section IV.E.
- b) Small PWSs (those serving a population of 10,000 or under) and PWSs with more than one system, but whose largest system serves 10,000 or under, will be eligible to receive a subsidy of up to 25% of each fixed contract cost associated with the project, not to exceed a total of \$300,000 per project. This subsidization will be available to small systems on the SFY 2018 Fundable PPL that have an Asset Management Plan in place, or agree to prepare and implement such a plan as part of their DWSRF financial assistance agreement. Small PWSs that receive subsidy will also be required to prepare and implement Fiscal Management Plans in the future. To assist small PWS with preparing an Asset Management Plan or Fiscal Management Plan, or both, checklists of required information for each plan were developed and are included as Attachments G and H. Each checklist includes references to EPA guidance documents.
- c) Large PWSs (those not meeting the criteria of a small PWS detailed in Section IV.D.) with a project located in a town which is identified as a “distressed community” will be eligible to receive a subsidy of up to 20% of each fixed contract cost associated with the project, not to exceed \$300,000 per project. The DPH shall use the distressed community list published by the Connecticut Department of Economic and Community Development, at the time the Call for Projects was issued for this annual IUP, for the purposes of determining eligibility.
- d) Projects undertaken by large PWSs (those not meeting the criteria of a small PWS detailed in Section IV.D.) where the exclusive purpose is to consolidate one or more small community or

non-profit non-community PWSs (those serving a population of 10,000 or under) with a large PWS. Large PWSs will be eligible to receive a subsidy of up to 25% of each fixed contract cost associated with the project, not to exceed a total of \$300,000 per project. All subsidy funding received by the large PWS shall be used by the large PWS to reduce any costs incurred, whether directly or indirectly, by others, including, but not limited to, costs incurred by the large PWS's rate payers, private well owners that will be receiving water service from the large PWS or the municipality in which such Project is located, as applicable.

- e) Projects undertaken by large PWSs (those not meeting the criteria of a small PWS detailed in Section IV.D.) where the exclusive purpose is to extend water service to existing private well owners that have impaired water quality as a result of manmade or natural groundwater pollution and remediation cannot be addressed more cost effectively through the installation of on-site treatment systems or other means. Large PWSs will be eligible to receive a subsidy of up to 25% of each fixed contract cost associated with the project, not to exceed a total of \$300,000 per project. All subsidy funding received by the large PWS shall be used by the large PWS to reduce any costs incurred, whether directly or indirectly, by others, including, but not limited to, costs incurred by the large PWS's rate payers, private well owners that will be receiving water service from the large PWS or the municipality in which such Project is located, as applicable.

The subsidization amount that any project receives shall be calculated as a percentage of the contract costs that are eligible to receive DWSRF funding, for each contract identified in a contract award authorization letter issued by the DPH. With the exception of EPGP projects, federal subsidy is expected to be reserved for contracts on a first-come, first-served basis for projects on the Fundable PPL until all the available subsidy funding is accounted for. The DPH will reserve subsidy for EPGP projects for 120 days following finalization of this IUP to allow applicants to obtain the necessary contract authorization from DPH after which the subsidy will no longer be reserved. Due to the limited availability of federal subsidy funds there is no guarantee every contract that is eligible for subsidy will actually receive subsidy. In cases where two or more eligible projects are ready to proceed on or about the same time, and there is insufficient remaining subsidy to provide to all of those projects, the DPH reserves the right to take affordability factors into consideration when determining which projects will receive the limited subsidy funding.

The EPA's expectation is that the required federal subsidy funding that is available for SFY 2019 will be committed in an executed financial assistance agreement no later than September 30, 2019. Applicants that are eligible for subsidy and have projects that involve multiple contracts should plan accordingly. If an insufficient number of subsidy eligible contracts (as described in a, b, c, d, and e above) are authorized by the DPH to meet the minimum federal subsidy requirement by September 30, 2019, then the DPH will expand the eligibility to any applicant with a project on the Fundable PPL or Comprehensive Project List. These remaining subsidy funds will be committed to projects on a first-come, first-served basis and projects will be eligible to receive a subsidy of up to 10% of each fixed contract cost associated with the project, not to exceed \$200,000 per project.

The actual amount of subsidization a project receives will be determined at the time the financial assistance agreement for each qualifying individual project is drafted and may differ from the percentages and amounts outlined above. The DWS may reevaluate subsidization levels based on the available project cost and readiness information, if necessary. Projects which are eligible to receive federal subsidization are identified on the Comprehensive Project List.

State Subsidy Funds – Public Water System Improvement Program

On May 22, 2014, [Public Act 14-98](#) (PA 14-98) was signed into law, which under Section 46 provides the SBC the power to authorize bonds up to an aggregate of \$50 million to be used by the DPH to implement a public water system improvement program. On June 4, 2016, [Special Session PA 16-4](#) was signed into law, which reduced the amount to \$20 million. This PWS Improvement Program, pursuant to CGS 22a-483f, provides grants-in-aid, in the form of loan principal forgiveness, to certain eligible PWSs for DWSRF projects. A project which is eligible for any subsidy from the DWSRF must execute a loan for the remaining amount of principal in order to receive the grants-in-aid. Currently the entire \$20 million available funding under this program has been allocated by the SBC to projects for Groton Utilities and Norwich Public Utilities.

Eligibility criteria for the supplemental grants-in-aid contained within CGS 22a-483f includes the same eligibility criteria for DWSRF loans with the following exceptions, which are explicitly contained within CGS 22a-483f:

- Public service companies, as defined in Section 16-1 of the CGS, **are not** eligible for grants-in-aid.
- For-profit companies **are not** eligible for grants-in-aid.
- Grants-in-aid may only be provided to eligible PWSs for eligible drinking water projects for which a DWSRF project funding agreement is executed after July 1, 2014.

CGS 22a-483f also requires eligible PWSs to submit an Asset and Fiscal Management Plan with their DWSRF application. The DWS will review these plans and determine if they are satisfactory before a PWS may receive any grants-in-aid funding. The DPH has prepared Asset and Fiscal Management Plan Checklists (Attachments G and H respectively) to assist borrowers in preparing these plans if they need to.

These limited state subsidy funds will be used to further the public health goals for the State of Connecticut through the regionalization of public drinking water. DPH intends to use these grant-in-aid funds to subsidize community water system consolidation projects or interconnection projects that meet these regionalization concepts as outlined below:

Consolidation Projects

- Project will result in the consolidation of one or more community water systems, or one or more public schools that are public water systems, by another community water system that has the technical, financial and managerial capacity to serve them
- A legally binding consolidation agreement must be in place between the affected public water systems prior to the commitment of grant-in-aid funding in a DWSRF financial assistance agreement
- The project is consistent with a Water Utility Coordinating Committee Plan (pursuant to CGS 25-33h) and Individual Water Supply Plan (pursuant to CGS 25-32d), both approved by the DPH
- The project is consistent with the State or local Plan of Conversation and Development
- The project is not intended primarily for future growth consistent with existing DWSRF EPA requirements
- The absorbed public water system(s) and the community water system which absorbed it are eligible to receive grants-in-aid for each system's respective portion of the project as outlined below:

- A public water system that will be absorbed will be eligible for:
 - the water main extension
 - improvements to their existing drinking water infrastructure that the water main extension will connect to, if those improvements are necessary to achieve long-term drinking water infrastructure sustainability, and that are identified in a Preliminary Engineering Report that has been approved by the DPH, including but not limited to:
 - improvement or replacement of water distribution system components (water mains, pumping facilities, storage tanks)
 - the decommissioning or demolition of infrastructure that will be obsolete after the project is completed (must be part of the DWSRF-funded project)
 - improvement or replacement of drinking water sources (well)
- The community water system that will absorb the other system(s) will be eligible for:
 - any infrastructure upgrades directly related to providing the capacity to consolidate that are identified in a Preliminary Engineering Report that has been approved by the DPH, including but not limited to:
 - the water main extension
 - increased storage capacity
 - increased distribution system capacity
 - increased water treatment plant capacity and/or optimized water treatment plant performance
 - new or upgraded drinking water sources of supply

Interconnection Projects

- Project will result in the interconnection of two (or more) community water systems all of whom will remain regulated by the DPH upon completion of the project and one or more of the following criteria are met:
 - One or more of the interconnected systems does not have a sufficient margin of safety in water supply to support their existing customer demands over a 20 year planning period, the other system(s) has an adequate margin of safety over the same 20 year planning period to supply the deficit demands and the project is identified as the recommended alternative in a Preliminary Engineering Report that has been approved by the DPH; or
 - One or more of the interconnected systems does not have the ability to maintain customer service with the loss of their largest drinking water source out of service for a prolonged period and the project is identified as the recommended alternative in a Preliminary Engineering Report that has been approved by the DPH; or
 - The project is consistent with, or specifically identified within, a statewide drinking water resiliency plan recognized and accepted by the DPH; or
 - The project is consistent with a Water Utility Coordinating Committee Plan (pursuant to CGS 25-33h) and Individual Water Supply Plan (pursuant to CGS 25-32d), both approved by the DPH
 - The project is consistent with the State or local Plan of Conservation and Development
 - The project is not intended primarily for future growth consistent with existing DWSRF EPA requirements
- A legally binding interconnection agreement must be in place between the affected community water systems prior to the commitment of grant-in-aid funding in a DWSRF financial assistance agreement. The following forms of agreement are eligible:
 - Sale of excess water agreement, pursuant to CGS 22a-358
 - Emergency interconnection agreement

Eligible PWSs that serve 10,000 or fewer persons may receive up to 50% grant-in-aid for project costs that qualify for funding through the DWSRF. Eligible PWSs that serve more than 10,000 persons may receive up to 30% grant-in aid for project costs that qualify for funding through the DWSRF. If a project includes one PWS serving 10,000 or fewer and one PWS which serves greater than 10,000 persons, the determination of maximum subsidy percentage will be based upon the specific benefits of the project to each PWS and reviewed on a case-by-case basis. The benefits and necessity of all aspects of the project for each PWS must be clearly explained and included in any PER or similar engineering report.

Certain PWSs may be eligible to receive both Federal and State subsidies for a particular project. In these cases, the project may not receive more than the maximum amount of subsidy noted for the State Subsidy. Projects that are eligible to receive federal subsidization based on available funding are identified on the Fundable PPL.

Should any additional funding be made available, or if the above projects do not utilize all of the allocated funding, any additional or remaining funds are expected to be distributed on a first come, first served basis to other eligible projects. The DPH intends to seek legislative approval for additional funding for this program.

Prior Years' Federal Subsidization

EPA Region 1 requested that the status of prior years' federal subsidization be addressed by the DPH in the IUP for the FFY 2018 capitalization grant. Connecticut has met the requirements for FFY 2010, 2011, 2012 and 2013. The status of the commitment and disbursement for the FFY 2014 through FFY 2017 grants are individually identified below, along with a table summarizing the amounts. The actual projects and individual subsidy amounts as of June 30, 2018, will be identified in the 2018 Annual Report, along with the status of meeting the disbursement requirement.

FFY 2014

The minimum required subsidization has not yet been committed for FFY 2014. As of March 31, 2018, \$829,183 has been committed and \$ 821,951 has been disbursed under executed funding agreements. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by 6/30/2019, and complete the minimum required disbursements by 12/31/20120. Several factors have contributed towards the delay in committing subsidy funds for this year. These include project scheduling delays and uncertainty of the state subsidy.

FFY 2015

The minimum required subsidization has been committed for FFY 2015. As of March 31, 2018, \$1,936,627 has been committed under executed funding agreements and \$1,717,670 disbursed. It is expected that we will meet the minimum required disbursements by 4/30/2018. The funding agreement that will commit the remaining expected subsidy funds is pending, with the goal for it to be executed by 5/31/2018, and complete the all disbursements by 11/30/2019.

FFY 2016

The required subsidization has not yet been committed for FFY 2016. As of March 31, 2018, none of the federal subsidy has been committed under executed funding agreements. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by 12/31/2018, and complete all disbursements by 12/31/2019.

FFY 2017

The required subsidization has not yet been committed for FFY 2017. As of March 31, 2018, none of the federal subsidy has been committed under executed funding agreements. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by 9/31/2019, and complete all disbursements by 12/31/2020.

The following table summarizes the federal subsidies from previous years' capitalization grants:

Cap Grant FFY	Minimum Amount of Federal Subsidy to Disburse	Maximum Amount of Federal Subsidy to Disburse	Total Federal Subsidy Amount Committed as of March 31, 2018	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of March 31, 2018	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Committal of Minimum Subsidy	Estimated Month for Full Disbursement of Federal Subsidy
2010	\$4,071,900	N/A	\$4,723,405	\$0	\$4,723,405	\$0	Achieved	Achieved
2011	\$2,825,400	N/A	\$2,990,646	\$0	\$2,990,646	\$0	Achieved	Achieved
2012	\$1,795,000	\$2,692,500	\$2,203,031	\$0	\$2,203,031	\$0	Achieved	Achieved
2013	\$1,684,200	\$2,526,300	\$1,849,570	\$0	\$1,613,390	\$236,180	Achieved	April 2019
2014	\$1,792,400	\$2,688,600	\$829,183	\$1,278,900	\$821,951	\$1,286,132	June 2019	December 2020
2015	\$1,778,600	\$2,667,900	\$1,936,627	\$185,739	\$1,717,670	\$404,696	Achieved	November 2019
2016	\$1,684,600	\$1,684,600	\$0	\$1,684,600	\$0	\$1,684,600	December 2018	December 2019
2017	\$1,670,200	\$1,670,200	\$0	\$1,670,200	\$0	\$1,670,200	September 2019	December 2020

H. Readiness-To-Proceed

Only those elements (planning, design, construction) of eligible projects that are expected to result in executed contracts and DWSRF funding agreements within SFY 2019 are considered for inclusion on the Fundable PPL. Elements of eligible projects that are not expected to result in executed contracts and DWSRF funding agreements may be eligible to receive funding in a future SFY as explained in the rollover procedure in Section V.B. The Fundable PPL was generated based on the readiness of one or more elements of a project to proceed to a loan agreement during SFY 2019, and its number of priority points.

The DPH has developed objective readiness criteria that are used to determine those elements of projects for which a funding agreement can reasonably be expected to be executed during SFY 2019. This readiness determination process is necessary to ensure that available DWSRF funds will be obligated in a timely fashion. The factors in these criteria are:

- Local funding resolutions and any other necessary approvals have been identified and will be secured;
- Required local permits or approvals have been identified and will be secured;
- Required State permits or approvals have been identified and will be secured;
- Project is generally consistent with the State of Connecticut Plan of Conservation and Development
- (For Planning/Design Projects) professional services qualification-based selection process followed and will be completed, with the exception of actual award of the contract, pending DPH authorization to award the contract;
- (For Planning/Design Projects) Consultant is scheduled to be under contract during the current SFY;

- (For Construction Projects) Status of final design;
- (For Construction Projects) Status of bid specifications;
- (For Construction Projects) All necessary sites, easements and rights-of-way have been identified and will be secured;
- (For Construction Projects) Construction is scheduled to begin during the current SFY.

The information that the DPH used to make a determination on project readiness is based on updated project schedules received from applicants in response to requests from the DWS. If for some reason a project is not ready to proceed in a timely fashion, the DPH may bypass that project and select the next highest-ranked and eligible project that is ready-to-proceed for funding based on that PWS's ability to initiate the project during the current SFY.

I. Project Bypass Procedures

Bypass for Readiness-to-Proceed, etc.

The DPH utilizes procedures to bypass projects that are not progressing at a rate that will ensure the timely execution of a funding agreement and distribution of available DWSRF funds. Funds previously designated for a bypassed project will be made available to another project or may be used for cost increases on other projects previously approved.

If for some reason a project on the SFY 2018 Fundable PPL is not progressing in a timely fashion, the DPH may bypass that project and replace it with the next-highest-ranked eligible project from the Comprehensive Project List that is ready-to-proceed. A project will also be bypassed if the applicant has withdrawn its DWSRF application. This bypass process is necessary to help ensure that available DWSRF funds will be disbursed in a timely fashion.

Emergency Bypass

The DPH Commissioner 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 CGS Sec 25-32b, which requires that the eligible drinking water project be undertaken to protect the public's health and safety. In such cases there may be a need to by-pass projects on the Fundable PPL.

J. Other DWSRF Provisions

Davis-Bacon Prevailing Wage Requirements

The FFY 2013 DWSRF appropriation made the application of Section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) a permanent provision for all future federal DWSRF appropriations. Congress mandated that the requirements of this section apply to any construction project carried out in whole or in part with assistance made available by the DWSRF. Section 1450(e) of the SDWA requires compliance with federal labor laws regarding prevailing wages, hours of work, and rates of pay. These requirements are collectively known as the Davis-Bacon Act.

Federal Cross-Cutting Authorities, Equivalency Projects, and Environmental Reviews

A number of Federal laws, executive orders, and government-wide policies apply by their own terms to projects and activities receiving federal financial assistance, regardless of whether the

statute authorizing the assistance makes them applicable (cross-cutters). All projects for which the DPH provides DWSRF assistance in amounts up to the amounts of the capitalization grant deposited into the DWSRF (i.e. equivalency) are required to comply with these requirements. The DPH is responsible for ensuring that DWSRF assistance recipients comply with the requirements of cross-cutters, including initiating any required consultations with state or federal agencies responsible for individual cross-cutters.

The DPH is required to identify projects that will be used to satisfy federal equivalency requirements. The DPH has elected to also impose federal equivalency requirements to all projects and activities for which the DPH provides DWSRF assistance. The only exception to this is for federal Disadvantage Business Enterprise (DBE) requirements which the DPH will only apply to PWS infrastructure projects costing \$100,000 or more and DPH will only report to EPA on DBE compliance in an amount equivalent to the federal capitalization grant. All PWS infrastructure projects funded by the DWSRF are reviewed under a State Environmental Review Process (SERP) administered by the DPH and considered by the EPA to be equivalent to a National Environmental Policy Act (NEPA) review.

For the purposes of satisfying capitalization grant reporting requirements under the Federal Financial Accountability and Transparency Act (FFATA), the DPH will only report on DWSRF projects in an equivalent amount of each capitalization grant as requested by EPA. A list of projects that may be used to satisfy the FFATA reporting requirements is shown below. The actual projects reported under FFATA will be stated in the DWSRF annual report. Any contracts over \$25,000 utilizing set-aside funds will also be reported under FFATA.

SFY 2019 Potential Projects to be Used for FFATA Reporting

Project #	PWSID	PWS	Town of PWS	Project Name	Amount Requested
SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	\$585,000
SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	\$1,400,000
2015-0114	CT0450011	East Lyme Water Dept	East Lyme	Greensand Filtration - Well 1A (Construction)	\$2,671,305
SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	\$4,000,000
SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacement - Hartford	\$7,150,000
SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	\$1,200,000
SFY19-03	CT0830011	Middletown Water Dept	Middletown	Replacement of Wells 1 and 3 at JS Roth wellfield	\$1,750,000
2015-0058	CT1040011	Norwich Public Utilities	Norwich	Advanced Metering Infrastructure	\$3,600,000
SFY18-45	CT1310011	Southington Water Department	Southington	Mill St. Tank Replacement	\$2,930,000
SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2 (Ph. 4)	\$4,200,000
SFY19-06	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure – Ph. 5b & 6	\$4,500,000
SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	\$1,172,900
SFY18-40	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	West Rocks High Service Area Water Service Reliability Project	\$6,800,000
SFY18-39	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	Advanced Metering Infrastructure - Phase 1	\$2,000,000

Use of American Iron and Steel

On January 17, 2014, federal Public Law 113-76 was enacted, which added a new federal Use of American Iron and Steel (AIS) requirement in Section 436. Subsequent annual appropriations have continued this requirement. The FFY 2018 appropriation requires that DWSRF assistance recipients use iron and steel products produced in the United States for the construction, alteration, maintenance or repair of a public water system or treatment works if the project is funded through an assistance agreement executed through the end of FFY 2018 (September 30, 2019). The EPA has issued guidance on the implementation of this provision and created a [State Revolving Fund American Iron and Steel Requirement website](#). The DPH has also created a [Use of American Iron and Steel](#) webpage to assist DWSRF applicants in understanding and complying with AIS requirements.

Federal Single Audit

Any sub-recipient which receives a total amount of \$750,000 or more from any federal source, including the DWSRF, in a single federal fiscal year is required to conduct a federal single audit according to the Single Audit Act Amendments of 1996. This requirement is included as a term in all project funding agreements.

K. Connecticut Plan of Conservation and Development

CGS Section 16a-31(e) requires that whenever a state agency is required by state or federal law to prepare a plan, it shall consider the Plan of Conservation and Development (C&D Plan) in the preparation of such plan. The DPH has considered the C&D Plan in the preparation of this IUP and submitted the IUP to the Secretary of the Office of Policy and Management (OPM) for an advisory report commenting on the extent to which the proposed plan conforms to the C&D Plan.

The advisory report on the IUP's conformance with the C&D Plan is important because CGS Section 16a-31(c) also requires the OPM to advise the SBC prior to the allocation of funding to the DPH for these DWSRF projects. Finally, CGS Section 16a-31(a)(3) requires the DPH to determine the consistency with the C&D Plan of individual actions regarding the acquisition, development, or improvement of real property, it undertakes using state or federal funds, such as the drinking water infrastructure improvement projects contained in the SFY 2019 IUP, when those costs are in excess of two hundred thousand dollars.

V. DWSRF POLICIES and REQUIREMENTS

A. Letter of Authorization to Award for Eligible Projects

The DPH may issue a letter authorizing the PWS to award a contract for a project if sufficient information has been submitted. Typically, this letter indicates to the applicant that the materials that they have submitted to the DPH satisfy the rules and regulations for the DWSRF program. Pursuant to the regulations, the applicant must submit a request for authorization to award a contract to the DPH and receive such authorization prior to any contract execution. The applicant may award the contract(s) subject to conditions set forth in the letter. The authorization letter does not constitute a commitment by the DPH to make a project loan under the DWSRF program.

B. Project Application Carryovers and Rollovers

Project Progressing Towards a Loan Agreement (Carryover)

Funding for a project that has been identified on the Fundable PPL in a previous annual IUP may be carried over to the subsequent IUP period if the applicant is actively progressing toward a DWSRF financial assistance agreement. Projects in this category are considered to have already gone through the public hearing process and will not be re-ranked in the subsequent IUP period. Projects meeting this criterion are identified on the Carryover List. Any federal subsidy that may be provided to a project on the Carryover List is subject to the federal subsidy provisions contained in the IUP where the project originally appeared on the Fundable PPL.

The DPH reserves the right to move a project from the Carryover List to the Comprehensive Project List, if that project is not progressing due to unforeseen circumstances that occurred after the project was originally placed on the Carryover List. A project so moved is no longer reserved any DWSRF funding.

Project on the PPL, but not Progressing Towards a Loan Agreement (Rollover)

A project that has not been withdrawn, but which is not progressing towards a loan agreement during the IUP period/funding cycle, can be rolled over for consideration in the subsequent IUP period/funding cycle upon written request to the DPH by the applicant. Any PWS seeking to rollover a project is required to update its DWSRF application upon request by the DPH. These projects will be ranked with all new applications received for the fiscal year into which the project is being rolled over and in accordance the then-current PRS. Any project that is rolled over must continue to comply with all requirements of the DWSRF program.

C. Multi-Year Projects on the Fundable Portion of the Priority List

The construction of some drinking water projects may take place over multiple years. For such multi-year projects, the DPH reserves the right to require the applicant to break the project into phases. This process will limit the amount of funding reserved for the project on the Fundable PPL to the amount of funds the PWS reasonably expects it will need for the phase to be designed and/or constructed during the SFY of the Fundable PPL. This allows the timely access to DWSRF funds by other DWSRF applicants that are ready to use them. Subsequent phases of these multi-year projects will automatically be rolled over to the following year's IUP and will retain its assigned ranking points, subject to changes in the "Affordability" criteria. These subsequent phases will not automatically receive DWSRF funding in the next annual IUP period and will be ranked with all new and rolled-over applications received during the IUP period when each subsequent phase is ready-to-proceed.

D. Tie-Breaking Procedures

The total numeric score for a project is determined by summing the points awarded based on the PRS and detailed in the DWSRF Eligibility Application. 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.

E. Pre-Review Policy (Construction Only)

The DWSRF Program operates on a SFY basis from July 1 to June 30, and cannot provide funding prior to the start of a specific SFY for that year's Fundable PPL. The DPH recognizes that the construction season in Connecticut generally begins in the spring and lasts through the end of the calendar year. The DPH has determined that it is not in the best interest of the Program to delay project schedules to begin construction after the start of the SFY for which a project has submitted an Eligibility Application and requested funding, which is several months into the construction season. As a result, certain projects may begin construction before the start of the SFY and remain eligible for DWSRF funding after the start of the SFY. The DWS may provide DWSRF financing for these projects provided that all of the following conditions are met:

- The PWS has submitted a DWSRF Eligibility Application to the DPH
- The project is eligible for DWSRF funding
- The funding agreement will be drafted during the SFY under which the project is listed on the Comprehensive Project List
- The project will not begin and be completed prior to the start of the SFY
- The project is consistent with the Connecticut Conservation and Development Policies Plan
- The project is considered an action that does not require an environmental review under the Connecticut Environmental Policies Act and qualifies for a categorical exclusion from the National Environmental Policies Act
- The project has satisfied all other state and federal DWSRF requirements prior to placing the construction contract out to bid
- The project has received written authorization from the DPH to award a construction contract prior to the execution of the contract
- The project continues to adhere to all state and federal DWSRF requirements during construction
- Sufficient DWSRF funding is available for the project

Before the DWSRF provides financing for such a project, it will be ranked as outlined in this IUP must be included on the Comprehensive Project List. Any project that meets the above conditions and elects to start construction prior to the SFY shall understand that:

- The DPH provides no guarantee of DWSRF funding for their project
- The PWS shall be responsible for paying all costs associated with their project and will only be eligible for reimbursement from the DWSRF if:
 - Their project is listed on the Fundable PPL, or;
 - Their project is on the Comprehensive Projects List and sufficient excess funding is available, or;
 - Their project bypasses a higher-ranked project on the Fundable PPL, if that higher-ranked project is not sufficiently ready to proceed, per the procedures outlined in this IUP.

- A DWSRF funding agreement cannot be executed until after the Intended Use Plan for the SFY is finalized

F. Reimbursement

The DPH implements the EPA policy on eligibility of reimbursement of incurred costs for approved projects (Eligibility of Reimbursement of Incurred Cost for Approved Projects 64 F.R. 1802 (Jan. 12, 1999)). Consistent with this policy, an eligible PWS must receive written authorization from the DPH prior to commencement of construction in order to be eligible to receive reimbursement at the financial assistance agreement closing for any construction costs incurred prior to the loan closing.

G. Refinance Existing Loans

The DWSRF may be used to buy or refinance debt obligations for DWSRF projects, if the DPH determines the refinance is in the best interest of public health. The SDWA and DWSRF regulations only permits use of the DWSRF for refinancing for municipal projects incurring debt and initiating construction after June 30, 1993. Projects will still have to be eligible for DWSRF funding and meet project review requirements, including an environmental review, and must receive written authorization from the DPH prior to commencement of construction. Private systems are not eligible for refinancing. The project must adhere to all state and federal DWSRF requirements during construction. Consideration for refinance applications will be entertained only after projects addressing public health protection and compliance have been funded.

Such projects will be ranked below any projects that are not for refinance according to the PRS. If it is determined after the initial eligibility review that a project is seeking DWSRF funds solely for refinance, the DPH reserves the right to adjust the ranking accordingly. A refinance project may be able to bypass a higher-ranked project, if that higher-ranked project is not sufficiently ready to proceed, per the procedures outlined in this IUP.

H. Withdrawal of Project from Funding Consideration

If a PWS chooses not to pursue funding of a project through the DWSRF, or chooses to not go forward with the implementation of a project, the PWS shall be requested to submit a letter to the DPH indicating the withdrawal of the project. The letter should include a statement as to why the project was withdrawn. Upon receipt, the project will be removed from the Fundable PPL and Comprehensive Project List, or the Carryover List, as appropriate, and no longer considered for funding. Withdrawal of a project will not preclude a PWS from continuing to pursue funding for other projects or from submitting the same project for consideration during a subsequent DWSRF funding cycle. If a PWS does not submit a letter as requested, the DPH may withdraw the project based on the initial notification.

Projects for which an Eligibility Application was received and the project is placed on the SFY 2018 Fundable PPL, but for which the DPH does not receive a Financial Assistance Application by the established deadline may be bypassed or withdrawn.

The DPH reserves the right to withdraw and remove any project from the Fundable PPL and Comprehensive Project List, or the Carryover List, if the applicant becomes nonresponsive to the DPH. Any applicant whose project is withdrawn by the DPH for any reason will be notified in writing and required to resubmit a new DWSRF Eligibility Application if they desire to further pursue DWSRF funding for that project.

I. Use of Excess Project Funds

The amount of funding in a Loan Agreement is generally based upon known fixed costs, and may also include a reasonable or adequately justified amount of contingency for unexpected costs that may occur during the project. If a recipient does not utilize all available funds upon completion of the original project, they may submit a request to the DPH to utilize those excess funds for additional work related to the scope and use of the original project. The additional work must enhance or provide additional public health value to the original project. This additional work will be reviewed and required to follow all applicable requirements in the same manner as all projects.

J. Replacement of Lead Service Lines when Replacing Water Main

During the replacement or rehabilitation of a distribution system water main as part of a DWSRF eligible project, any lead service lines or partial lead service lines that are known to exist or that are encountered during such replacement or rehabilitation must be replaced in order for the water main project to remain eligible for DWSRF funds. This requirement is conditioned on the DWSRF applicant obtaining the consent of the individual property owner to replace the full lead service line. If such consent is obtained, the full lead service line replacement may be undertaken by the DWSRF applicant or individual property owner. If undertaken by the individual property owner, the DWSRF applicant shall verify all lead materials have been removed and that no new lead replacement materials have been installed. When lead service lines are encountered, the DWSRF applicant shall, at a minimum:

1. Provide the individual property owner with information about the risks of lead exposure and information about the applicant's Lead Service Line Replacement Program.
2. Engage in meaningful discussion with the individual property owner about sharing appropriately in fully removing their lead service line.
3. Offer to collect a tap water sample from the individual property owner's residence or building for lead analysis at a DPH approved laboratory. If such offer is accepted, the applicant shall promptly collect the sample(s) and provide and explain the test results to the individual property owner promptly after they have been obtained from the laboratory.

If the property owner does not consent to replacing their lead service line the following additional actions shall be undertaken by the DWSRF applicant:

4. Notify the DPH of the property address of the lead service line and the refusal of the property owner to allow or undertake its replacement.
5. Evaluate the applicant's Lead and Copper Rule sampling site plan, if the lead service line was not previously known to exist, to determine if appropriate changes need to be made based on this information.
6. Maintain records of items 1-5 above.

The replacement of the service line must result in the complete removal of all lead components from the water main to the water meter or other connection point to the premise plumbing. The replacement of the lead service line is eligible for DWSRF funding if such costs are not covered by the individual property owner; however, DWSRF funding shall be subject to the availability of DWSRF funds to cover these additional costs.

VI. FINANCIAL MANAGEMENT

A. Rationale for Determining Amounts of Capitalization Grant Intended for Project and Set-Aside Funds

Section 1452 of the SDWA authorizes states to use a portion of the capitalization grant to support various drinking water programs through set-aside funds. The DPH has chosen to take the maximum amount allowable and expects to use these set-aside funds to promote and implement safe drinking water efforts integral to Connecticut's multiple barrier approach to protection of public drinking water supplies and public health. Additionally, the DPH will use these funds to foster greater appreciation of drinking water among the general public and the regulated community. Both of these intended uses address proactive and preventive measures endorsed by Congress in its authorization of the SDWA.

Section VII provides an overview of how the DPH intends to use the funds allocated for each set-aside.

B. Sources and Uses of DWSRF Funds

Sources

The total DWSRF funding available for direct loans and subsidization to PWSs during SFY 2019 is expected to be approximately \$219,704,822. Attachment A provides a breakdown of the sources of these funds. These sources include carry-over revenue bond authorizations from previous IUPs that were not allocated to projects. The total amount that may be used to fund drinking water projects is limited to the total bond authorization by the state legislature as part of the state capital budget and state matching contributions.

Attachment A also identifies the amount of set-asides from DWSRF capitalization grants and state match amounts. The Federal capitalization grant, principal repayments, interest repayments, and funds earned through leveraging are used to support our overall bond authorization and, as such, are not individually identified.

The breakdown of sources and uses reflects the total amounts projected for the DWSRF project fund and set-aside accounts that will be made available to the DPH upon EPA approval of the DPH's FFY 2018 capitalization grant application.

Uses

Projects that are currently anticipated to be funded during SFY 2019 include all projects that are being carried forward from the previous IUP and projects appearing on the SFY 2019 Fundable PPL. The Carryover Project List identifies 35 projects for a total of \$54,611,719. The SFY 2019 Fundable PPL identifies 12 projects for a total of \$25,288,750. The Comprehensive Project List identifies all eligible projects which are seeking funding, including those on the PPL, as described in Section V.

As shown on Attachment A, The total amount of funding available for new projects during SFY 2019 is anticipated to be approximately \$160 million. This is approximately \$134.8 million more in available funding than project costs shown on the SFY 2019 Fundable PPL. These additional funds will be used for unanticipated increases in the cost of projects expected to receive funding, or for additional projects from the Comprehensive Project List that may become ready to proceed in SFY 2019 after the finalization of this IUP.

The ULO balance of capitalization grant funds designated for DWSRF projects is \$5,856,732 as of April 1, 2018. Due to program requirements, all monies provided as federal subsidy must come directly from the federal capitalization grant. As a result, a balance of project ULOs must be maintained in an amount sufficient to make federal subsidy payments for qualifying projects. The ULO set-aside balance is \$1,988,904. EPA has established national objectives for states to fully expend their capitalization grants within two years of their award date and have only two open capitalization grants at any one time.

The uses of the set-aside portion of the capitalization grants are described in Section VII. The State of Connecticut provides in-kind matching funds to obtain our federal EPA grants; however, non-matching state contributions for these activities have diminished in recent years and are not expected to increase in the foreseeable future due to current State budget deficit projections. The DPH has been carrying over unspent set-asides from prior years' capitalization grants to sustain these programs. For several years the DPH has proposed legislation to enact fees to provide long term support for these programs and reduce our dependence on the capitalization grant carryovers. DPH continues to work to move this legislation forward and produced a [report](#) to the joint standing committee of the General Assembly required, under Section 17 of [May 2016 Special Session Public Act 16-2](#), which reviewed financial needs and proposed methods to address those needs. The DPH has accelerated the rate of spending these carryover funds to reduce ULOs, but is obligated to manage those funds in a manner that minimizes the risk of diminishing the important services provided by the programs until alternative sources of new funding are obtained.

C. The DWSRF Financing Plan and Issuance of Bonds for Leveraging

States may choose to issue bonds in conjunction with their federal capitalization grants to provide for more funding within their programs. Leveraging is a useful financing option available to states with a high demand of shovel ready projects for immediate DWSRF funding. Consistent with Connecticut's financing strategy for the CWF, the DWSRF includes leveraging. Since 2001, a total of \$206.1 million in bonds have been issued to fund DWSRF projects. Leveraged financing allows the DWSRF to maximize available project funding by combining revenue bond proceeds, capitalization grants and state match contributions. This in turn provides more loans with favorable terms to more PWS applicants.

A more detailed financial analysis of the DWSRF program can be found in the DWSRF Annual Reports, available on the OTT's website at: http://www.ott.ct.gov/debt_drinkingwaterfund.html.

The leveraging process has been successful because it has allowed the State of Connecticut to fund projects that would not be normally funded using capitalization grant funds alone. Examples include:

- The \$55 million New Britain Water Treatment project, which was built using \$36.6 million in DWSRF funds. This project, which replaced an antiquated system, provides excellent quality water to its over 90,000 customers, and keeps the water rates relatively low.
- The \$29 million water treatment plant upgrade for the South Norwalk Electric and Water utility was built using \$24.7 million in DWSRF funds to replace an antiquated water treatment plant that was badly in need of upgrades.
- Meriden Water Division secured over \$21 million in DWSRF funds for the design and construction of major improvements to Broad Brook Water Treatment Plant and Pumping Station to maintain purity and adequacy of water to its 60,000 customers.

- The \$54 million Groton Utilities Water Treatment Plant upgrade. Groton is currently making significant improvements to its plant to address water quality issues. The majority of the existing components are antiquated (originally constructed in 1938), and improvements to the facility are crucial for infrastructure sustainability.

Without leveraging, the DPH would not be able to fund larger projects like these. The last DWSRF bond issuance occurred in June 2017.

D. State Matching Requirement

The required 20% state match for the FFY 2018 capitalization grant is \$2,271,800. These funds are required to be in place prior to drawing down the award. The State of Connecticut expects to have the required state match amount deposited prior to the expenditure of any federal FFY 2018 capitalization grant dollars. The state match is provided through the proceeds of state General Obligation Bonds issued prior to 2001 and cash contributions from the state. Since 2007, additional state match has been provided by the contribution of principal and interest payments collected from the State of Connecticut on General Obligation Bonds issued to provide interest subsidy for the CWF and held outside the CWF until payments are received by Connecticut. These funds are no longer needed by the CWF for debt service because of the issuance of lower cost refunding bonds and additional contributions by Connecticut. These payments are held and deposited as cash contributions for the DWSRF state match. As of March 31, 2018, the DWSRF has received and deposited \$40.99 for the required match, including those for the FFY 2018 capitalization grant.

E. Federal Cash Draw Proportionality

The DPH must draw down project funds from the federal capitalization grant award at a proportional rate not to exceed the rate of use for the state matching funds that will be used to secure the grant. The DPH intends to use all of the state match funds prior to drawing down the federal capitalization grant funds. This approach will ensure compliance with the proportionality requirement.

F. Financial Terms of Loans

Connecticut has instituted a tiered schedule of interest rates for DWSRF loans derived from the market costs of debt financing for the DWSRF program. The tier applicable to a specific project will be based on the financial and legal status of the recipient as well as on the type of project. CGS Sections 22a-475 through 22a-483, inclusive, allows for amortization to begin one year from the project's scheduled completion date and provides a formula, based on Connecticut's prevailing taxable or tax-exempt bond market rates, for setting interest rates. Connecticut may adjust these terms based on the financial viability of the borrower.

CGS Sections 22a-475 through 22a-483, inclusive, also allows Connecticut to offer project loans with reduced interest rates or an extended term, if permitted by Federal law, to eligible PWSs that qualify as disadvantaged communities. Attachment 10 to the OA contains an explanation of what a disadvantaged community is. Connecticut does not currently offer a disadvantaged community assistance program for the DWSRF.

Within the provisions of CGS Sections 22a-475 through 22a-483, inclusive, Connecticut will consider appropriate financial terms for refinancing and the acquisition of land and sanitary easements on a case-by-case basis. The DPH policy for refinancing is discussed in Section V.

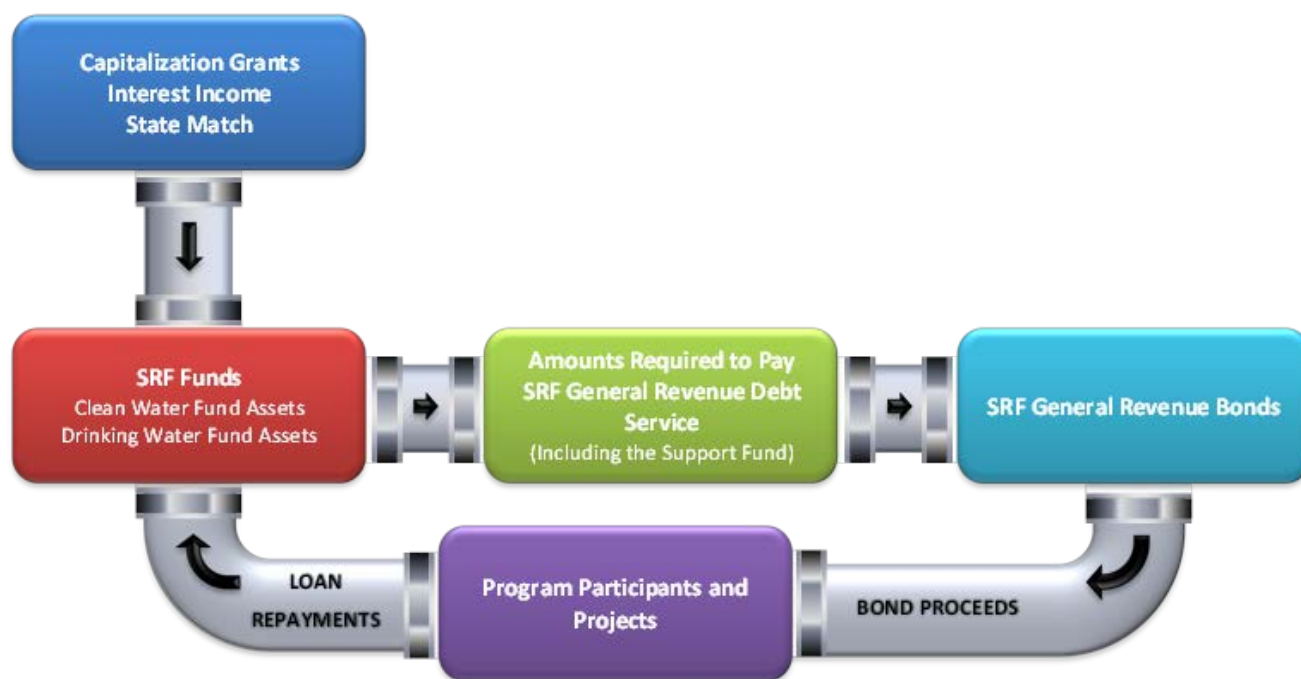
Additional lending policies pertaining to the DWSRF program are found in Attachment 6 (last revised April 1999) to the OA.

The term of a loan (in years) may not exceed the useful service life of the primary infrastructure component(s) that are being financed through the DWSRF. Maximum loan terms may also be restricted based on the dollar amount of the loan (not including any subsidy) as outlined in the table below.

Loan amount	Maximum loan repayment term
up to \$10,000	3 years
\$10,000 - \$25,000	5 years
\$25,000 - \$100,000	10 years
More than \$100,000	20 years

Projects with loans of \$100,000 or less may be treated as reimbursement only. The borrower may be expected to pay their contractors with their own funds as necessary to complete the project. The financing agreement with DPH will allow PWSs to be reimbursed for those eligible expenses once the DPH receives a reimbursement payment request from the PWS along with all of the contractor’s invoicing.

Figure 2 – The Revolving Flow of Funds



G. Transfer of Capitalization Grant Funds between the DWSRF and CWSRF

The DPH has not transferred funds between the DWSRF and the CWSRF programs. While such a transfer is permitted under the SDWA, the DPH does not anticipate making such a transfer under the current IUP, but reserves the right to do so if necessary.

H. Expected Loan Demand

Connecticut's participation in the EPA-sponsored Drinking Water Infrastructure Needs Survey and Assessments (DWINSAs) for 1999, 2003, 2007, 2011, and 2015 evidenced that a significant need continues to exist throughout the state for funding capital improvements. The results of these surveys are used by the EPA to determine the percentage of the DWSRF appropriation that each state will receive each year for the 4-year period interval following release of each survey's report.

The 2015 DWINSA assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2015 to December 31, 2034. The results of the survey were used to determine the DWSRF allocation for FFYs 2018 through 2021. The results of the 2015 survey, which were released in April 2018, showed that the State of Connecticut's estimated need had grown from \$1.394 billion in 2007 and \$3.587 billion in 2011 to \$4.018 billion in 2015. The breakdown was as follows:

Transmission and Distribution	\$2.542 billion
Treatment	\$770.4 million
Storage	\$400.9 million
Source	\$187.6 million
Other	\$116.7 million

As the cost and need for infrastructure projects continue to increase, the demand for low-cost loans will most likely also increase. The availability of federal subsidization since 2009 for DWSRF projects has also increased the demand for loans.

The DPH expects to continue to fully participate in future DWNSA, in the on-going effort to identify the drinking water needs in Connecticut.

In addition, in December 2015, regulations became effective requiring emergency power provisions for all community water systems. The DPH expects an increase in funding requests through the Emergency Generator Power Program over the next few years.

I. Impact of Program on Long-Term Financial Status of the DWSRF

The main features of the DWSRF program – the PRS, the leveraging plan, and the maximization of set-aside monies – will be implemented and managed in a prudent and responsible manner. This will allow the DPH to meet the public health and compliance goals of the DWSRF, while simultaneously preserving the integrity and perpetuity of the fund itself. Loan terms will be attractive, while lending procedures will include safeguards structured to minimize unforeseen losses to the fund. The use of federally allowed subsidization from the capitalization grants will be managed to ensure that these non-repayment funds enhance the program rather than result in detrimental long term consequences.

The DWSRF also produces numerous opportunities for strengthening water supply mechanisms (i.e., source protection, PWSS program) that will ultimately result in improvements to safe and adequate supplies of drinking water for Connecticut residents. Additionally, the placement of the DWSRF within the financial structure of Connecticut's CWF guarantees that the DWSRF will benefit in the long term from the same management and financial planning mechanisms that have marked the success of Connecticut's CWF Program.

VII. SET-ASIDE ACTIVITIES

Taken together, 31 percent of a Connecticut's DWSRF capitalization grant is expected to be used for set aside activities. The DPH DWS receives funds under four set-asides to support various drinking water and DWSRF program activities. They include the Administration, State Program Management, Small Systems Technical Assistance, and Local Assistance set-aside funds. The set-aside activities for SFY 2019 are described below. Prior to requesting disbursement of these funds, the DPH submits work plans to EPA Region 1 with the capitalization grant application, which provides specific details for use of each set-aside fund. If a workplan modification becomes necessary during the SFY, the DPH shall amend the grant application and seek EPA's approval. The DPH DWS will satisfy all set-aside reporting requirements as detailed in the capitalization grant award conditions.

A. DWSRF Administrative Funds

Maximum Percentage Allowed:	4% of the Capitalization Grant
Taking from FFY 2018 Grant:	\$454,360

The DPH intends to use funds in the Administrative set-aside to support existing staff at DPH and OTT dedicated to administrative and fiscal management of the DWSRF accounts, oversight and tracking of the DPH's Cash Management Plan, as well as providing assistance to borrowers in preparing their loan applications and satisfying program requirements. In addition, the DPH intends to utilize funds from this set-aside for the development and use of a state specific project financing, loan and accounting management system for the DWSRF program. The DPH may also utilize funding from the capitalization grant's administrative set-aside to prepare DWSRF marketing materials including an Annual DWSRF Construction Report, brochures, posters and other materials to increase the awareness of the DWSRF among public water systems, legislators, local officials, consultants and other stakeholders.

B. State Program Management

Maximum Percentage Allowed:	10% of the Capitalization Grant
Taking from FFY 2018 Grant:	10% (\$1,135,900)

Funding under this set-aside will be used primarily to support and administer the Public Water System Supervision (PWSS) program, which includes administering and providing technical assistance to PWSs in Connecticut. Staff supported by this fund also perform the following in support of both the PWSS and DWSRF programs:

- Coordinate DWS grant administration/lead interaction with EPA for grant administration, applications and reporting
- Prepare guidance documents, work plans and long-term strategies for DWSRF program management and EPA required program management reports (i.e. QAPP, PPA),
- Prepare contracts related to technical assistance to PWSs to assist the DWS in capacity development efforts

- Provide direct technical assistance to PWSs regarding the required reporting of water quality and inventory/facility data utilized in Safe Drinking Water Information System and electronic data interchange; provide information and educational opportunities to PWSs via internet postings.
- Provide legal assistance to the DWS regarding the DWSRF program
- Coordinate activities with the Environmental Health Section's Laboratory Certification Program in assisting PWSs regarding water quality testing issues
- Identify water systems that would most benefit from collaboration or regionalization and assisting in developing and evaluating processes to aid in the success of DWS capacity development efforts
- Assist in coordinating long-range water supply planning by addressing water quality and quantity issues from area-wide perspectives in regional coordinated plans
- Performance of general office functions, such as reception, typing, filing, and bookkeeping in support of the PWSS and DWSRF Programs.
- Continuously update and maintain DWS's Geographic Information System(GIS) data layers in the DWS GIS system
- Review and approval of proposed sources of supply, including verification that the water system has ownership or control of the sanitary radius for proposed groundwater sources.
- Provide support for DWSRF Program Management activities by performing a wide variety of general clerical functions including basic processing, reception, filing, record keeping, bookkeeping and typing
- Review DWSRF project funding applications and perform subsequent engineering tasks as required
- Attend workshops and trainings to improve the efficiency of the DWSRF program
- Continue Memorandum of Agreements between DPH and UCONN that allows UCONN students to intern with the DPH DWS
- Coordinate the preparation of DWSRF loan agreements with the DPH Fiscal Office, Office of Grants and Contracts and the Office of the State Treasurer

C. Small Systems Technical Assistance

Maximum Percentage Allowed:	2% of the Capitalization Grant
Taking from FFY 2018 Grant:	2% (\$227,180)

Activities performed under this set-aside including providing technical assistance to small PWSs serving up to 10,000 consumers and contracting with a service provider to offer technical assistance to the state's small PWSs. Technical assistance efforts include:

- Conducting sanitary surveys of community, NTNC and transient non-community (TNC) PWS serving fewer than 10,000 persons (small systems)
- Assessing existing small PWS's technical, financial and managerial capacity during sanitary surveys
- Educating and assisting small systems in applying for DWSRF loans for infrastructure projects

D. Local Assistance

Maximum Percentage Allowed:	15% of the Capitalization Grant
Taking from FFY 2018 Grant:	5% (\$567,950.00) – Wellhead Protection
	10% (\$1,135,900) – Capacity Development

The DPH uses this set-aside for wellhead protection and capacity development activities. The Wellhead Protection Program will use 5% of the set-aside funds and the Capacity Development Program will use the remaining 10%. Each program is described below.

a) Wellhead Protection

Program elements include coordination, management, and regulation of source protection through the proactive enhancement and oversight of existing source protection laws and regulations, integration with water supply planning, education of local land use officials, and involvement with stakeholders on a continuous basis. Efforts under this set-aside include:

- Implementing continually revised statutes and regulations for source water protection, including the provisions of the federal Groundwater Rule
- Reviewing and approving/denying all proposed sources of public water supply
- Permitting of proposed sales or changes to water company owned land (i.e. land owned by PWSs that are within source water protection areas)
- Permitting of monitored recreational activities on water company land
- Coordinating of the process of conducting annual watershed inspection; and annual submission of Watershed Survey Reports
- Active and committed involvement with the improvement of the GIS application and database which is critical for adequate source assessment and protection
- Linking the protection of public water supplies with subsurface sewage disposal system approval, maintenance, training, and repair
- Linking the Clean Water Act to the SDWA through working with EPA, DEEP, and other stakeholders
- Continually working with local, regional and state partnerships on Environmental Reviews for projects that could potentially impact drinking water quality
- Collaborating with stakeholders at the community and state level to implement source water protection concepts and best management practices to enhance drinking water source protection
- Working with many diverse groups to enhance drinking water source protection and provide useful educational materials
- Working to develop and utilize consistent policies for the use of pesticides and herbicides in public drinking water sources of supply

b) Capacity Development

The DPH will use 10% of the Local Assistance set-aside allocation for capacity development initiatives that are consistent with the DWS's EPA-approved Capacity Development Strategy and help to improve the technical, financial and managerial capacity of PWSs. The DPHs strategies account for both immediate and long-term sustainability initiatives, including education, technical assistance, enforcement, consolidation, DWSRF assistance, and water system restructuring. These funds will be used primarily to support staff within the DWS that:

- Conduct sanitary surveys of community, NTNC and TNC PWSs
- Provide technical assistance to PWSs on violations and deficiencies noted during sanitary surveys

- Perform technical, financial and managerial capacity assessments of PWSs during sanitary surveys
- Provide technical assistance and enforcement referral to local health departments for maximum contaminant level violations, source water construction violations and cross-connections identified at NTNC and TNC food service establishments
- Conduct reviews of water quality and quantity of newly-developed drinking water sources and review engineering plans and specifications for new water system designs in accordance with CGS Section 16-262m, and regulations adopted thereunder, and under the authority of RCSA Section 19-13-B102
- Support the DWSRF program by soliciting for DWSRF projects; providing technical assistance to DWSRF applicants and their consultants on program requirements; determining project eligibility and reviewing and ranking project applications; reviewing project plans and specifications; tracking projects through completion including site visits; reviewing and approving DWSRF payment requests from loan recipients; entering and maintaining data in the federal DWSRF Project Benefits Reporting (PBR) system and Drinking Water National Information Management System (DWNIMS) on-line databases; preparing state and federal DWSRF reports; coordinating, conducting and attending the Public Hearing on the IUP and PPLs; meeting with stakeholders and applicants as needed; and attending workshops and trainings to improve the efficiency of the DWSRF Program.
- Provide technical assistance to PWSs that have received a significant violation as a result of a site visit or as noted in a sanitary survey report
- Participate as necessary in training programs related to the technical, managerial and financial capacity of PWSs for PWS operators and public health officials
- Work with the Connecticut drinking water industry, the Association of State Drinking Water Administrators, and the EPA with a goal of achieving optimization of existing surface water treatment plants

VIII. AUDITS and REPORTING

Ensuring transparency and accountability, all program materials are posted on our website (www.ct.gov/dph/dwsrf). DWSRF Annual Reports are posted on the OTT website (http://www.ott.ct.gov/debt_drinkingwaterfund.html). Financial audits are conducted annually by the OTT and included with the Annual Report. We commit to entering project and benefits data into the DWNIMS and PBR System to evaluate the benefits of Connecticut's DWSRF program. Among other parameters, the reporting systems will evaluate the number of DWSRF projects that provide public health benefits, including those that achieve compliance with the SDWA, those that maintain compliance with the SDWA and those that are intended to meet future requirements of the SDWA.

Project benefits information is entered into PBR as soon as possible following execution of a funding agreement, preferably within two weeks. Updates to PBR following completion of the project and closing of the permanent loan are also made as soon as possible. If a project contains "green" components, we will report on the "green" projects and/or "green" portion of projects in PBR.

IX. PUBLIC OUTREACH and COMMENT

The DPH has engaged in a determined effort to prepare and provide accurate and understandable information on the DWSRF to potential loan applicants and other interested persons. The DWSRF loan applicant pool in Connecticut consists of approximately 750 PWSs. This pool includes of all community PWSs and all NTNC public schools. Outreach to these systems, as well as to other interested persons, has and will continue to occur simultaneously with the implementation of the DWSRF program. Outreach is accomplished through posting information on the DWS website, meeting with applicants, targeted electronic mailings, distributing program marketing information, and participating in various water-related forums. In addition, engineering staff from the DPH reach out to PWSs during on-site sanitary surveys and encourage them to consider the DWSRF program for their infrastructure financing needs.

In conformance with 40 CFR 35.3555(b), the DPH is seeking meaningful public review and comment on the Draft SFY 2019 IUP, which includes the Fundable PPL. In addition, RCSA Section 22a-482-1(c)(4) requires that a public hearing be held to allow for the opportunity to comment on the draft Fundable PPL. A Notice of Hearing will be formally advertised in major statewide newspapers, minority newspapers, on the DPH's website and will be filed with the Connecticut Secretary of State's Office for posting on their Public Meeting Calendar at least 30 days prior to the hearing. The Draft IUP and Notice of Hearing will also be sent to all DWSRF applicants with projects appearing on the Comprehensive Project List following formal advertisement. Interested persons are encouraged to attend and provide oral or written testimony at the public hearing or to submit written comments in advance of the hearing.

The public hearing will be held in Conference Room C at 470 Capitol Avenue in Hartford, CT. The hearing will be followed by an Open Forum where attendees will have an opportunity to meet directly with DWSRF program staff to answer questions and learn more about the loan program. All testimony provided during the public comment period and during the hearing will be reviewed and considered by the DPH Commissioner prior to finalizing this IUP.

X. ATTACHMENTS

- A. Sources and Uses of Estimated Amounts of DWSRF Funds
- B. Priority Ranking System
- C. SFY 2019 Comprehensive Project List – Alphabetical Order
- D. SFY 2019 Comprehensive Project List – By Points
- E. SFY 2019 Carryover Project List
- F. SFY 2019 Fundable Project Priority List
- G. Asset Management Plan Checklist
- H. Fiscal Management Plan Checklist

**Attachment A
Sources and Uses of DWSRF Funds**

	Cumulative Total through 3/31/2018 (6/30/18)	7/1/18- 6/30/19 (This IUP)	Cumulative Total Through 6/30/19
<u>SOURCES</u>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
Federal Capitalization Grant Set-Asides	\$ 61,849,629	\$ 3,521,290	\$ 65,370,919
Previous Bond Authorization Committed to Projects ¹	\$ 190,740,177	-	\$ 190,740,177
Previous Bond Authorization Available for Projects ²		\$ 214,704,822	\$ 214,704,822
PWS Improvement Program Authorized by CGS 22a-483f	\$ 15,000,000	\$ 5,000,000	\$ 20,000,000
Sources Total	\$ 267,589,806	\$ 223,226,112	\$ 490,815,918
<u>USES</u>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
<u>Set-Asides</u>			
Administrative	\$ 8,346,756	\$ 454,360	\$ 8,801,116
State Program Management	\$ 19,898,910	\$ 1,135,900	\$ 21,034,810
Small System Technical Assistance	\$ 4,800,978	\$ 227,180	\$ 5,028,158
Local Assistance / Other State Programs	\$ 28,802,985	\$ 1,703,850	\$ 30,506,835
<u>Projects</u>			
Previous Bond Authorization Committed to Projects ¹	\$ 190,740,177		\$ 190,740,177
Previous Bond Authorization Used for Carryover Projects		\$ 54,611,719	\$ 54,611,719
Previous Bond Authorization Used for Project Priority List		\$ 25,288,750	\$ 25,288,750
Previous Bond Authorization Available for Additional Projects ³		\$ 134,804,353	\$ 134,804,353
			\$ -
PWS Improvement Program Authorized by CGS 22a-483f and Used for Projects	\$ 15,000,000	\$ 5,000,000	\$ 5,000,000
Uses Total	\$ 267,589,806	\$ 223,226,112	\$ 490,815,918

Footnotes:

1 - The capitalization grant project funds and state match amounts are included in the amount of bond authorization. This amount also includes proceeds generated by leveraging, interest earnings, and principal repayments, but these do not increase the total authorization. Refer to the text of the IUP for an explanation. Funds have been committed to projects.

2 - Funds from previous bond authorization that have not been committed to projects

3 - These funds are available for projects with actual costs higher than original estimates and/or for projects appearing on the Comprehensive List, but not on the Fundable PPL.

Attachment B

Connecticut Department of Public Health - Drinking Water Section
Drinking Water State Revolving Fund
Priority Ranking System
(Revision 1/31/17)

A. Introduction:

Connecticut General Statute (CGS) Section 22a-478(a) requires the Commissioner of the Department of Public Health (DPH) to establish and maintain a priority list of eligible drinking water projects and to establish a system setting the priority for making loans to eligible public water systems (PWS) under the Drinking Water State Revolving Fund (DWSRF). In establishing such priority list and ranking system the Commissioner shall consider all factors that are deemed relevant including, but not limited to, the following:

1. Public Health and Safety
2. Protection of environmental resources
3. Population affected
4. Risk to human health
5. PWSs most in need on a per household basis according to the applicable state affordability criteria
6. Compliance with the applicable requirements of the federal Safe Drinking Water Act (SDWA)
7. Applicable state and federal regulations
8. Consistency with the plan of conservation and development
9. Consistency with the coordinated water system plan in accordance with subsection (f) of CGS Section 25-33d

The DPH annually receives a federal capitalization grant from the United State Environmental Protection Agency (EPA). A minimum of 69% of these grant funds are used to make long term low interest loans available to PWSs for drinking water infrastructure projects through the DWSRF. A maximum of 31% of the capitalization grant is available to be used for eligible set-aside activities implemented by the DPH. The portion of the capitalization grant that is used for loans is leveraged through the Clean Water Fund Revenue Bond Program by the Office of the State Treasurer. The proceeds from the sale of revenue bonds along with other revolving funds from prior loan repayments are used to provide new loans to PWSs. This leveraging program increases the amount of funding available for loans each year beyond what is provided for in the capitalization grant alone. Each year, the DPH is limited in the amount of loans it can provide to PWSs through the Revenue Bond Program based on the legislative revenue bond authorization it receives in the State capital budget. Under the terms of the capitalization grant, the DPH is also required to contribute state matching funds equal to 20% of the capitalization grant to the loan program as additional funding.

Often, loan demand is higher than the amount of DWSRF funding that is available. The Priority Ranking System described in this document is used to prepare a Project Priority List (PPL), which is included in an annual Intended Use Plan (IUP). The PPL identifies the projects that are expected to receive the available funding during that year. Projects that are not listed on a PPL remain eligible to receive loans if additional funding becomes available or if a PPL project is by-passed by DPH or withdrawn by the applicant.

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B. Eligibility for DWSRF Loans

The DWSRF is intended to provide PWSs with a long-term low-cost financing alternative to improve and maintain their existing drinking water infrastructure in perpetuity. In order to receive a loan, a borrower and their project must both be deemed eligible for the DWSRF.

Eligible borrowers include all community public water systems and non-profit non-community public water systems. In addition, these borrowers:

1. Must have adequate technical, financial and managerial capacity to ensure compliance with the requirements of the SDWA unless the use of the DWSRF will ensure compliance and the owner(s) and/or operator(s) of the systems agree to undertake feasible and appropriate changes in operations to ensure compliance over the long term
2. Must not be in significant non-compliance with any national primary drinking water regulation, state drinking water regulation or variance unless;
 - a. their eligible drinking water project will adequately address long-term compliance, or;
 - b. the purpose of the assistance is unrelated to the cause of the significant noncompliance and the systems are on enforcement schedules (for maximum contaminant level and treatment technique violations) or have compliance plans (for monitoring and reporting violations) to return to compliance.
3. Must not be federally owned

Six categories of projects are eligible to receive DWSRF assistance. These categories and examples of projects within them are:

1. **Treatment** - projects to install or upgrade facilities to improve drinking water quality to comply with SDWA regulations
2. **Transmission and distribution** - rehabilitation, replacement, or installation of pipes or pump stations to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes
3. **Source** - rehabilitation of groundwater wells or development of new groundwater wells to replace contaminated sources
4. **Storage** - installation of new or upgrades to existing finished water storage tanks to prevent microbiological contamination from entering the distribution system
5. **Consolidation** - interconnecting two or more water systems
6. **Creation of new systems** - construct a new system to serve homes with contaminated individual wells (i.e. private wells) or to consolidate two or more existing PWSs into a new regional water system

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

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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 SDWA
7. Laboratory fees for routine monitoring
8. Operation and maintenance expenses
9. Partial lead service line replacements (see Section F.7)

The DWSRF may be used to finance the planning, design or construction phase of an eligible drinking water project.

C. Call for Projects

The Call for Projects is on-going and Eligibility Applications are accepted at any time. For a project to be considered for funding on the PPL in an annual IUP, an Eligibility Application must be received by the date announced by the DPH. It is expected that this date will be same each year. This announcement is issued via e-mail to all PWSs that are eligible to receive DWSRF loans, municipal Chief Elected Officials and local Directors of Health, as well as posted on the DPH Drinking Water Section's (DWS) website. This announcement will be made approximately 60-90 days prior to the due date.

Eligibility Applications received after the announced due date will be reviewed as they are received and the IUP updated as explained further in Section H of this document.

PWSs that desire DWSRF loans must submit a DWSRF Eligibility Application to the DPH in order for that project to be considered for a loan. The DPH reserves the right to issue new solicitations for additional infrastructure projects for DWSRF funding at any time.

D. Small System Reserve

The SDWA 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. The DPH shall use the population it currently has on record at the time a PWS applies for funding to determine if it meets the small system criteria. In cases where an applicant owns more than one community PWS, the applicant's population will be determined on the combined population of all of its individually owned community PWSs.

E. Green Project Reserve (GPR)

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. To the extent required by Federal law, which may change from year to year, priority may be given to eligible projects where sufficient documentation has demonstrated to the satisfaction of DPH that the project achieves identifiable and substantial benefits that qualify as green project benefits. Specific GPR amounts available each year will be identified in the DPH's IUP.

F. Priority Point Assignment

Connecticut's DWSRF priority ranking system assigns points to each project deemed eligible for funding. In developing the ranking system, the point structure is weighted towards projects that will provide the greatest public health benefits and to PWSs that are most in need of low cost financing. This approach is consistent with the SDWA requirement for States to prioritize the use of funds for projects that:

1. Addresses the most serious risk to human health
2. Are necessary to ensure compliance with the requirements of the SDWA

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3. Assist systems most in need according to state affordability criteria

The nine major point categories are as follows:

1. **Water Quality:** Within this category points are awarded for projects that address water quality regulatory violations or impaired water quality. Supporting evidence of impaired water quality and the need for corrective action shall be provided to support the award of points. This category is divided into five subcategories:
 - a. **Immediate Action:** Water quality violations requiring immediate action include surface water treatment rule violations and acute microbiological and inorganic chemical Maximum Contaminant Level (MCL) violations as well as lead Action Level exceedances. These violations pose health risks which must be brought into compliance expeditiously. High levels of other contaminants in subcategories b. and c. that are determined by DPH to present immediate acute health risks may be elevated to subcategory a. and awarded additional priority points based on DPH's determination.
 - b. **Non-Acute MCL Violations:** MCL violations for contaminants which have health risk ramifications over extended periods of time include the following subcategories: non-acute inorganic chemical, pesticides, herbicides, PCB's, organic chemicals, disinfection by-products and radioactivity.
 - c. **Other Contaminants of Health Concern:** Includes drinking water contaminants for which DPH or EPA has determined a health risk exists even though the contaminant does not have an established MCL. These may include regulated or unregulated contaminants that DPH or EPA has set formal action levels or health advisory limits for prior to establishment of a federal or state MCL. This subcategory also awards points for projects which address proactive steps taken to reduce elevated levels of contaminants that exceed 50% of their established MCL or the State notification level for Sodium.
 - d. **Physical/EPA Secondary MCLs:** This subcategory allows points for parameters that are primarily deemed aesthetic rather than having significant health ramifications. These contaminants or physical properties of water may make the water unsuitable for drinking rather than posing any significant known health risk.
 - e. **Private Wells:** Properties that are currently not being served by a PWS yet are experiencing private well contamination which may cause the private well to exceed an MCL contained in RCSA Section 19-13-B101 or exceed a private well [Action Level](#) established by the DPH, can be assigned ranking points, if the project involves the extension of water service to the affected wells and the applicant is eligible to receive a DWSRF loan. Where water main extensions are not feasible, points may be awarded for creation of a new PWS to serve these properties.
2. **Advanced Surface Water Treatment:** Points are awarded for projects that involve changes in treatment technologies or unit processes at surface water treatment plants to address the treatment of emerging contaminants or comply with a known future SDWA regulatory requirement. The treatment of unregulated contaminants that would be considered under this category include:
 - Contaminants identified in EPA's latest Unregulated Contaminant Monitoring Rule
 - Contaminants identified in EPA's latest Contaminant Candidate List
 - Contaminants identified by EPA as contaminants of emerging concern
 - Contaminants discovered by the PWS during water testing that have been determined by DPH

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to present or have the strong possibility of presenting a public health risk

3. **Water Supply/Conservation:** Inadequate quantity of water supply has many public health implications. Supply shortages can translate to poor or inadequate pressure which can lead to back siphonage and potential contamination of the water distribution. Even with active cross connection programs, lack of pressure may result in accidental contamination events. Customers of public water systems also need adequate water service for basic sanitation needs within their homes and businesses. Within this category, points are awarded for projects that address inadequate water supply under normal operating conditions. Points are also awarded for proactive improvements that maintain the adequacy of source waters or contribute to the water conservation efforts of public water systems. This category includes:
 - a. **Source Water Deficits:** New groundwater well development projects or interconnection projects with other PWSs that are necessary to comply with RCSA Section 19-13-B102(o). This may include demonstration of diminishing safe yield that reveals an imminent threat to maintaining the minimum required margin of safety of 1.15. A recent water audit will be required to be evaluated in the Preliminary Engineering Report.
 - b. **System Capacity Deficits:** Projects that include capacity upgrades to water treatment plants, pump stations, storage facilities or transmission/distribution piping to comply with RCSA Section 19-13-B102(p). A recent water audit will be required to be evaluated in the Preliminary Engineering Report.
 - c. **Source Development:** Projects that include the development of new groundwater sources or the rehabilitation of existing groundwater sources necessary to maintain, augment or replace existing sources that do not qualify for points under sub-category a.
 - d. **Conservation/Water Loss Reduction:** This subcategory recognizes the important role that accurate metering, real-time water use monitoring, pipe replacement/rehabilitation programs and other water loss reduction projects play in a PWS's water conservation efforts. Additional points will be awarded to metering projects that incorporate Advanced Metering Infrastructure (AMI) technology to recognize the additional conservation benefits this technology provides. Also includes projects that involve the timely replacement or rehabilitation of water transmission or distribution system piping to reduce water loss due to leaks in existing piping and also increase flows and pressure to customers.
 - e. **Private Wells:** Projects that involve extending water service to existing residential properties served by private wells that have gone dry or have experienced yield reductions that render the well incapable of sustaining the water supply necessary for basic sanitary needs.
4. **Infrastructure Violations/Deficiencies/Safety Hazards/Failures:** Points are awarded to projects that address infrastructure regulatory violations that are not covered in Category 3. Points are also awarded to projects that correct significant deficiencies under the Ground Water Rule. Other infrastructure deficiencies, safety hazards or failures identified by DPH in a sanitary survey report or documented by the PWS with supporting evidence included in the DWSRF Eligibility Application would be eligible for points in this category. Hydropneumatic storage tanks that are greater than 30 years old may pose a safety risk as evidenced by a tank explosion in 2015 in North Stonington, CT that completely destroyed a pump station. Tank industry construction standards for these tanks improved in the early 1980's which has eliminated much of this risk with more modern tanks. For this reason, projects for the replacement or elimination of hydropneumatic storage tanks meeting one or more of the following criteria are also included in this category:

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- Tanks greater than 30 years old
- Tanks recommended for replacement by DWS in a sanitary survey report
- Tanks recommended for replacement in a professional independent tank inspection report

Replacement of hydropneumatic storage tanks may include replacement of the existing fixed rate booster pumps with variable frequency drive (VFD) pumps and/or control system including the power supply upgrade.

5. **Consolidation:** Points are awarded to projects that consolidate two or more public water systems through water main interconnection or consecutive system. Small systems can benefit from the economies of scale achieved by being absorbed into, or served by, a larger community water system and, in many cases, benefit through an increased level of technical, financial and managerial (TFM) capacity. Small system to small system consolidations also offer opportunities for these small systems to share resources, increase TFM capacity by restructuring water system management and achieve greater economies of scale.
6. **Resiliency/Security:** Points within this category are awarded to projects that will increase a PWS's ability to withstand and recover from natural or man-made disasters and includes climate change adaptation and drought. This category provides points for climate change or asset management planning projects. Points are also awarded to projects that already have, or incorporate, appropriate security elements relative to that project or for stand-alone security projects appropriate for an existing facility such as security fencing, alarms and surveillance cameras. To qualify for climate change or resiliency points, projects will need to be supported by appropriate studies. To receive points, projects must not be inconsistent with State or Federal climate change studies or statewide resiliency planning documents recognized and supported by DPH. Points will also be awarded to projects for stand-by emergency power generator systems (new, replacement, or upgrade to existing) for existing critical facilities that need to be powered during a loss of normal electrical grid power. Additionally, this category provides points to encourage PWS's to invest in asset management and climate change planning if they have not already done so. Planning points will only be awarded for the creation of an initial plan. The DPH anticipates that these plans may result in future infrastructure projects that would qualify for DWSRF funding. Although these planning projects will be ranked independently, they may be combined with another eligible drinking water project into a single DWSRF loan agreement if both projects are included on the PPL and are undertaken simultaneously.
7. **Other Capital Improvements:** Points within this category are awarded for general proactive infrastructure projects that may not qualify for points within categories 1, 2, 3 or 4. These projects help achieve long term infrastructure sustainability so that health risks from infrastructure failure are averted. This category includes the replacement of lead service lines to individual customers including any portion located on a customer's private property. A lead service line would include any service line that has **any** lead piping. In order to receive DWSRF funding for lead service line replacements, the **entire** portion of the service line (starting at the water main on the street and terminating where the premise plumbing begins) that contains lead must be replaced. Partial lead service line replacements will not be funded due to health concerns associated with the possibility of increasing a customer's lead exposure by disturbing the remaining lead-containing piping. To receive priority points for complete lead service line replacements, all lead service lines associated with the project must be identified in advance of submitting a DWSRF Eligibility Application and all

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lead service lines for which customer's consent (if applicable) has been obtained must be replaced as part of the project. This category also includes the replacement of internal building piping of buildings owned and served by an eligible PWS that is part of a remediation strategy to address lead or copper levels that exceed the Action Level.

8. **Sustainability/Statewide Planning Recognition:** Points within this category are awarded to eligible projects undertaken by a PWS directly related to an acquisition or transfer of a PWS with inadequate financial, managerial or technical capacity to another PWS as reviewed and ordered pursuant to CGS Section 16-262n & 16-262o. Points are also awarded to eligible projects undertaken by a PWS that actively implements an asset management program and their project is supported by that plan. Additionally, points are awarded for projects that are identified within a statewide or regional water supply planning document under the oversight of DPH including, but not limited to, the Coordinated Water System Plan of a Water Utility Coordinating Committee under CGS Section 25-33h or statewide or regional public drinking water resiliency plans. This category is intended to recognize and support the planning efforts of PWSs to achieve long term sustainability, assist other PWSs in need and support the State's long term planning efforts for public water supply.
9. **Affordability:** This category awards additional points to projects undertaken by a PWS in a town that has been identified by the Connecticut Department of Economic and Community Development as a "distressed municipality".

The activities which qualify for points under each category along with the numerical value of points assigned to each activity are detailed in Appendix A.

The DPH reserves the right to determine if project identified in a DWSRF Eligibility Application contains more than one independent project. In such cases, the DPH may split the application into multiple independent applications, request that the applicant resubmit independent Eligibility Applications for each independent activity or request the applicant to submit additional information to support the interrelationship between those activities identified in the original Eligibility Application prior to assignment of a ranking score. This right is exercised to prevent manipulation of the point ranking system by blending independent projects to gain an overall point ranking advantage.

G. Readiness to Proceed

It is the DPH's intention, as well as the expectation of EPA, that the DPH will commit the available DWSRF funding each year to projects listed on the PPL. Similarly, it is expected that the committed funds will be disbursed in a timely manner. Accordingly, these commitments (in the form of executed DWSRF loan agreements) are not made until a project is ready to proceed and start spending money on their project.

Regardless of the priority ranking score a project receives, only those phases (planning, design, construction) of eligible projects that can reasonably be expected to result in executed contracts (professional service and/or construction contracts) and DWSRF loan agreements within a specific SFY will be considered for inclusion on that year's PPL. Any phases not included on a PPL will be included on the Comprehensive Project List (CPL) and remain eligible for future funding. The criteria that DPH uses to assess readiness is included in the DWSRF Eligibility Application and explained in the annual IUP. The DPH may request updated readiness information for a project during development of the PPL if necessary.

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H. Project Priority List and Comprehensive Project List

The State of Connecticut's capital budget is prepared on a biennial basis and State Fiscal Years run from July 1 through June 30. Annually the DPH will 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 federal DWSRF funds. The IUP will include a CPL of drinking water projects which have applied for DWSRF loans. The IUP will also identify which projects are expected to receive funding during that SFY on a Project Priority List (PPL).

Following publication of the finalized annual IUP, the CPL may be updated periodically to include new eligibility applications that were received after the initial drafting of the annual IUP. If any changes were made to the CPL, an amended IUP will be posted on the DPH DWS website for a 30-day comment period. Once an amended IUP has been finalized, any project on the CPL will be considered for funding according to the bypass procedures in the IUP.

Projects on the CPL that are not included on a PPL will remain eligible for DWSRF funding in the future. Projects on the CPL may be subsequently added to a PPL if additional funding becomes available, other PPL projects are withdrawn by the applicant or a PPL project is by-passed by DPH.

There will be 4 factors taken into consideration when drafting a PPL . Those factors are:

1. The total numerical points assigned to a project which is arrived at by tallying points from each of the 9 priority point categories.
2. A PWS's readiness to proceed with the activities they have requested funding for.
3. To the extent that there are sufficient eligible small systems projects that are ready to proceed, not less than 15% of the available funding shall be dedicated to them.
4. To the extent required by federal law, a portion of DPH's capitalization grant shall be dedicated to projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

The DPH will publish the draft PPLs for a 30 day public comment period followed by a public hearing. Written comments and oral testimony provided on the PPLs during this public participation process will be considered before the PPLs are finalized.

I. Tie-Breaking Procedure

Following the implementation of factors 1-4 in Section H, 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.

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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. This tie-breaking method shall apply to projects listed on both the PPL and CPL.

J. Project Priority List By-Pass Procedures

If for some reason an applicant listed on a PPL encounters significant delays in their project schedule, the DPH reserves the right to by-pass that project and offer those funds to the next highest ranked project on the CPL that is ready to proceed. In these cases, the by-passed project will remain on the CPL and remain eligible for future funding. This by-pass process is necessary to help ensure that the available DWSRF funds will be committed and disbursed in a timely fashion.

The DPH Commissioner 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 CGS Section 25-32b, 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 there may be a need to by-pass projects on the PPL.

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APPENDIX A – PRIORITY POINT ACTIVITIES AND VALUES

Category 1: Water Quality

Activity #	a. Immediate Action	Points	Exclusions ¹
1	Surface Water Treatment Rule Violation	50	None
2	Microbiological MCL Violation (E. Coli)	50	1
3	Nitrate MCL Violation	50	None
4	Nitrite MCL Violation	50	None
5	Lead Action Level Exceedance ²	50	None
6	DPH Determination of Acute Health Risk for Other Contaminants	50	None
7	Arsenic	40	None
Activity #	b. Non-Acute MCL Violations	Points	Exclusions ¹
8	Radioactivity MCL Violations	30	None
9	Inorganic Chemical MCL Violations	30	3-7
10	Organic Chemical MCL Violations (excluding total trihalomethanes)	30	None
11	Pesticides, Herbicides and PCBs MCL Violations	30	None
12	Disinfection By-Product MCL Violations	30	None
Activity #	c. Other Contaminants of Health Concern	Points	Exclusions ¹
13	DPH Action Level Exceedance (excluding lead and copper)	25	5
14	Contaminant Exceeds 50% of MCL	20	1-12
15	Copper Action Level Exceedance	20	5,13
16	Sodium Notification Level Exceedance	5	9
Activity #	d. Physical/EPA Secondary MCL Exceedances	Points	Exclusions ¹
17	Turbidity Limit Exceedance	10	1
18	Odor Limit Exceedance	10	None
19	Color Limit Exceedance	10	None
20	pH Outside Range of 6.4 - 10	10	None
21	EPA Secondary MCL Exceedance	10	9,13,14,18-20
Activity #	e. Private Wells	Points	Exclusions ¹
22	Water Main Extension to Serve Private Wells with MCL Violations or Action Level Exceedances	30	1-21, 23
23	Creation of New PWS to Serve Private Wells with MCL Violations	30	1-22

¹ Exclusion column indicates activity #'s that would be ineligible for additional points if the activities associated with those points are the same. Where 2 or more activities conflict the higher point activity shall be assigned to the project. These potential exclusions are typically displayed with the lower point value activity.

² Eligible schools and child care facilities with lead levels at or above 75% of the lead action level would qualify for this activity.

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Category 2: Advanced Surface Water Treatment (Maximum 15 pts from this category)

Activity #	Elements	Points	Exclusions ¹
24	Treatment Plant Upgrades to Address Future Known SDWA Rule or Requirement	15	None
25	Treatment Plant Upgrades to Address Emerging Contaminants	10	None

Category 3: Water Supply /Conservation

Activity #	a. Source Water Deficits (Maximum 40 pts from this subcategory)	Points	Exclusions ¹
26	New Groundwater Well Development	40	None
27	Rehabilitation of Existing Groundwater Wells	40	None
28	Interconnection to Purchase Water from Another Community PWS	40	None
Activity #	b. System Capacity Deficits	Points	Exclusions ¹
29	System Capacity Deficit	20	None
Activity #	c. Source Development (Maximum 10 pts from this subcategory)	Points	Exclusions ¹
30	New Groundwater Well Development	10	26
31	Rehabilitation of Existing Groundwater Wells	10	27
Activity #	d. Conservation/Water Loss Reduction	Points	Exclusions ¹
32	Installation of Source Water Meters (previously unmetered) ³	25	26-28, 30,31
33	Installation of Distribution Meters (previously unmetered) ³	25	None
34	Replacement of Source or Distribution Meters ³	15	None
35	Incorporation of Advanced Metering Infrastructure (AMI) technology (real-time metering)	10	None
36	Water Transmission Main Rehabilitation or Replacement	15	None
37	Water Distribution Main Rehabilitation or Replacement	10	None
38	Project Will Significantly Reduce Water Loss (i.e. Unaccounted-for or Non-Revenue Losses)	10	32-35
Activity #	e. Water Main Extension to Replace Private Wells with Inadequate Supply	Points	Exclusions ¹
39	Water Main Extension	30	1-21, 23

³ The primary purpose of the project must be for the installation or replacement of meters to qualify for these points.

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Category 4: Infrastructure Violations/Deficiencies/Safety Hazards/Failures

Activity #	Elements	Points	Exclusions ¹
40	Infrastructure Violation/Deficiency/Safety Hazard/Failure (Source to Curb Stop)	10	32
41	Hydropneumatic Storage Tank Replacement/Elimination	50	None

Category 5: Consolidation (Maximum 20 pts from Activities 43 and 44 combined)

Activity #	Elements	Points	Exclusions ¹
42	Consolidation of a Community PWS	15 each	None
43	Consolidation of a Non-Transient Non-Community PWS	10 each	None
44	Consolidation of a Transient Non-Community PWS	5 each	None

Category 6: Resiliency/Security

Activity #	a. Resiliency	Points	Exclusions ¹
45	Regional Interconnection with Another Community PWS	15	28
46	Relocation of Critical Facilities ⁴	10	None
47	Redundancy of Critical Facilities ⁴	10	None
Activity #	b. Planning (Maximum 50 pts from this subcategory) ⁵	Points	Exclusions ¹
48	Climate Change/Drought Planning	50	1-47, 49-64
49	Asset Management Planning	50	1-48, 50-64
Activity #	c. Security ⁶	Points	Exclusions ¹
50	Security Fencing, Alarms, Surveillance Systems or Other Security Measures	5	None
Activity #	d. Emergency Power Provisions for Existing Critical Facilities	Points	Exclusions ¹
51	New (does not currently exist) ⁷	50	1-50, 52-64
52	Replacement or Upgrades ⁷	20	1-51, 53-64
53	Included as Part of a Larger Project	5	None

⁴ Project must be supported by a formal resiliency or climate change plan to qualify for these points.

⁵ Points are only awarded for the creation of an initial plan.

⁶ Security points may awarded to projects with existing security provisions or for the installation of new security provisions.

⁷ Project must be only an emergency power project to qualify for these points.

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Category 7: Other Capital Improvements

Activity #	Elements	Points	Exclusions ¹
54	Treatment Facilities	10	None
55	Pumping Facilities	5	None
56	Storage Facilities	5	41
57	Transmission or Distribution System	5	36-37
58	Facility Automation (SCADA)	5	None
59	Complete Lead Service Line Replacement	10	None
60	Internal Building Piping Replacement (as part of Lead or Copper remediation)	10	None

Category 8: Sustainability/Statewide Planning Recognition

Activity #	Elements	Points	Exclusions ¹
61	Acquisition/Transfer of a Community PWS	10	None
62	Project is supported by an on-going Asset Management Program	10	63
63	Project is supported in a PWS's Water Supply Plan pursuant to RCSA Section 25-32d-3	5	62
64	Project Identified in a Statewide or Regional Water Planning Document under DPH oversight	10	None

Category 9: Affordability

Activity #	Elements	Points	Exclusions ¹
65	Distressed Community	10	None

Attachment C
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,608,000	No	Yes	9,237
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,475,189	No	Yes	9,237
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$383,000	No	Yes	9,237
2015-0034	CT0279044	INDIAN RIVER RECREATIONAL COMPLEX (Town of Clinton)	CLINTON	Rocky Ledge Area Water Main Extension	30	\$3,000,000	No	Yes	304
SFY18-53	CT0280031	Westchester Hills Condominium Association, Inc	Colchester	Emergency Power Generator Program - NEW	50	\$48,750	No	Yes	150
SFY18-54	CT0280051	Knob Hill Condominiums	Colchester	Emergency Power Generator Program - NEW	50	\$47,000	No	Yes	150
SFY18-55	CT0380041	Yeshiva of Waterbury - Durham Campus	Durham	Corrosion Control Treatment Upgrades	50	\$30,000	No	Yes	95
SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	Advanced Metering Infrastructure	30	\$3,413,575	No	No	15,000
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No	4,956
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No	384
SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No	604
SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No	2,040
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program	50	\$42,559	No	Yes	40
SFY18-29	CT0720041	Southeastern CT Water Authority - Tower Ferry View Div	Ledyard	Replacement Pump Station and Storage Facilities (Design and Construction Phases)	75	\$922,200	No	Yes	2,567
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	Yes	196
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No	300
2015-0032	CT0790021	Hillside Corporation	Marlborough	Emergency Power Generator Program	50	\$12,000	No	Yes	136
2013-0083	CT0790022	Hillside Corporation	Marlborough	Storage Tank & Pump House Improvements	25	\$137,500	No	Yes	136
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No	60,000
SFY18-51	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	50	\$155,000	No	Yes	45
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program	50	\$20,000	No	Yes	32
SFY19-03	CT0830011	Middletown Water Department	Middletown	Replacement of Wells 1 and 3 at JS Roth Wellfield	25	\$1,750,000	No	No	35,000
SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	\$369,050	Yes	Yes	2,200
SFY18-36	CT0890011	New Britain Water Dept	New Britain	White Bridge Waterworks Facilities & WTP SCADA (Design and Construction Phases)	90	\$7,500,000	Yes	No	73,534
SFY18-35	CT0890011	New Britain Water Dept	New Britain	Batterson Park Road Water Main Extension - Looping (Design and Construction Phases)	20	\$740,000	Yes	No	4,100
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$1,180,500	Yes	No	2,427
SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2	45	\$4,200,000	Yes	No	427,798
SFY19-06	CT0930011	Regional Water Authority	New Haven	Automated Meter Reading Phases 5B & 6	45	\$4,500,000	Yes	No	427,798

**Attachment C
Comprehensive Project List**

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY19-04	CT0930011	Regional Water Authority	New Haven	Seymour Backup Well No. 4B	40	\$1,000,000	Yes	No	8,000
SFY19-05	CT0930011	Regional Water Authority	New Haven	System-Wide RTU and Hardware Upgrade	30	\$3,900,000	Yes	No	427,798
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No	42,000
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements ³	30	\$5,945,399	No	No	250
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements ³	30	\$3,593,616	No	No	170
SFY18-52	CT1310011	Southington Water Dept	Southington	Emergency Generator - Wells 2 & 2A	50	\$95,000	No	No	7,500
SFY18-44	CT1310011	Southington Water Dept	Southington	Advanced Metering Infrastructure	25	\$3,000,000	No	No	35,315
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No	35,315
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No	35,315
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No	35,315
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes	912
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes	912
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes	912
2019 Comprehensive list						\$80,106,038			

Footnotes:

1	Projects which were awarded Sustainability and Affordability points are eligible to receive federal subsidy.
2	These PWSs serve a population less than or equal to 10,000 and are considered "small" for the purposes of DWSRF and are qualified to receive federal subsidy.
3	These projects will extend public drinking water to private well owners with impaired water quality and are eligible to receive federal subsidy

Attachment D
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY18-36	CT0890011	New Britain Water Dept	New Britain	White Bridge Waterworks Facilities & WTP SCADA (Design and Construction Phases)	90	\$7,500,000	Yes	No	73,534
SFY18-29	CT0720041	Southeastern CT Water Authority - Tower Ferry View Div	Ledyard	Replacement Pump Station and Storage Facilities (Design and Construction Phases)	75	\$922,200	No	Yes	2,567
SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	\$369,050	Yes	Yes	2,200
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,608,000	No	Yes	9,237
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No	42,000
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,475,189	No	Yes	9,237
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No	4,956
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$1,180,500	Yes	No	2,427
SFY18-53	CT0280031	Westchester Hills Condominium Association, Inc	Colchester	Emergency Power Generator Program - NEW	50	\$48,750	No	Yes	150
SFY18-54	CT0280051	Knob Hill Condominiums	Colchester	Emergency Power Generator Program - NEW	50	\$47,000	No	Yes	150
2015-0032	CT0790021	Hillside Corporation	Marlborough	Emergency Power Generator Program	50	\$12,000	No	Yes	136
SFY18-55	CT0380041	Yeshiva of Waterbury - Durham Campus	Durham	Corrosion Control Treatment Upgrades	50	\$30,000	No	Yes	95
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program	50	\$42,559	No	Yes	40
SFY18-51	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	50	\$155,000	No	Yes	45
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program	50	\$20,000	No	Yes	32
SFY18-52	CT1310011	Southington Water Dept	Southington	Emergency Generator - Wells 2 & 2A	50	\$95,000	No	No	7,500
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes	912
SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2	45	\$4,200,000	Yes	No	427,798
SFY19-06	CT0930011	Regional Water Authority	New Haven	Automated Meter Reading Phases 5B & 6	45	\$4,500,000	Yes	No	427,798
SFY19-04	CT0930011	Regional Water Authority	New Haven	Seymour Backup Well No. 4B	40	\$1,000,000	Yes	No	8,000
SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No	604
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No	384
2015-0034	CT0279044	INDIAN RIVER RECREATIONAL COMPLEX (Town of Clinton)	CLINTON	Rocky Ledge Area Water Main Extension	30	\$3,000,000	No	Yes	304
SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	Advanced Metering Infrastructure	30	\$3,413,575	No	No	15,000
SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No	2,040
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	Yes	196
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements ³	30	\$5,945,399	No	No	250

Attachment D
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements ³	30	\$3,593,616	No	No	170
SFY19-05	CT0930011	Regional Water Authority	New Haven	System-Wide RTU and Hardware Upgrade	30	\$3,900,000	Yes	No	427,798
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes	912
2013-0083	CT0790022	Hillside Corporation	Marlborough	Storage Tank & Pump House Improvements	25	\$137,500	No	Yes	136
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No	60,000
SFY18-44	CT1310011	Southington Water Dept	Southington	Advanced Metering Infrastructure	25	\$3,000,000	No	No	35,315
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No	35,315
SFY19-03	CT0830011	Middletown Water Department	Middletown	Replacement of Wells 1 and 3 at JS Roth Wellfield	25	\$1,750,000	No	No	35,000
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No	35,315
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$383,000	No	Yes	9,237
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No	35,315
SFY18-35	CT0890011	New Britain Water Dept	New Britain	Batterson Park Road Water Main Extension - Looping (Design and Construction Phases)	20	\$740,000	Yes	No	4,100
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes	912
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No	300
2019 Comprehensive list						\$80,106,038			

Footnotes:

1	Projects which were awarded Sustainability and Affordability points are eligible to receive federal subsidy.
2	These PWSs serve a population less than or equal to 10,000 and are considered "small" for the purposes of DWSRF and are qualified to receive federal subsidy.
3	These projects will extend public drinking water to private well owners with impaired water quality and are eligible to receive federal subsidy

PWSID	PWS Name	Town of PWS	Project Name	Amount requested
CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	\$585,000
CT0090011	BETHEL WATER DEPARTMENT	BETHEL	Water Main Replacement	\$977,830
CT0110051	JUNIPER CLUB, Inc.	BLOOMFIELD	Emergency Power Generator Program	\$9,350
CT0110051	JUNIPER CLUB, Inc.	BLOOMFIELD	Replacement Water Tank	\$52,000
CT0121051	166 & 180 BOSTON TURNPIKE	BOLTON	Corrosion Control Treatment (Lead and Copper Rule)	\$30,000
CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	New Well Water Supply	\$19,300
CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	\$36,144
CT0170011	BRISTOL WATER DEPARTMENT	BRISTOL	Dewitt Drive Storage Tank Improvements	\$531,000
CT0450011	EAST LYME WATER & SEWER COMMISSION	EAST LYME	Greensand Filtration - Well 1A (Construction)	\$2,671,305
CT0609094	BITTNER PARK (Town of Guilford)	GUILFORD	Mulberry Point Water Main Extension	\$2,082,954
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	Water Main Replace Bond Street, Hartford	\$4,725,000
CT0688011	BROOKWOODS II ASSOCIATION	KENT	Emergency Power Generator Program	\$26,000
CT0770021	MANCHESTER WATER DEPARTMENT	MANCHESTER	Stove Pipe replacements - Misc. Areas	\$1,200,000
CT0820031	MIDDLEFIELD HOUSING AUTHORITY	MIDDLEFIELD	Emergency Power Generator Program	\$25,000
CT0820501	OLD INDIAN TRAIL	MIDDLEFIELD	Emergency Power Generator Program	\$20,000
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	North Sleeping Giant Well Replacement	\$1,012,775
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	Burwell Hill Tank Replacement	\$2,648,151
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	Lake Saltonstall Water Storage Tank Improvements	\$1,194,197
CT0960211	CANDLEWOOD SPRINGS PROPERTY OWNERS ASSOCIATION, Inc.	NEW MILFORD	Emergency Power Generator Program	\$13,457
CT1030011	NORWALK FIRST TAXING DISTRICT	NORWALK	Advanced Metering Infrastructure - Phase 1	\$2,000,000
CT1030011	NORWALK FIRST TAXING DISTRICT	NORWALK	West Rocks High Service Area Water Service Reliability Project	\$6,800,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	AMI Water Meter Replacement Program	\$3,600,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	Stony Brook DAF; Deep River Filters; Occum Tank; Water main to Sprague	\$13,045,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	Stony Brook Transmission Main Renewal & Micro-Turbine (North & South sections)	\$5,400,000
CT1050732	CONNECTICUT WATER COMPANY - SHORELINE REGION - SOUND VIEW	OLD LYME	Old Lyme Beach Shores Association Water Main Replacement	\$812,000
CT1099141	ARNIO DRIVE LLC	PLAINFIELD	Emergency Power Generator Program	\$4,743
CT1310011	SOUTHINGTON WATER DEPARTMENT	SOUTHINGTON	Well #2A Construction Project (Well #2 Back-up)	\$1,525,000
CT1420041	WOODLAND SUMMIT COMMUNITY WATER ASSN	TOLLAND	Infrastructure Improvements	\$247,666
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Generators - 4 Pump Stations	\$417,847
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Generator at the Water Treatment Plant	\$650,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Water Treatment Plant Sludge Removal Equipment (Construction)	\$850,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Rehabilitations and Replacement of Water Mains (Fiscal year 2017)	\$1,400,000
Amount of Carryover Projects:				\$54,611,719

**Attachment F
Fundable Project Priority List**

Rank	Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Population Served by Project	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²
	SFY18-52	CT1310011	Southington Water Dept	Southington	Emergency Generator - Wells 2 & 2A	50	7,500	\$95,000	No	No
	SFY18-53	CT0280031	Westchester Hills Condominium Association, Inc	Colchester	Emergency Power Generator Program - NEW	50	150	\$48,750	No	Yes
	SFY18-54	CT0280051	Knob Hill Condominiums	Colchester	Emergency Power Generator Program - NEW	50	150	\$47,000	No	Yes
	SFY18-55	CT0380041	Yeshiva of Waterbury - Durham Campus	Durham	Corrosion Control Treatment Upgrades	50	95	\$30,000	No	Yes
	SFY18-51	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	50	45	\$155,000	No	Yes
	SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2	45	427,798	\$4,200,000	Yes	No
	SFY19-06	CT0930011	Regional Water Authority	New Haven	Automated Meter Reading Phases 5B & 6	45	427,798	\$4,500,000	Yes	No
	SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	40	604	\$4,000,000	Yes	No
	SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacement - Hartford	30	2,040	\$7,150,000	Yes	No
	SFY18-45	CT1310011	Southington Water Department	Southington	Mill Street Tank Replacement	25	35,315	\$2,930,000	No	No
	SFY19-03	CT0830011	Middletown Water Department	Middletown	Replacement of Wells 1 and 3 at JS Roth Wellfield	25	35,000	\$1,750,000	No	No
	SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	9,237	\$383,000	No	Yes
2019 Fundable PPL:								\$25,288,750		

Footnotes:

1	Projects which were awarded Sustainability and Affordability points are eligible to receive federal subsidy.
2	These PWSs serve a population less than or equal to 10,000 and are considered "small" for the purposes of DWSRF and are qualified to receive federal subsidy.

**State of Connecticut – Department of Public Health
Drinking Water State Revolving Fund (DWSRF)
Asset Management Plan Checklist**

Public Water System: _____
Town: _____ PWSID: _____

PWS FM Contact Person: _____ Relationship to PWS: _____
Address: _____ City: _____ State: _____ Zip: _____
Email: _____ Phone: _____

A copy of the **Asset Management (AM) Plan** must be attached to this checklist. Should this form be used in conjunction with any SRF funding requirements, a signed request for review on utility letterhead must accompany this checklist.

It must have been updated within the past 3 years.

The AM Plan should contain, at a minimum, the following information:
(check off each item that is included in the Plan)

EPA Guidance (Click to Download)
[Reference Guide for Asset Management Tools](#)
[CUPSS](#)

1	Discussion of when plan was first created, how it gets updated, and date of most recent update	Strategic Planning STEP
2	List of all the drinking water supply assets of the public water system including the item, location, manufacturer, model, size (if applicable), and expected useful service life	Taking Stock STEP Asset Management STEP Asset Management Best Practices Guide
3	Description of the state of each asset, including age and condition, and any conditions that may affect the life of the asset	Taking Stock STEP Asset Management STEP
4	A description of the service history of each asset including routine maintenance, repairs and rehabilitations	Taking Stock STEP Asset Management STEP Distribution Systems Best Practices Guide
5	The adjusted useful service life and remaining useful service life of each asset	Taking Stock STEP Asset Management STEP
6	Description of the intended Level of Service to be provided to customers/consumers	Taking Stock STEP Asset Management STEP Asset Management Best Practices Guide Asset Management for Local Officials
7	Evaluation of the operation of the system, including available supply vs. demand	Strategic Planning STEP Distribution Systems Best Practices Guide Water System Operator Best Practices Guide
8	Identification of critical assets, including discussion of how they were determined	Asset Management STEP Taking Stock STEP
9	Ranking of each asset in terms of priority, taking into consideration the remaining useful service life, redundancy, and the importance of the asset to the operation of the water system and protection of public health	Asset Management STEP Taking Stock STEP
10	List of capital improvements needed over the next five years (i.e. Capital Improvement Plan), including expected costs for each improvement.	Asset Management STEP Taking Stock STEP Asset Management Best Practices Guide
11	Explanation of how decisions for water system maintenance and repairs are made	Water System Operator Best Practices Guide Distribution Systems Best Practices Guide
12	Description of the water system maintenance plan	Strategic Planning STEP Distribution Systems Best Practices Guide
13	Discussion of members of the Asset Management Team, including responsibilities with respect to oversight of the AM Plan, reviewing and updating	Strategic Planning STEP Building an Asset Management Team Water System Operator Best Practices Guide

This form and relevant attachments must be submitted to the Drinking Water Section for review and be approved in order for the PWS to be eligible to receive any grant-in-aid pursuant to Public Act 14-98.

**State of Connecticut – Department of Public Health
Drinking Water State Revolving Fund (DWSRF)
Fiscal Management Plan Checklist**

Public Water System: _____
Town: _____ PWSID: _____

PWS FM Contact Person: _____ Relationship to PWS: _____
Address: _____ City: _____ State: _____ Zip: _____
Email: _____ Phone: _____

A copy of the **Fiscal Management (FM) Plan** must also be attached to this checklist. Should this form be used in conjunction with any SRF funding requirements, a signed request for review on utility letterhead must accompany this checklist.

The FM Plan should contain, at a minimum, the following information:

EPA Guidance (Click to Download)

[Reference Guide for Asset Management Tools](#)

1	Discussion of when plan was first created, how it gets updated, and date of most recent update	Strategic Planning STEP
2	Discussion of how the water system budget is determined and funded; including a copy of the current budget	Water System Owner Best Practices Guide Talking to Your Decision Makers Best Practices Guide Asset Management for Local Officials Asset Management Best Practices Guide Setting Small System Rates for a Sustainable Future STEP Asset Management STEP
3	Discussion of how customers are charged for water, including billing practices and how unpaid accounts are resolved	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP Rural and Small System Guide to Sustainable Utility Management
4	Discussion of how the funding for capital improvement funding needs (based on the Asset Management Plan) of the water system are budgeted	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP Taking Stock STEP
5	Discussion of any reserve fund for water system capital improvements and how it is funded and used, and how often funds are added to the account	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP
6	How often are the water system revenues and expenses reviewed?	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP
7	Are the water system revenues sufficient to meet expenses, including reserving funds for needed future capital improvements and other expenses?	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP Water System Owner Best Practices Guide Talking to Your Decision Makers Best Practices Guide
8	Discussion of the fiscal controls in place	

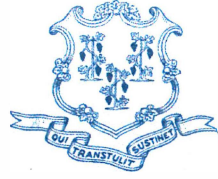
This form and relevant attachments must be submitted to the Drinking Water Section for review and be approved in order for the PWS to be eligible to receive any grant-in-aid pursuant to Public Act 14-98.

Attachment A.3.

Commissioner Pino's
Designation of Kathryn Keenan
as Hearing Officer

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH




Raul Pino, M.D., M.P.H.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of the Commissioner

TO: Kathryn Keenan, Staff Attorney 3

FROM: Raul Pino, M.D., M.P.H., Commissioner 

DATE: June 5, 2018

RE: Drinking Water State Revolving Fund (DWSRF) Public Hearing on June 28, 2018

I hereby designate you to sit as hearing officer in the above-captioned matter to conduct a Public Hearing concerning the DWSRF process for DPH's Drinking Water Section.



Phone: (860) 509-7333 • Fax: (860) 509-7359
Telecommunications Relay Service 7-1-1
410 Capitol Avenue, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer



Attachment A.4.

Notice of Public Hearing

STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner



Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

DEPARTMENT OF PUBLIC HEALTH NOTICE OF PUBLIC HEARING / OPEN FORUM ON THE DRAFT INTENDED USE PLAN FOR STATE FISCAL YEAR 2019

The Connecticut Department of Public Health (DPH) is holding a Public Hearing at 10:00 a.m. on June 28, 2018 to receive testimony from the public on the draft Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP), which includes the draft Fundable Project Priority List (PPL) and information regarding Connecticut's public water system improvement program under Section 22a-483f of the Connecticut General Statutes, for State Fiscal Year 2019. The hearing will be held at the Department of Public Health, 470 Capitol Avenue, Hartford, Connecticut in Conference Room A/B.

The hearing will be held in conformance with the provisions of the Safe Drinking Water Act Amendments of 1996 (Public Law 104-182), and pursuant to Sections 22a-478(h) and 22a-482 of the Connecticut General Statutes and Sections 22a-482-1(c)(4) of the Regulations, Connecticut State Agencies.

Copies of the Draft DWSRF IUP, which includes the Draft Fundable PPL, may be obtained online at the DPH's webpage at www.ct.gov/dph/dwsrf or it may be viewed at the Department of Public Health by calling the Drinking Water Section, at (860) 509-7333 (Monday through Friday between the hours of 8:30 a.m. and 4:30 p.m.) and scheduling an appointment.

Persons wishing to provide comments on the Draft DWSRF IUP are invited to do so in writing no later than 12:00 p.m. on June 27, 2018 to: Cameron Walden, Supervising Sanitary Engineer, Department of Public Health, Drinking Water Section, 410 Capitol Avenue, MS #12 DWS, P.O. Box 340308, Hartford, CT 06134-0308, or via email to DPH.CTDWSRF@ct.gov

Following the Public Hearing, DPH will conduct an Open Forum to give participants the opportunity to: participate in an informal question and answer session on the regulatory requirements of the DWSRF program, obtain a copy of the Financial Assistance Application and other related handouts, and meet with representatives from participating agencies for the program.

DPH is an equal opportunity provider and employer. If you require aid or accommodation to participate fully and fairly in this hearing, please contact Theodore Dunn at (860) 509-7333.



Phone: (860) 509-7333 • Fax: (860) 509-7359
Telecommunications Relay Service 7-1-1
410 Capitol Avenue, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer



Attachment A.5.

Circular Letter #2018-16

dated May 29, 2018

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

Raul Pino, M.D., M.P.H.
Commissioner




Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Drinking Water Section

DWS Circular Letter #2018-16

TO: Community and Non-Profit Non-Community Public Water Systems

FROM: Lori Mathieu, Public Health Section Chief, Drinking Water Section 

DATE: May 29, 2018

RE: Drinking Water State Revolving Fund – Draft Intended Use Plan for State Fiscal Year 2019 Available for Review and Comment

The Drinking Water Section is seeking public review and comment on the Draft State Fiscal Year (SFY) 2019 Intended Use Plan (IUP), which includes the Fundable Project Priority List (PPL). Types of projects eligible for funding include storage tanks, treatment works, and water mains. A Notice of Hearing was formally advertised in major statewide newspapers, minority newspapers, on the Department of Public Health's (DPH) [website](#), and has been filed with the Connecticut Secretary of State's Office for posting on their [Public Meeting Calendar](#).

The Public Hearing will be held on Thursday, June 28, 2018 at 10:00 am at 470 Capitol Avenue, Conference Room A/B in Hartford, CT. Comments may be submitted as indicated in the Notice of Hearing.

The IUP is associated with the Department's annual federal capitalization grant from the United States Environmental Protection Agency. The IUP details the Department's intended utilization of these federal funds and includes drinking water infrastructure projects proposed to receive loans or subsidized loans from the Drinking Water State Revolving Fund (DWSRF).

The formal Public Hearing will be followed by an Open Forum where attendees will have an opportunity to meet directly with DWSRF program staff to answer questions and learn more about the loan program. All testimony provided during the public comment period and during the hearing will be reviewed and considered by the DPH Commissioner prior to finalizing the IUP.

Any questions regarding this circular letter may be directed to Cameron Walden of the DWSRF Program at (860) 509-7333 or by e-mail at Cameron.Walden@ct.gov.

Cc: Chief Elected Officials
Local Health Depts.
Certified Operators



Phone: (860) 509-7333 • Fax: (860) 509-7359
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410 Capitol Avenue, MS#12DWS, P.O. Box 340308
Hartford, Connecticut 06134-0308
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Attachment A.6.

Written transcript of the
June 28, 2018 Public Hearing

Attachment A.6

STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH

* * * * *

HEARING RE: JUNE 28, 2018

DRINKING WATER
STATE REVOLVING FUND

* * * * *

BEFORE: KATHRYN KEENAN, HEARING OFFICER

APPEARANCES:

FOR THE DEPARTMENT OF PUBLIC HEALTH:

CAMERON WALDEN
Supervising Sanitary Engineer
Department of Public Health
410 Capitol Avenue
Hartford, Connecticut 06134

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 . . .Verbatim proceedings of a hearing
2 before the State of Connecticut, Department of Public
3 Health, in the matter of Drinking Water State Revolving
4 Fund, held at the Department of Public Health, 470
5 Capitol Avenue, Hartford, Connecticut, on June 28, 2018
6 at 10:03 a.m. . . .

7
8
9
10 HEARING OFFICER KATHRYN KEENAN: We're
11 going to get started. Good morning. Today is Thursday,
12 June 28, and it's approximately 10:05 in the morning.
13 We're in Conference Room AB at the Department of Public
14 Health, 470 Capitol Avenue in Hartford, Connecticut. My
15 name is Kathryn Keenan, and I am the hearing officer
16 designated by the Commissioner of Public Health to
17 preside over today's hearing.

18 The purpose of today's hearing is to
19 receive public comments regarding the Department's draft
20 Intended Use Plan, its IUP, including the draft Project
21 Priority List. Before I begin hearing public comment, I
22 will provide some background information regarding the
23 Department of Public Health's Drinking Water State
24 Revolving Fund Program.

DRINKING WATER STATE REVOLVING FUND
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1 The Department annually receives a federal
2 capitalization grant award from the United States
3 Environmental Protection Agency to implement a capacity
4 development strategy and administer a Drinking Water
5 State Revolving Fund which I'll herein after refer to as
6 the DWSRF.

7 The DWSRF offers low interest loans and,
8 if eligible, partial subsidization to community public
9 water systems and nonprofit non-community public water
10 systems to finance public health projects, regulatory
11 compliance projects and other projects that support
12 infrastructure sustainability.

13 On January 25, 2018, the Department issued
14 a call for projects which included the priority ranking
15 system in regard that eligible public water systems
16 submit project eligibility applications to the Department
17 no later than March 30, 2018. The call for projects also
18 announced the continuation of the Department's Emergency
19 Power Generation -- Generator Program. In response, the
20 Department received a total of 12 new eligibility
21 applications for approximately \$26.9 million dollars in
22 DWSRF public drinking water infrastructure needs.

23 All 12 applications were determined to be
24 eligible for DWSRF funding. The Department ranked these

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 new projects with 29 other eligible drinking water
2 projects from the Department -- from the DWSRF state
3 fiscal year 2018 comprehensive project list in accordance
4 with the Department's priority ranking system. These
5 projects were then reviewed to determine which projects
6 were eligible and ready to proceed during state fiscal
7 year 2019 using standardized project readiness
8 information submitted by the applicants and their
9 eligibility applications. Twelve projects were
10 determined to be ready to proceed during state fiscal
11 year 2018. These project appear on the Department's
12 draft Project Priority List in order of priority in
13 Attachment F to the draft IUP.

14 DWSRF funds will initially be offered to
15 all public water systems appearing on the final state
16 fiscal year 2019 fundable Project Priority List. In the
17 event that unanticipated delays are encountered in the
18 progression of a project or the execution of a funding
19 agreement, the Department may elect to bypass a project
20 and offer those funds to the next highest ranked project
21 on the draft comprehensive Project List that is ready to
22 proceed.

23 The draft comprehensive Project List is
24 provided in alphabetical order by town in Attachment C

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 and in priority ranking order in Attachment D to the
2 draft IUP. These bypass procedures and other program
3 elements are detailed in the Department's draft IUP.

4 The Department's federal fiscal year 2018
5 federal capitalization grant requires the Department to
6 use 20 percent of the grant to subsidize drinking water
7 projects. The Department intends to utilize 20 percent
8 of the federal fiscal year 2018 capitalization grant for
9 projects of subsidization during state fiscal year 2019.
10 Subsidization will be provided to qualifying loan
11 recipients in the form of principal forgiveness.

12 The Department intends to provide partial
13 subsidization to certain qualifying projects. Projects
14 that are eligible for partial subsidization include the
15 following.

16 1) Emergency Power Generator Program
17 Projects;

18 2) Projects undertaken by small systems
19 that have asset and fiscal management plans or agree to
20 prepare and implement an asset management plan as part of
21 their DWSRF financial assistance agreement and agree to
22 prepare fiscal management plans in the future;

23 3) Large system projects located in
24 communities that have been determined by the Connecticut

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 Department of Economic and Community Development to be
2 distressed communities;

3 4) Projects undertaken by large systems
4 that are specifically undertaken to consolidate one or
5 more small community public water systems;

6 and 5) Projects undertaken by large
7 systems that are specifically undertaken to extend water
8 mains to existing properties served by private wells that
9 are contaminated.

10 Details on subsidization eligibility and
11 distribution are provided in Section 4F of the draft IUP.

12 This funding is expected to be distributed on a first
13 come first served basis until all available funding has
14 been awarded based on the readiness of our project to
15 proceed and execute a project funding agreement.

16 The Department is required by state and
17 federal law to seek meaningful public review and comment
18 on the draft IUP including the draft Project Priority
19 List. The Commissioner of Public Health is required to
20 consider any written or -- and oral testimony regarding
21 the draft IUP and may elect to modify the draft IUP on
22 the basis of such testimony.

23 On May 25, 2018, the Department provided
24 legal notice of today's public hearing in the Hartford

DRINKING WATER STATE REVOLVING FUND
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1 Courant, New Haven Register and Waterbury Republican
2 American. It provided legal notice of today's hearing on
3 May 31, 2018 in the La Voz Hispana and the Northeast News
4 Today. Notification was also placed on the Secretary of
5 State's website under State Agency Public Meeting
6 calendar on June 7, 2018. These notices included an
7 announcement of the availability of the draft IUP for
8 public review and comment. Today's hearing is intended
9 to allow for oral testimony on this document. You may
10 also submit written testimony on the draft IUP at today's
11 hearing.

12 Following the conclusion of the public
13 hearing, all oral and written testimony will be reviewed
14 and taken into consideration in preparing a final Project
15 Priority List and final IUP. Once completed, a hearing
16 report will be published and made available on the
17 Department's website.

18 The documents listed on the agenda for
19 today's public hearing comprise the records to date. Any
20 documents received today will also be added to the
21 record. It is important to note that we are keeping the
22 record open to receive additional written testimony until
23 4:30 p.m. on Monday, July 2, 2018. Nothing will be added
24 to the record after that time.

DRINKING WATER STATE REVOLVING FUND
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1 If you wish to provide oral testimony
2 today, there is a signup sheet at the door for providing
3 testimony. I will call persons who wish to provide
4 testimony up to the table in the order that they appear
5 on the list. Questions will not be entertained during
6 the public hearing. After the hearing has been
7 concluded, there will be an open forum where you may ask
8 questions directly to DWSRF program staff.

9 The first person on the list is Susan
10 Negrelli from MDC.

11 MS. SUSAN NEGRELLI: Good morning.

12 HEARING OFFICER KEENAN: Good morning.

13 MS. NEGRELLI: Susan Negrelli, Director of
14 Engineering and Planning for the metropolitan district in
15 Hartford. Thank you for having this public hearing.

16 MDC serves a population of about 400,000
17 people in our eight member towns in the surrounding
18 service area including two of Connecticut's distressed
19 municipalities. We currently provide approximately 48
20 million gallons of water per day collectively from our
21 water treatment facilities in Bloomfield and West
22 Hartford. The district owns and operates a water
23 distribution system consisting of nearly 1600 miles of
24 water mains and 18 water pump stations. The 1600 miles

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 of water main infrastructure on average are 62 years old.
2 Approximately 139 miles of our water mains are over 100
3 years old, some dating back to the mid 1850's. During the
4 past ten years, the district experienced over 2200 water
5 main breaks and leaks.

6 We are working to become more proactive in
7 covering and uncovering and addressing potential problems
8 within our existing infrastructure. MDC has developed a
9 water distribution system asset management program which
10 includes a comprehensive capital improvement master plan
11 for the replacement and rehabilitation of the district's
12 water transmission and distribution system as well as the
13 replacement in rehab of various gate valves, pump
14 stations and storage tanks to efficiently maintain water
15 services to our customers.

16 The MDC's 2018 approved capital
17 improvement program budget for water projects is over \$26
18 million dollars. Current debt service on our water
19 budget in 2018 is \$28.2 million. With our aged
20 infrastructure, the number of customers we serve and the
21 number of breaks we are experiencing, these amounts could
22 be much higher. However, affordability for our rate
23 payers has become a major concern due to -- due, in large
24 part, to the district's obligation to the Connecticut

DRINKING WATER STATE REVOLVING FUND
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1 Department of Energy and Environmental Protection and EPA
2 in addressing combined sewer overflows within our
3 wastewater infrastructure.

4 While we comply with the governmental
5 mandates on the sewer side, we cannot ignore our water
6 infrastructure needs. Even at our current spend rate,
7 there's more work to be done. I'm here today to testify
8 in support of continued and increased state funding for
9 DWSRF. Statewide, in fact, nationwide, utilities need
10 more funding assistance to replace aging underground
11 infrastructure at an accelerated pace. We look forward
12 to our continued partnership with the DPH. We'd like to
13 thank the Department of Public Health staff for its
14 support of the district in our efforts to provide our
15 customers the best possible water at the most affordable
16 cost.

17 Thanks.

18 HEARING OFFICER KEENAN: Thank you.

19 Craig Patla, Connecticut Water Company.

20 MR. CRAIG PATLA: Good morning. My name
21 is Craig Patla, Connecticut Water Company. I'm vice
22 president of service delivery which in our world is
23 operations and engineering. Connecticut Water Company
24 services about 100,000 customers across the state of

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 Connecticut in each county less Fairfield County.

2 I'm here today to testify about the -- the
3 use of the SRF and the subsidy and principal forgiveness
4 program that we as a private water company are precluded
5 from -- from use. In our minds, that preclusion is -- is
6 unfair to the communities that we service. In the past
7 two years, we've had a number of projects that I've
8 worked with DPH staff to devise a good plan of action to
9 solve community issues only to have it disallowed because
10 of who we are, even as a private water company. The --
11 the -- the funding through SRF is public moneys. The
12 benefits that we prescribe were to the public's benefit.

13 Yet, because we are private and because the thought was
14 that Connecticut Water Company would benefit, we were
15 precluded from its use.

16 So, I am here to testify today to say that
17 we think that that is -- is not fair to the communities
18 that we serve and that the communities that we serve
19 should be benefitting from the public moneys that are
20 available to all of the communities in the state of
21 Connecticut.

22 Thank you.

23 HEARING OFFICER KEENAN: Thank you.

24 Tiffany Lufkin from Regional Water

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 Authority.

2 MS. TIFFANY LUFKIN: Good morning. I'm
3 Tiffany Lufkin speaking today on behalf of the South
4 Central Connecticut Regional Water Authority. We have
5 prepared a statement.

6 The RWA appreciates the opportunity to
7 once again participate in the Drinking Water State
8 Revolving Fund program. Our mission at RWA is to provide
9 our customers with high quality water and services at
10 reasonable cost. We are always looking for new and
11 innovative ways to ease the rising cost of operations
12 directly benefitting our customers. Through the offering
13 of lower financing costs and subsidy moneys, the DWSRF
14 program helps us to manage our operational costs by
15 providing for an alternative to the traditional financing
16 of our capital program. More funds are available for
17 projects in our communities and we're able to reinvest to
18 improve our aging infrastructure and foster improved
19 water quality and service.

20 Over the last few years, we have worked
21 closely with Sarah Ramsbottom and Kim Walden within the
22 DWSRF program. We appreciate the time and dedication you
23 have demonstrated in facilitating the program and
24 partnering with us to mesh the program requirements with

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 our procedures and unique requirements. We feel that
2 having resources available at DPH to assist in completing
3 forms, documenting project requirements or conducting
4 workshops throughout the application processes is very
5 beneficial to accomplishing successful projects and
6 increasing our participation in the program. The onsite
7 visits have been particularly beneficial for RWA staff to
8 become better acquainted with the program.

9 The invitation for RWA to continue
10 participation in the current and future DWSRF cycles is
11 valued. We look forward to continuing to work with you
12 and your staff towards our mission and to demonstrating
13 the savings realized to the DWSRF program to both our
14 boards and our customers.

15 Thank you.

16 HEARING OFFICER KEENAN: Thank you.

17 Is there anyone else that would like to
18 speak today?

19 Okay, if there's no other speakers who
20 would like to provide testimony, I will close today's
21 public hearing. I'd like to remind you all that written
22 testimony may be submitted to the Department until 4:30
23 p.m. on July 2 at which point the record will close and
24 no additional testimony will be added to it.

DRINKING WATER STATE REVOLVING FUND
JUNE 28, 2018

1 Thank you, all, for coming today and
2 providing comments. At this point, I'll declare this
3 morning's proceedings closed. As a reminder, the
4 Department's Drinking Water Section is hosting an open
5 forum following this hearing where you may ask questions
6 directly to DWSRF program staff.

7

8 (Whereupon, the hearing was adjourned at
9 10:20 a.m.)

Attachment A.7.

Written testimony received
at or before 4:30 PM
on July 2, 2018



Town of Manchester

JAY MORAN, MAYOR
MARGARET H. HACKETT, DEPUTY MAYOR
STEVE GATES, SECRETARY

41 Center Street • P.O. Box 191
Manchester, Connecticut 06045-0191
www.manchesterct.gov

DIRECTORS
YOLANDA CASTILLO
TIMOTHY M. DEVANNEY
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MATTHEW S. GALLIGAN
SARAH L. JONES

SCOTT SHANLEY, GENERAL MANAGER

June 27, 2018

Mr. Cameron Walden
Supervising Sanitary Engineer
Department of Public Health
Drinking Water Section
410 Capital Avenue
MS #51 WAT
P.O. Box 340308
Hartford, CT 06134-0308

Re: Drinking Water State Revolving Fund 2109 Intended Use Plan – Cedar Ridge Drive Glastonbury

Dear Mr. Walden:

The Town appreciates this opportunity to provide comments on the Draft Drinking Water State Revolving Fund (DWSRF) 2019 Intended Use Plan. The Town of Manchester owns and operates a municipal water and sewer utility, which serves approximately 52,000 citizens in Manchester, Glastonbury, South Windsor and Glastonbury. Manchester has been working with property owners on private wells in Glastonbury with very high levels of uranium adjacent to our system to get public water to alleviate the problem. The addition of Cedar Ridge Drive Extension project to our Stove Pipe Replacement Project will help the twelve (12) property owners financially and eliminate the use of their private wells with uranium problems.

At this time, I would like to express my support for the inclusion of the Cedar Ridge Drive, Glastonbury extension in Draft DWSRF 2019 Intended Use Plan to alleviate their uranium problem. The Town has used the DWSRF to fund for projects at rates the Town would not have otherwise been able to obtain through other means. We also look forward to submitting projects for utilizing of DWSRF that we plan on undertaking in the future. Using DWSRF loans are a benefit to both our customers and future customers.

Thank you for the opportunity to comment on Draft Drinking Water State Revolving Fund 2019 Intended Use Plan. If you have any questions please do not hesitate to contact me at 647-3115.

Sincerely,

Patrick Kearney
Administrator
Water and Sewer Department



South Central Connecticut Regional Water Authority

90 Sargent Drive, New Haven, Connecticut 06511-5966 203.562.4020

<http://www.rwater.com>

June 28, 2018

Cameron Walden
Supervising Sanitary Engineer
Connecticut Department of Public Health
410 Capital Avenue, MS #51
P.O. Box 340308
Hartford, CT 06134

Re: Draft Intended Use Plan State Fiscal Year 2019 - Public Hearing Comments
Department of Public Health - Drinking Water State Revolving Fund
South Central Connecticut Regional Water Authority
New Haven, Connecticut

Dear Mr. Walden:

The South Central Regional Water Authority (RWA) appreciates the opportunity to once again participate in the Drinking Water State Revolving Fund (DWSRF) program. Our mission at RWA is to provide our customers with high quality water and services at a reasonable cost. We are always looking for new and innovative ways to ease the rising costs of operations, directly benefiting our customers.

Through the offering of lower financing costs and subsidy monies, the DWSRF program helps us to manage our operational costs by providing for an alternative to the traditional financing of our capital program. More funds are available for projects in our communities and we are able to re-invest to improve our aging infrastructure, and foster improved water quality and service.

Over the last few years, we have worked closely with Sara Ramsbottom and yourself within the DWSRF program. We appreciate the time and dedication you have demonstrated in facilitating the program and partnering with us to mesh the program requirements with our procedures and unique requirements. We feel that having resources available at DPH to assist in completing forms, documenting project requirements, or conducting workshops throughout the application processes is very beneficial to accomplishing successful projects and increasing our participation in the program. The on-site visits have been particularly beneficial for RWA staff to become better acquainted with the program.

The invitation for RWA to continue participation in the current and future DWSRF cycles is valued. We look forward to continuing to work with you and your staff towards our mission and to demonstrating the savings realized through the DWSRF program to both our Boards and our customers.

Very truly yours,
REGIONAL WATER AUTHORITY



Rose M. Gavrilovic, P.E.
Director - Capital Planning and Delivery

cc: L. Bingaman, L. Discepolo, T. Norris, R. Kowalski, SCCRWA



Southeastern Connecticut Water Authority

Water For Your Future

July 2, 2018

Cameron Walden
Supervising Sanitary Engineer
Drinking Water State Revolving Fund
Department of Public Health
410 Capitol Avenue, MS#12DWS
Hartford, CT 06134

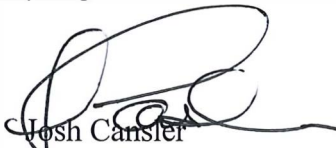
RE: DWSRF Project- SCWA Interconnection Project (Montville-Seven Oaks)

Dear Mr. Walden:

During our review of the Drinking Water State Revolving Fund Draft Intended Use Plan (IUP) for SFY 2019, it was noted that Project # SF18-34 (Interconnection between the SCWA Seven Oaks and Montville Divisions) was not carried over to the SFY19 IUP. SCWA submitted Part I of the Financial Assistance Application Materials, as requested, in January of this year, which included a project schedule showing that this project would start design/engineering in the late 2018, and commence construction in 2019. SCWA is still committed to this schedule, so we are not sure why this project was not carried over.

SCWA is requesting that this project be added to the SFY IUP project list. Attached are the Planning/Design Phases Updated Project Schedule and the Construction Phase Updated Project forms, as requested.

Let me know if you need any further information at this time. I can be contacted at (860) 464-0232, or j.cansler@waterauthority.org


Josh Cansler
General Manager

STATE OF CONNECTICUT, DEPARTMENT OF PUBLIC HEALTH (DPH)
DRINKING WATER STATE REVOLVING FUND (DWSRF)

PLANNING/DESIGN PHASES UPDATED PROJECT SCHEDULE

To maintain the integrity of the project records, an updated project schedule must be submitted along with the request for authorization to award a professional services agreement. An update may also be requested at other time as determined necessary by the DPH. An updated schedule for this phase may be requested even if the project is not seeking funding for these phases (i.e. construction activities only). The Construction Phase Updated Project Schedule Form may also be requested to be submitted with this update.

Public Water System Name SCWA- Montville Division	PWSID Number 0860011	DWS Project #
Project name Interconnection of Montville and Seven Oaks Divisions	Project Funding Agreement # (if executed)	

The information provided will be used to update the status of the project and to set the "Scheduled Completion Date" (SCD) in the Project Funding Agreement (loan agreement), if an agreement will be executed for the planning and/or design phase(s). The SCD is used to set the start of the repayment period of the loan and a project must close on a Project Loan Obligation (PLO) within 6 months of the SCD. Please enter actual dates for past activities. It is understood that dates are estimated for future activities and will be updated when those actually occur (i.e. contract execution, preliminary engineering report, etc.).

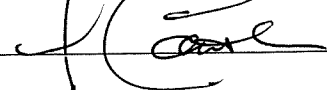
Please answer the following question:

Is this project dependent on another project or activity being completed? Yes No
If yes, indicate the name of that dependent project or activity & its expected completion date:

Planning Phase Milestones	Date
1. Request for Qualifications and/or Proposals submitted to DPH	-
2. Request for <u>Authorization to Award Professional Services Agreement Application Checklist</u> and supporting materials submitted to DPH (DPH review & authorization required prior to award of agreement)	-
3. Professional Services Agreement execution (DPH authorization required before execution if seeking DWSRF funding under this contract) (must submit executed copy to DPH)	-
4. MBE/WBE subcontract execution (must submit executed copy(ies) to DPH)	-
5. Planning Study or Preliminary Engineering Report and <u>Engineering Report Checklist</u> submitted to DPH for approval	-

Detailed Design Phase Milestones	Date
1. Planning Study or Preliminary Engineering Report and <u>Engineering Report Checklist</u> submitted to DPH for approval (if not previously submitted)	April 2017
2. Value Engineering* Proposal submitted to DPH for adequacy determination	n/a
3. Request for Qualifications and/or Proposals Advertisement for Design consultant	August 1, 2018
4. Request for Qualifications and/or Proposals Advertisement for Value Engineering* Consultant	n/a
5. <u>Authorization to Award Professional Services Agreement Checklist Application</u> and supporting materials submitted to DPH for Design Consultant	October 1, 2018
6. <u>Authorization to Award Professional Services Agreement Checklist Application</u> and supporting materials submitted to DPH for Value Engineering* Consultant (if seeking funding for this activity)	n/a
7. Design Consultant Agreement execution (DPH authorization required before execution of agreement) (must submit executed copy to DPH)	November 1, 2018
8. Value Engineering* Consultant Agreement execution (DPH authorization required before execution) (must submit executed copy to DPH if seeking funding for this activity)	n/a
9. Design Consultant MBE/WBE subcontract execution (must submit executed copy(ies) to DPH)	November 15, 2018
10. Value Engineering* Preliminary Report submission to DPH	n/a
11. Value Engineering* Implementation (Final) Report submission to DPH for approval	n/a
12. Design complete	March 1, 2019
13. Bid specifications prepared	March 1, 2019

* Value Engineering is only required if total building cost is in excess of \$10 million

Submitted by:  (print name) Date: 2/10/19

STATE OF CONNECTICUT DEPARTMENT OF PUBLIC HEALTH (DPH)
DRINKING WATER STATE REVOLVING FUND (DWSRF)

CONSTRUCTION PHASE UPDATED PROJECT SCHEDULE

To maintain the integrity of the project records, an updated project schedule must be submitted along with the request for authorization to award a construction contract. An update may also be requested at other times as determined necessary by the DPH. Please use the Planning/Design Phases Updated Project Schedule Form to update those activities. The DPH may request that an update be provided even if a project has not requested DWSRF funding for planning and design phases if it is determined to be necessary for the overall project schedule.

Public Water System Name SCWA- Montville Division	PWSID Number 0860011	DWS Project #
Project name Interconnection of Montville and Seven Oaks Divisions	Project Funding Agreement # (if executed)	

The information provided will be used to update the status of the project and to set the "Scheduled Completion Date" (SCD) in the Project Funding Agreement (loan agreement). The SCD is used to set the start of the repayment period of the loan and a project must close on a Project Loan Obligation (PLO) within 6 months of the SCD. Please enter actual dates for past activities. It is understood that dates are estimated for future activities and will be updated when those actually occur (i.e. contract execution, notice to proceed, etc.).

Please take into consideration specific project conditions when developing this schedule, including, but not limited to: site conditions and potential for unexpected weather conditions; environmental concerns; information from contractor and project consultant; seasonal working periods; potential for change orders & time extensions, need for easements and/or permits; experiences with other projects of this type or within a certain area (including delays).

Please answer the following questions:

- A. Is this project affected by a seasonal slowdown or shutdown period? Yes No
If **yes**, specify the timeframe: _____
Expected shutdown date: _____ (approx.); Expected restart date: _____ (approx.)
- B. Is the undertaking of this project dependent on another project (s) or activity(ies) being completed? Yes No
If **yes**, indicate the name of that dependent project(s) or activity(ies) & its expected completion date: _____
- C. Is this project located in an area where there are conditions that could lead to potential contract time extensions?
 Yes No If **yes**, indicate the estimated number of days for the contract time extension: _____

Construction Phase Milestones		Date
Even if seeking construction funding only, a Preliminary Engineering Report is required, as well as Value Engineering if the building cost is greater than \$10 million. Please complete the <u>Planning/Design Phase Project Schedule Update Form</u> if these activities have not yet been completed and submitted to DPH for review.		
1. <u>Pre-bid Construction Contract Application Checklist</u> and supporting documentation submitted to the DPH for approval.		April 1, 2019
If project already approved:	Date of Technical Approval:	Date of pre-bid approval:
2. Bid advertisement		May 15, 2019
3. Bid opening		June 15, 2019
4. Post-bid <u>Authorization to Award Construction Contract Application Checklist</u> and supporting materials submitted to DPH. (DPH review & authorization required prior to award of contract)		June 30, 2019
5. Construction contract execution		July 15, 2019
6. Notice to Proceed issued (submit copy to DPH)		August 1, 2019
Contract start date: August 1, 2019		Contract end date: December 31, 2019
7. MBE/WBE subcontract execution or purchase orders		August 1, 2019
8. Start of construction site work		August 15, 2019
9. 50% construction completion		October 1, 2019
10. 95% (substantial) construction completion		December 1, 2019
11. Activation for use		December 31, 2019
12. 100% construction completion, including final inspection		December 31, 2019
13. Final invoice received from contractor (request does not need to include retainage)		January 15, 2020
14. Final Payment Request submitted to DPH (include retainage even if not yet paid to contractor)		January 31, 2020

Submitted by:  (print name) Date: 7/20/19

Attachment B

DWSRF Final SFY 2019 Annual Intended Use Plan

Drinking Water State Revolving Fund Annual Intended Use Plan SFY 2019

State Of Connecticut
Department Of Public Health
Drinking Water Section



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Acronyms Used in This Document:

AIS	American Iron and Steel
CAT	Capacity Assessment Tool
C&D Plan	Connecticut Plan of Conservation and Development
CFR	Code of Federal Regulations
CGS	Connecticut General Statutes
CWF	Clean Water Fund
CWS	Community Water System
CWSRF	Clean Water State Revolving Fund
DEEP	Department of Energy and Environmental Protection (CT)
DPH	Department of Public Health (CT)
DWF	Drinking Water Fund
DWINSA	Drinking Water Infrastructure Needs Survey and Assessment
DWNIMS	Drinking Water National Information Management System
DWS	Drinking Water Section (within DPH)
DWSRF	Drinking Water State Revolving Fund
EPA	Environmental Protection Agency (Federal)
EPGP	Emergency Power Generator Program
ETT	Enforcement Targeting Tool
FFATA	Federal Funding Accountability and Transparency Act
FFY	Federal Fiscal Year
FR	Federal Register
GIS	Geographic Information System
IUP	Intended Use Plan
MOU	Memorandum of Understanding
NEIWPPCC	New England Interstate Water Pollution Control Commission
NEPA	National Environmental Policy Act
NTNC	Non-Transient Non-Community (Public Water System)
OA	Operating Agreement
OPM	Office of Policy and Management (CT)
OTT	Office of the State Treasurer (CT)
PBR	Project Benefits Reporting database
PER	Preliminary Engineering Report
PPL	Project Priority List
PRS	Priority Ranking System
PURA	Public Utility Regulating Authority (within CT DEEP)
PWS	Public Water System(s)
PWSID	Public Water System Identification Number
PWSS	Public Water System Supervision grant
RCSA	Regulations of Connecticut State Agencies
SBC	State Bond Commission
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
TNC	Transient Non-Community (Public Water System)
ULO	Unliquidated Obligations
USC	United States Code

I. INTRODUCTION

A. State of Connecticut's Drinking Water State Revolving Fund

In 1996, Congress passed amendments to the Safe Drinking Water Act (SDWA) establishing the Drinking Water State Revolving Fund (DWSRF). Section 1452 of the SDWA authorizes the Administrator of the United States Environmental Protection Agency (EPA) to award capitalization grants to states. The amount of each state's capitalization grant is determined as a percentage of the national congressional allocation of DWSRF funding. Each state's percentage is based on the outcome of a Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) conducted by the EPA every 4 years. The most recent DWINSA conducted in 2015 identified a \$4,017.7 billion needed investment in Connecticut to maintain its existing drinking water infrastructure over the next 20 years. This was a 12.3% increase from the \$3,578.3 billion estimated need in 2011. Connecticut currently receives 1% of the national allocation and is eligible to receive \$11,107,000 from the \$1,136,667,000 appropriated by Congress for Federal Fiscal Year (FFY) 2018.

The Department of Public Health (DPH) is the primacy agency for Connecticut's drinking water program and the designated agency that is authorized to enter into capitalization grant agreements with the EPA, accept capitalization grant awards, and otherwise manage the DWSRF. This Intended Use Plan (IUP) is part of our application for the FFY 2018 Capitalization Grant. The SDWA requires that each State annually prepare an IUP to describe how the State intends to use DWSRF program funds to support the overall goals of the DWSRF program and meet the SDWA objectives. This IUP highlights the State of Connecticut's ongoing improvement of the DWSRF program and seeks to further maximize the program's resources. The DWSRF program is an essential component of Connecticut's efforts to protect public health and improve the quality and availability of water to all its citizens. The IUP communicates our plans to stakeholders who include: public water systems, the public, EPA and other state agencies.

The IUP discusses how DPH intends to utilize its allotment of FFY 2018 funds, state legislative funding authorizations, and unobligated project funds carried forward from previous IUPs during the State Fiscal Year (SFY) 2019 time period (July 1, 2018 – June 30, 2019). The available funding includes unliquidated obligations (ULO) from previous federal capitalization grants. The IUP details the short-term and long-term goals that the DPH has developed to support the overall objectives of the DWSRF program of ensuring public health protections, complying with the SDWA, ensuring affordable drinking water, and maintaining the long-term financial health of the DWSRF. The IUP also provides the financial status of the DWSRF. Finally, the IUP describes the criteria and methods that DPH will use to distribute the funds, including the ranking criteria under which the eligible projects were ranked and placed on the fundable Project Priority List and Comprehensive Project List and the procedures that allow DPH to bypass projects on the fundable Project Priority List.

During SFY 2019, the DPH will continue to focus on implementing the public health aspects of the SDWA and will work to ensure that funds move expeditiously and responsibly from the time the State of Connecticut is awarded the capitalization grant to the time the funds are awarded to projects. These efforts are instrumental in achieving the requirements of the SDWA. The DPH works closely together with other state and federal agencies to identify opportunities for funding specific projects and to coordinate funding efforts.

Connecticut has legislation enabling it to establish and operate a DWSRF program and to apply for and receive federal funds, which is contained in Connecticut General Statutes (CGS) Sections 22a-475 through 22a-483, inclusive. As the administrator of the DWSRF program for the State of

Connecticut, the DPH coordinates the activities of two different state agencies, which are the Office of the State Treasurer (OTT), the Department of Energy and Environmental Protection (DEEP), and, within DEEP, the Public Utilities Regulatory Authority (PURA), with the charge of implementing certain aspects of and overseeing the DWSRF program. The DPH, DEEP, OTT, and PURA entered into a DWSRF Interagency Memorandum of Understanding (DWSRF Interagency MOU), which details the roles and responsibilities of each agency. The DWSRF Interagency MOU is an attachment to the Operating Agreement (OA) between the State of Connecticut and the EPA. The OA was filed with the EPA as part of the DPH's 1997 Capitalization Grant application and established the basic framework and procedures of the DWSRF program that are not expected to change annually.

The DPH is responsible for programmatic and fiscal administration of DWSRF projects and capitalization grant set-aside funds. The DPH processes General Obligation Bond allocation requests directly through the State Bond Commission (SBC) for any state funds used to subsidize DWSRF projects. The DPH provides the bi-annual capital budget request and the SBC Revenue Bond allocation requests for DWSRF projects to the DEEP for processing under the Clean Water Fund (CWF). The DEEP is responsible for administration of the CWF, of which the DWSRF is a sub-account. The PURA is responsible for programmatic and fiscal input for those water companies that it regulates who are requesting DWSRF funding. The OTT is responsible for the fiscal administration of all DWSRF project accounts, oversight of loans, oversight of the leveraging process through bond sales, administration of a DWSRF financial plan, and assessing the financial viability of borrowers.

Figure 1 on page 3 displays the role the IUP plays in the DWSRF funding process.

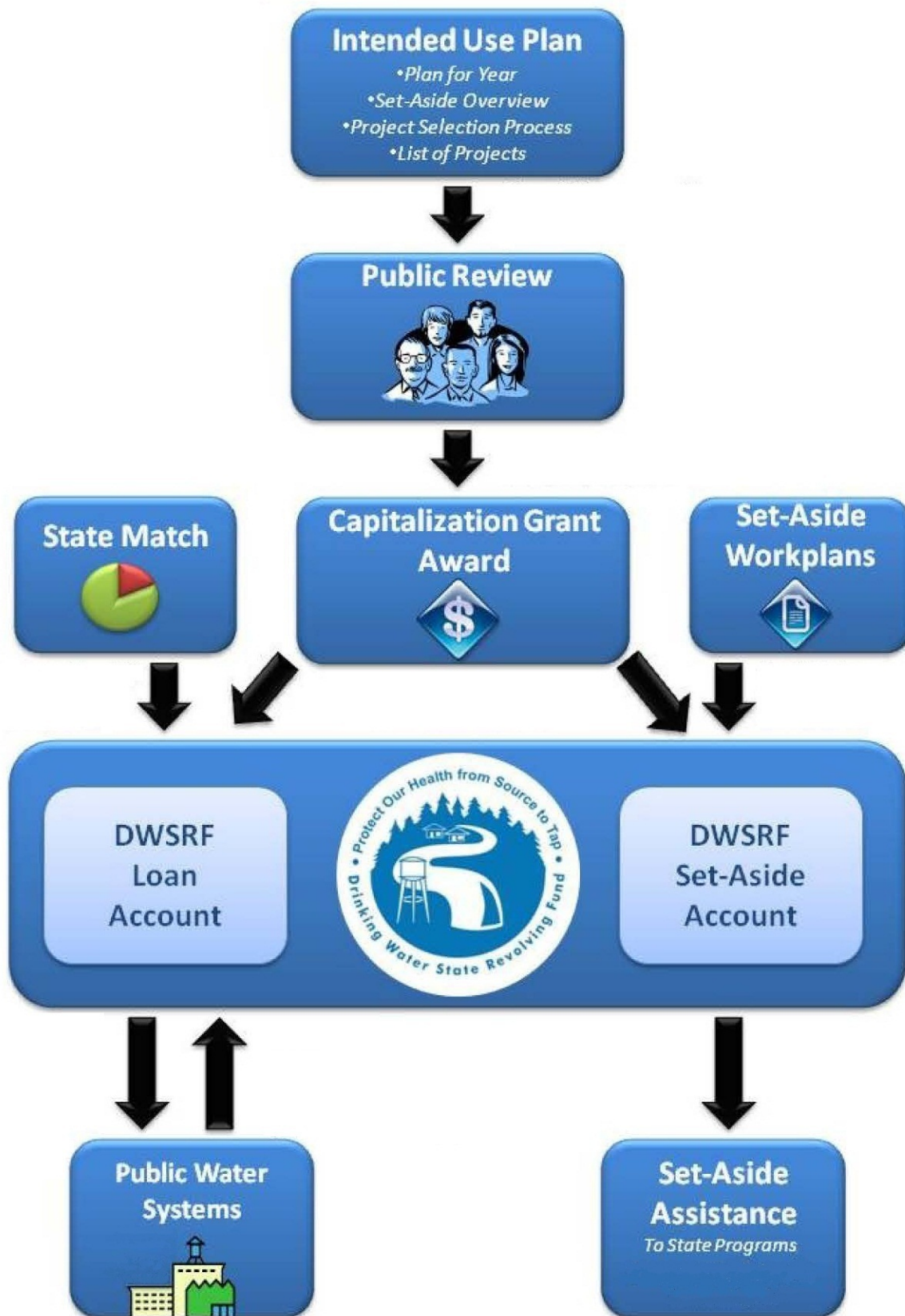
B. What's New for SFY 2019?

The federal national appropriation for the DWSRF was increased from previous years. This additional funding, coupled with the continued requirement to provide a portion as subsidization, will continue to allow the DWSRF to be an attractive option for funding drinking water infrastructure projects.

The DPH is continuing its efforts to help small water systems improve their technical, managerial, and financial (TMF) capacity. As part of this effort, and in line with the DWSRF requirement that all borrowers have sufficient overall TMF capacity, a new condition of receiving subsidization requires small systems to have a fiscal management plan, as explained in Section IV. G.

In addition, legislation (Public Act 18-168, Section 61) was passed which requires that all community public water systems (community PWSs) serving at least twenty-five, but not more than one thousand, year-round residents prepare fiscal and asset management plans no later than January 1, 2021. To help these systems, the DPH is renewing its effort to build small system capacity through training and has developed a strategy to address emergency preparedness for the State of Connecticut's community PWSs.

Figure 1 - The DWSRF Funding Process



II. STRUCTURE OF THE DWSRF

A. Eligibility for Projects for Planning, Design, and Construction

The DWSRF provides funding assistance for the planning, design, and construction of water infrastructure improvement projects to eligible PWSs, which include all community PWSs and non-profit, non-community PWSs. Projects must meet federal DWSRF eligibility requirements. Eligible projects include:

- Installation or upgrade of facilities to improve the quality of drinking water to comply with the SDWA and State drinking water regulations;
- Rehabilitation of wells or development of eligible sources to replace contaminated sources;
- Installation, rehabilitation or replacement of transmission and distribution pipes to improve water pressure to safe levels or to prevent contamination caused by leaks or breaks in the pipes;
- Installation or upgrade of eligible water storage facilities to prevent microbiological contaminants from entering a PWS;
- Interconnecting two or more PWSs;
- Creation of a new community PWSs to serve homes with contaminated individual drinking water sources or to consolidate existing systems into a new regional system.
- Routine capital improvement projects for drinking water infrastructure that has exceeded or is nearing the end of its useful service life.

Federal DWSRF regulations specify that funding may not be used for projects that are primarily intended to serve growth. The focus of DWSRF assistance is to ensure safe drinking water for the current PWS's population. Eligible projects may be sized to accommodate for reasonable growth during the expected life of the infrastructure. However, the State of Connecticut will not fund projects intended to serve future growth outside of reasonable expectations and remains vigilant to ensure the limited DWSRF funds available are directed to serve the existing population.

Additionally, the DWSRF may not provide assistance to any system that has an Enforcement Targeting Tool (ETT) score of 11 or greater unless DPH determines that the system will return to compliance with such assistance and has an adequate level of technical, managerial and financial capability to maintain compliance.

Assistance provided to a PWS from the DWSRF may be used only for expenditures that will facilitate compliance with SDWA drinking water regulations or otherwise significantly further the public health protection objectives of the SDWA.

B. Set-Asides

The State of Connecticut will use its capitalization grant set-aside funds to provide additional support to the promotion and implementation of the State's safe drinking water efforts and for activities to assist water systems in developing enhanced capabilities for the future. Each of the set-asides is briefly explained below and additional information may be found in Section VII.

Administration - to support administrative and fiscal management of the DWSRF accounts and provide assistance to borrowers in preparing their loan applications and satisfying program requirements

Small system technical assistance - for assistance to small systems serving less than 10,000 people through state personnel or agreements with third party assistance providers

State program management – for Public Water System Supervision program support and implementation of the Operator Certification program

Local assistance and other state programs – for assistance for Capacity Development and for source water protection activities

III. DWSRF GOALS

The DPH has developed short-term and long-term goals to support the overall goals for the DWSRF program of ensuring public health protection, complying with the SDWA, ensuring affordable drinking water, and maintaining the long-term financial health of the DWSRF. The DPH is committed to continuous program improvement by assuring that program measures are tracked and achieved, fiscal oversight and coordination continues to improve, Connecticut's PWSs are continuously aware of DWSRF opportunities, the DPH's DWSRF program is adequately staffed, and the public drinking water infrastructure needs for the State of Connecticut are adequately addressed, documented and shared with the public to the greatest extent possible.

Maintaining an adequate staffing level has been identified as a critical factor in the success of the DWSRF program, and overall in the assistance and oversight provided to all PWS by the entire DPH Drinking Water Section (DWS).

The DWSRF short-term goals are focused on continued development and implementation of all facets of the DWSRF program, including moving eligible fundable projects through the loan process to ensure that all monies are committed in a timely manner. The short-term goals as indicated below are benchmarks for measuring overall success and effectiveness of the program.

A. Short-Term Goals

1. Apply for the capitalization grant as soon as possible following notification from EPA Region 1 that applications are being accepted. Upon award, comply with the capitalization grant's terms and conditions.
2. Enter into financial assistance agreements with PWSs for projects identified in this IUP with an overall goal of committing all available project funds during the IUP period and increasing the pace of the DWSRF program.
3. Continue to implement existing DWSRF elements, including re-evaluation and improvement of the following when necessary:
 - a. Effective and efficient fiscal management of DWSRF funds;
 - b. Routine procedures for entering into project funding agreements with recipients;
 - c. Effective and efficient communications between State agencies for all components of the DWSRF program;
 - d. Improve the efficiency of review of project submittals and execution of funding agreements, where possible.
 - e. Review of the Priority Ranking System (PRS), maintaining an emphasis on ready-to-proceed projects;
 - f. Responsibilities delineated in the DWSRF Interagency MOU;

- g. Routine procedures for monitoring oversight and contract compliance of DWSRF set-aside projects;
 - h. Procedures for evaluating technical and managerial capacity of DWSRF applicants and sustainability aspects of proposed projects.
4. Input project information into the DWSRF Project Benefits Reporting (PBR) and the Drinking Water National Information Management System (DWNIMS) on-line databases and continue to monitor program pace to meet or exceed national goals and measures for awarding funds in a timely manner.
5. Maintain a financing plan that secures the perpetuity of the DWSRF and meets loan demand.
6. Provide oversight, tracking, and continued implementation of the DPH's January 2013 Cash Management Plan, revision of January 2018.
7. Continue to reduce the DPH's ULOs associated with capitalization grant awards (project funds and set-asides) received from EPA and work towards achieving and maintaining EPA's ULO Objectives.
8. Maintain a robust pipeline of projects through frequent interaction with PWSs.
9. Continue to work closely with DWSRF loan applicants to ensure well-coordinated regulatory reviews and loan preparation activities.
10. Continue using a 2-year loan demand planning period to help ensure sufficient DWSRF funds are appropriated in the biennial State of Connecticut capital budget.
11. Continue to allow new project eligibility applications to be submitted at any time during the year and update the Comprehensive Project List with these new projects in a timely manner.
12. Continue to implement improvements identified during the 2014 DWSRF LEAN process, including:
 - a. Revise the DWSRF Interagency MOU to reflect modifications made with respect to each agency's responsibilities to the DWSRF program to reflect the statutory changes approved in 2010.
 - b. Revise the OA to reflect revisions that have been made to the DWSRF program.
13. Continue to utilize the Emergency Power Generator Program (EPGP) as a model for streamlining DWSRF requirements for small systems that undertake other projects with a total project cost of less than \$100,000.
14. Continue to encourage small water systems to apply for funding for all phases of a project, such as: planning, including preparation of asset management plans, preliminary engineering reports, etc.; and design and construction, especially when the project is to correct a compliance concern, consolidate with a larger community PWS, or replace older hydropneumatic tanks.
15. Provide education and technical assistance to PWSs to improve the sustainable infrastructure and asset management programs of PWSs.

16. Continue transitioning into the Loans and Grants Tracking System (LGTS) database that will improve communication between State of Connecticut agencies and information sharing with the EPA for projects funded through the DWSRF program.
17. Utilize the information gathered as part of the 2015 DWINSA to work with the selected PWSs to submit projects for future DWSRF funding cycles.
18. Utilize funding from the capitalization grant's administrative set-aside to develop a DPH DWSRF communications strategy which will include preparation of DWSRF marketing materials, including an Annual DWSRF Construction Report, brochures, posters and other materials, to increase the awareness of the DWSRF among PWSs, legislators, local officials, consultants and other stakeholders.

B. Long-Term Goals

The DWSRF long-term goals express strategic principals for guiding the DWSRF program into the future. These long-term goals are:

1. Commit to monitor, track, and continue to maintain and improve the pace of the DWSRF program.
2. Meet or exceed EPA's ULO objectives for ULOs associated with capitalization grant awards received from the EPA.
3. Continue to reach out to State of Connecticut PWSs in an effort to educate and better promote the DWSRF Program, in order to maintain a pipeline of projects that are eligible to receive DWSRF funding.
4. Coordinate within the DPH, and continue to collaborate with other State agencies where possible and advantageous, to maximize the effectiveness of the program and meet the State of Connecticut's public health, water quality and water adequacy goals.
5. Use set-aside funds to effectively improve the State of Connecticut's aging drinking water infrastructure, drinking water regulatory compliance, the technical, managerial and financial capacity of PWSs and drinking water service to Connecticut's residents. Areas of concern include PWSs' sustainable infrastructure programs, long-term water supply planning, source water protection and small water systems.
6. Continue to improve on documenting the PWS infrastructure needs for the State of Connecticut through on-going participation and support for the EPA's Drinking Water Infrastructure Needs Survey and Assessment.
7. Offer a long-term low-interest financing program to eligible PWSs to undertake infrastructure improvement projects.
8. Commit to maintaining cash management policies, procedures and records for DWSRF funding.

IV. CRITERIA AND METHOD FOR DISTRIBUTION OF PROJECT FUNDS

A. Priority Ranking System

A state's Priority Ranking System (PRS) is required to provide, to the extent practicable, priority to projects that: address the most serious risk to human health; are necessary to ensure compliance with the requirements of the SDWA; and assist systems most in need, on a per household basis, according to State affordability criteria. The DPH has statutory and regulatory jurisdiction over all statewide matters related to the purity and adequacy of drinking water. The DPH considers quantity as important as quality in the protection of public health. The PRS developed by the DPH for its DWSRF program specifies the criteria that the DPH uses to determine the distribution of funds and is found in Attachment B of this IUP. The primary objective of the PRS is to award the highest points to projects that protect public health through improvements designed to address PWS performance in the areas of water quality and water quantity. The DPH is also responsible for the timely distribution of available DWSRF funds and must take into consideration each project's "readiness to proceed" when preparing the Project Priority List (PPL).

The PRS was significantly revised in SFY 2018. Circular Letter 2017-03 was sent to all Community and Non-Profit Non-Community PWSs, as well as other interested parties, to announce and explain the changes. The PRS was made available to all applicants for their reference in completing and submitting project eligibility applications. While the entire PRS was reevaluated, changes were made to key areas, including:

- Infrastructure sustainability: The revised PRS better recognizes the critical role that asset management planning has in achieving a PWSs long-term sustainability;
- Infrastructure resiliency: This new category provides points for projects that will increase a PWSs ability to withstand and recover from natural or man-made disasters, including drought;
- Water Conservation: The revised PRS recognizes the importance of water conservation, including projects for significant "unaccounted for" or "non-revenue" water loss reductions, and increased the points for water main rehabilitation and replacement to recognize the role these projects play in reducing water main breaks and leaks;
- Lead in Drinking Water: Points have been increased for projects which are necessary to resolve lead action level exceedances, and new activities have been added to award points for projects that proactively reduce lead levels at schools and child care facilities, and for complete lead service line replacement.;
- Unregulated and Emerging Contaminants: This new category provides points for projects which address unregulated contaminants or contaminants of emerging concern. There was previously no mechanism to provide points for these types of projects.

The PRS continues to put higher emphasis on projects that will achieve compliance with applicable drinking water quality requirements, while recognizing the importance of projects that will maintain compliance. As part of maintaining compliance, the PRS emphasizes sustainability and acknowledges the inherent value of asset management planning. A PWS's compliance with both state and federal drinking water quality requirements is closely monitored throughout the project review process. If a PWS has any outstanding significant violations or deficiencies or has received an ETT score of 11 or higher, a PWS must demonstrate a path to return to compliance before any formal commitment of funding is made by the State of Connecticut.

Within the parameters set by the PRS, the DPH intends to exercise considerable flexibility in the types of projects the DWSRF will fund with protection of public health and compliance with SDWA

and State drinking water regulations as the predominate concerns. Exclusions for growth and other non-eligible elements as described in the PRS stand as limitations on project funding.

B. Capacity Assessments

The SDWA requires that a PWS applying for a DWSRF loan show that it has the technical, financial and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it will help the system to achieve capacity. The goal of this requirement is to ensure that DWSRF assistance is not used to create or support non-viable systems. DPH has developed and utilizes a capacity assessment tool to analyze the system capacity for small PWSs statewide. Known as the CAT, this tool is used to assess the capacity of small community PWSs. Three-hundred and thirty small community PWSs were initially evaluated using the CAT. These evaluations were provided to the individual PWSs and have been used in a variety of water planning activities. DPH is working on creating a mechanism to update the CAT to incorporate changes in the PWSs' technical, managerial and financial capacity as issues are addressed. PWSs serving 1,000 or more are required to develop and maintain a Water Supply Plan, which are reviewed and approved by the DPH.

Incentives for PWSs to improve their capacity have been built into the distribution of the required subsidy, as described in Section IV. Small PWSs must have or develop asset and fiscal management plans in order to be eligible for federal subsidization. Qualified applicants of all sizes that wish to qualify to receive state subsidy must also have asset and fiscal management plans. The criteria for these plans were developed by referencing EPA guidance. Checklists of required information for each plan were developed and are included as Attachments G and H. The criteria were chosen so that these plans would address all three areas of capacity.

In addition, legislation (Public Act 18-168, Section 61) was passed which requires that all community PWSs serving at least twenty-five, but not more than one thousand, year-round residents prepare fiscal and asset management plans no later than January 1, 2021. To help these systems, the DPH is renewing its effort to build small system capacity through training. Following the significant impact of storms on small community PWSs in 2011 and 2012, a "Three Storm Strategy" was developed to address emergency preparedness for community PWSs. This document will be updated on an ongoing basis as projects move forward and issues evolve over time.

While the DPH intends to fund a wide range of drinking water projects, it will do so only after careful consideration of an applicant's technical, managerial and financial capabilities and readiness to proceed with their project. An assessment of an applicant's overall capacity, including the long-term capacity to operate and maintain the water system and the infrastructure to be funded by the DWSRF, will be conducted before any funding commitment is made.

Technical Capacity

To demonstrate technical capacity, DWSRF applicants must show that their drinking water sources, treatment, distribution, pumping, and storage infrastructure are adequate. Personnel must have the technical knowledge to effectively operate and maintain the system, as well as any additional infrastructure funded by the DWSRF. All community and non-transient non-community PWS are required to have a Certified Operator responsible for the operation of the water system, in accordance with the DPH's operator certification program. As part of reviewing an applicant's technical capacity, the DPH will review the PWS's regulatory compliance records and most recent sanitary survey report to assure that the system is being properly operated and maintained. The

PWS must not have outstanding regulatory compliance problems unless the PWS is actively working to correct or resolve those problems. The engineering reports, plans and specifications for the proposed DWSRF-funded project will be evaluated during the loan application process.

Financial Capacity

To demonstrate financial capacity, the applicant must show that the PWS has sufficient revenues to cover necessary costs to operate and maintain their water system and repay their DWSRF loan. Applicants must also demonstrate credit worthiness and the existence of adequate fiscal controls. The OTT is responsible for reviewing the financial capacity of DWSRF borrowers, including a review of the project budget, annual financial reports, and other pertinent financial information.

Managerial Capacity

To demonstrate managerial capacity, the PWS must have personnel with expertise to manage the entire water system operation. Managerial capacity of a PWS is evaluated during routinely conducted sanitary surveys and when the PWS applies for a DWSRF loan. As part of reviewing a DWSRF applicant's managerial capacity, the DPH will review the PWS's regulatory compliance records and the most recent sanitary survey report to assure that the PWS is being properly operated and maintained.

C. Projects Expected to be Funded

Projects on the Fundable PPL are expected to receive funding under this IUP. Funds will also be made available to projects carried forward from a prior IUP, but for which binding commitments (i.e. financial assistance agreements) with the DPH have not yet been executed. These projects are being carried over, in accordance with the procedure described in Section V, and are listed on the Carryover List (Attachment E). These carryover projects went through public comment and ranking during the year in which they appeared on a Fundable PPL and are not being re-ranked in this IUP.

It is the goal of the DPH to fund as many eligible projects as it can with the available DWSRF funding. The projects that are ultimately funded may differ from those outlined on the Fundable PPL for various reasons, which include:

- A project on the Fundable PPL receives full or partial funding from another source;
- A project on the Fundable PPL is bypassed, as described in the PRS and Section IV of this document;
- An applicant is unable to comply with all applicable state and federal program requirements for DWSRF funding;
- An applicant withdraws its DWSRF funding application; or
- A project, or a portion of a project, is determined to be ineligible for DWSRF funds.

The DPH utilized the PRS and project readiness criteria to determine if a project can reasonably be expected to proceed during SFY 2019. The Fundable PPL identifies projects, or portions of projects, that can reasonably be expected to proceed during SFY 2019 based on project readiness information provided by the DWSRF applicants and the criteria in Section IV.H of this IUP.

Funding for new projects is limited to eligible PWSs that submitted DWSRF Eligibility Applications which are included in the annual IUP and any amendments to the IUP made thereafter. This annual IUP includes those Eligibility Applications which were received by the March 30, 2018 due date,

which was announced in the DPH's SFY 2019 Call for Projects. As of the due date, the DPH received 10 applications totaling approximately \$25 million, of which all are eligible. All project eligibility applications were reviewed and evaluated to ensure that the proposed projects meet the eligibility criteria and that the applicant is prioritizing projects based on their identified needs and addressing any applicable regulatory compliance concerns. All projects were awarded appropriate points based on the PRS. As in the past, the DPH put a significant emphasis on project readiness in development of the Fundable PPL.

The Comprehensive Project List includes all eligible projects submitted in response to the SFY 2019 Call for Projects, or those phases of projects from the Carryover List which have been determined to not be sufficiently ready to proceed. This Comprehensive Project List includes 39 projects for a total of approximately \$76.3 million.

Some applicants have requested funding for planning, design, and construction phases of a project; however all phases may not necessarily receive funding. Projects which requested funding for multiple phases may appear on the Carryover List or Fundable PPL only for certain phases that have been determined to be ready to proceed. These phases are identified in parenthesis next to the project's name with the corresponding estimated DWSRF funding amounts to complete these phases. The Comprehensive Project List shows the full amount of DWSRF funding requested to complete all phases of each project.

The Comprehensive Project List shows projects in alphabetical order by the town of the PWS (Attachment C). This list of projects is also shown in order of ranking points assigned (Attachment D). From this comprehensive list, the Fundable PPL (Attachment F) was developed based on the total amount of funding made available and the expected readiness of a project to proceed. Projects that are determined by the DPH as not ready to proceed during SFY 2019 were not considered in preparing the Fundable PPL regardless of the priority points that the project received or the amount of funding expected to be available. These projects will be maintained on the Comprehensive Project List and will be considered for funding during SFY 2019, if they subsequently become ready to proceed, according to the bypass procedure explained in Section IV.I., or if sufficient funding is available for them.

The Fundable PPL includes those projects, or phases of a project, expected to move forward during SFY 2019 ranked by priority points awarded, and for which sufficient funds are expected to be available. The Fundable PPL includes 12 projects totaling approximately \$25.3 million.

The DPH reserves the right to make changes to the Fundable PPL, using by-pass procedures explained in Section IV.I., to ensure that the available funds are committed in executed funding agreements to the maximum extent possible. Projects on the Comprehensive Project List may also be added to the Fundable PPL if there is a sufficient surplus of funding is available for them and they become ready to proceed during SFY 2019 following the finalization of the annual IUP. Priority in adding a project from the Comprehensive Project List to the Fundable PPL shall be given to the most ready to proceed project regardless of the project's ranking score. Where two or more projects on the Comprehensive Project List become equally ready to proceed, priority for funding shall be given to the project with the highest ranking score.

The DPH has and will continue to accept and review for eligibility Eligibility Applications received after the March 30, 2018 deadline in the Call for Projects. Following publication of the finalized annual IUP, the Comprehensive Project List may be amended periodically to include new projects for which Eligibility Applications were received after the deadline. Any amendments to the

Comprehensive Project List will be posted on the DPH DWS website for a 30-day comment period before being finalized and incorporated as an amendment into the annual IUP.

D. Small System Funding

The SDWA Amendments of 1996 require that, to the extent there are a sufficient number of eligible project applications, not less than 15% of the available funding be dedicated to small PWSs, which are PWSs that regularly serve less than or equal to a population of 10,000. In cases where an applicant owns more than one community PWS, the applicant's population will be determined on the combined population of all of its individually owned PWSs.

The Fundable PPL does not achieve the EPA goal of dedicating at least 15% of the available DWSRF funding, or approximately \$24 million, to small PWSs. This was due to a lack of sufficient funding requests for projects ready to proceed during SFY 2019. In response to the Call for Projects, the DPH received applications for 4 eligible small PWS projects, including 2 EPGP projects, totaling approximately \$280,750 in eligible project costs. All were determined to be ready to proceed in SFY 2019 and appear on the Fundable PPL. In addition, 1 project submitted in a prior SFY is now ready to proceed and has been included on the Fundable PPL, for a total of approximately \$663,750 in eligible project costs.

The DPH continues to try to streamline and improve the funding process for small PWSs to make it easier for them to obtain DWSRF funding.

E. Emergency Power Generator Program

The EPGP was established in SFY 2012 in response to two extreme weather events that occurred in the late summer and fall of 2011. These events left many customers, in particular customers of small PWSs, throughout Connecticut without water service for extended periods of time due to power outages. During 2012 and 2013, two additional severe weather events occurred furthering the need to ensure that all PWSs have back-up power systems capable of providing continued water service to customers during prolonged power outages. The EPGP allows eligible PWSs with projects costing less than \$100,000 to obtain low-interest loans and subsidies to purchase and install back-up power systems to be used in the event of power outages.

The EPGP includes streamlined procurement procedures for projects costing less than \$100,000 in an effort to make it easier for small PWSs to proceed through the DWSRF process. PWSs that currently do not have back-up power system for a drinking water facility are eligible to receive up to 45% of the total cost of a system as subsidization, with a maximum amount of \$45,000 for each facility. PWSs that already have back-up power systems installed in their facilities are eligible to receive up to 25% of the total cost of their generator system as subsidization, with a maximum amount of \$25,000 per facility for replacement back-up power systems. These back-up power system projects are ranked along with all other projects in accordance with the PRS.

F. Small Loan Program for Non-Construction Projects

Similar to the EPGP, the DPH streamlined the procurement procedures for non-construction projects costing less than \$100,000 in an effort to make it easier for small PWSs to proceed through the DWSRF process. This program is only available for the purchase and installation of equipment, or the replacement of equipment, installed within an existing facility that does not involve the

construction, alteration or repair (including painting or decorating) of that facility. Typical projects that would be eligible to receive a loan under this program would include:

- Replacement of pumps or motors
- Installation or replacement of diaphragm pressure tanks
- Installation of water treatment equipment or modifications to existing water treatment systems for regulatory compliance (filters, chemical feed systems, etc.)
- Minor incidental plumbing and electrical work (including SCADA) required only to accommodate the installed or replaced equipment

Low cost projects that would include new buildings, building additions, building alterations or heavy equipment operators for site work would be considered construction projects and would not be appropriate for consideration under this Small Loan Program.

G. Additional Subsidization

Federal Subsidy Funds

The DPH has the statutory authority to provide subsidization in the form of grants, principal forgiveness, negative interest rates, or any combination thereof under CGS Section 22a-477(s)(2)(F). The federal DWSRF appropriation for FFY 2018 requires that 20% of the capitalization grant amount be used by the State of Connecticut to provide additional subsidization to eligible recipients in the form of grants, principal forgiveness, or negative interest loans, or any combination thereof. The DPH is therefore required to provide \$ 2,221,400 in subsidization. All subsidization will be provided in the form of loan principal forgiveness.

The DPH will use 20% of the capitalization grant to subsidize certain qualifying drinking water projects contained on the Fundable PPL as outlined below.

- a) Projects funded under the EPGP are eligible to receive up to 25% or 45% of the fixed contract cost of their generator system in subsidization, as described in Section IV.E.
- b) Small PWSs (those serving a population of 10,000 or under) and PWSs with more than one system, but whose largest system serves 10,000 or under, will be eligible to receive a subsidy of up to 25% of each fixed contract cost associated with the project, not to exceed a total of \$300,000 per project. This subsidization will be available to small systems on the SFY 2018 Fundable PPL that have an Asset Management Plan in place, or agree to prepare and implement such a plan as part of their DWSRF financial assistance agreement. Small PWSs that receive subsidy will also be required to prepare and implement Fiscal Management Plans in the future. To assist small PWS with preparing an Asset Management Plan or Fiscal Management Plan, or both, checklists of required information for each plan were developed and are included as Attachments G and H. Each checklist includes references to EPA guidance documents.
- c) Large PWSs (those not meeting the criteria of a small PWS detailed in Section IV.D.) with a project located in a town which is identified as a “distressed community” will be eligible to receive a subsidy of up to 20% of each fixed contract cost associated with the project, not to exceed \$300,000 per project. The DPH uses the distressed community list published by the Connecticut Department of Economic and Community Development, at the time the Call for Projects was issued for this annual IUP, for the purposes of determining eligibility.

- d) Projects undertaken by large PWSs (those not meeting the criteria of a small PWS detailed in Section IV.D.) where the exclusive purpose of such project is to consolidate one or more small community or non-profit non-community PWSs (those serving a population of 10,000 or under) with a large PWS will be eligible to receive a subsidy of up to 25% of each fixed contract cost associated with the project, not to exceed a total of \$300,000 per project. All subsidy funding received by the large PWS shall be used by the large PWS to reduce any costs incurred, whether directly or indirectly, by others, including, but not limited to, costs incurred by the large PWS's rate payers, private well owners that will be receiving water service from the large PWS or the municipality in which such Project is located, as applicable.
- e) Projects undertaken by large PWSs (those not meeting the criteria of a small PWS detailed in Section IV.D.) where the exclusive purpose is to extend water service to existing private well owners that have impaired water quality as a result of manmade or natural groundwater pollution and remediation that cannot be addressed more cost effectively through the installation of on-site treatment systems or other means will be eligible to receive a subsidy of up to 25% of each fixed contract cost associated with the project, not to exceed a total of \$300,000 per project. All subsidy funding received by the large PWS shall be used by the large PWS to reduce any costs incurred, whether directly or indirectly, by others, including, but not limited to, costs incurred by the large PWS's rate payers, private well owners that will be receiving water service from the large PWS or the municipality in which such Project is located, as applicable.

The subsidization amount that any project receives shall be calculated as a percentage of the contract costs that are eligible to receive DWSRF funding, for each contract identified in a contract award authorization letter issued by the DPH. With the exception of EPGP projects, federal subsidy is expected to be reserved for contracts on a first-come, first-served basis for projects on the Fundable PPL until all the available subsidy funding is accounted for. The DPH will reserve subsidy for EPGP projects for 120 days following finalization of this IUP to allow applicants to obtain the necessary contract authorization from DPH after which the subsidy will no longer be reserved. Due to the limited availability of federal subsidy funds there is no guarantee every contract that is eligible for subsidy will actually receive subsidy. In cases where two or more eligible projects are ready to proceed on or about the same time, and there is insufficient remaining subsidy to provide to all of those projects, the DPH reserves the right to take affordability factors stated in the PRS into consideration when determining which projects will receive the limited subsidy funding.

The EPA's expectation is that the required federal subsidy funding that is available for SFY 2019 will be committed in an executed financial assistance agreement no later than September 30, 2019. Applicants that are eligible for subsidy and have projects that involve multiple contracts should plan accordingly. If an insufficient number of subsidy eligible contracts (as described in a, b, c, d, and e above) are authorized by the DPH to meet the minimum federal subsidy requirement by September 30, 2019, then the DPH will expand the eligibility to any applicant with a project on the Fundable PPL or Comprehensive Project List. These remaining subsidy funds will be committed to projects on a first-come, first-served basis and projects will be eligible to receive a subsidy of up to 10% of each fixed contract cost associated with the project, not to exceed \$200,000 per project.

The actual amount of subsidization a project receives will be determined at the time the financial assistance agreement for each qualifying individual project is drafted and may differ from the percentages and amounts outlined above. The DWS may reevaluate subsidization levels based on the available project cost and readiness information, if necessary. Projects which are eligible to receive federal subsidization are identified on the Comprehensive Project List.

State Subsidy Funds – Public Water System Improvement Program

On May 22, 2014, [Public Act 14-98](#) (PA 14-98) was signed into law, which under Section 46 provides the SBC the power to authorize bonds up to an aggregate of \$50 million to be used by the DPH to implement a public water system improvement program. On June 4, 2016, [Special Session PA 16-4](#) was signed into law, which reduced the amount to \$20 million. This PWS Improvement Program, which is codified in CGS 22a-483f, provides grants-in-aid, in the form of loan principal forgiveness, to certain eligible PWSs for DWSRF projects. A project which is eligible for any subsidy from the DWSRF must execute a loan for the remaining amount of principal in order to receive the grants-in-aid. Currently the entire \$20 million available funding under this program has been allocated by the SBC to projects for Groton Utilities and Norwich Public Utilities.

Eligibility criteria for the supplemental grants-in-aid under CGS 22a-483f includes the same eligibility criteria for DWSRF loans with the following exceptions, which are explicitly contained within CGS 22a-483f:

- Public service companies, as defined in Section 16-1 of the CGS, **are not** eligible for grants-in-aid.
- For-profit companies **are not** eligible for grants-in-aid.
- Grants-in-aid may only be provided to eligible PWSs for eligible drinking water projects for which a DWSRF project funding agreement is executed after July 1, 2014.

CGS 22a-483f also requires eligible PWSs to submit an Asset and Fiscal Management Plan with their DWSRF application. The DWS will review these plans and determine if they are satisfactory before a PWS may receive any grants-in-aid funding. The DPH has prepared Asset and Fiscal Management Plan Checklists (Attachments G and H respectively) to assist borrowers in preparing these plans if they need to.

These limited state subsidy funds will be used to further the public health goals for the State of Connecticut through the regionalization of public drinking water. DPH intends to use these grant-in-aid funds to subsidize community PWS consolidation projects or interconnection projects that meet these regionalization concepts as outlined below:

Consolidation Projects

- Project will result in the consolidation of one or more community PWSs, or one or more public schools that are PWSs, by another community PWS that has the technical, financial and managerial capacity to serve them
- A legally binding consolidation agreement must be in place between the affected PWSs prior to the commitment of grant-in-aid funding in a DWSRF financial assistance agreement
- The project is consistent with a Water Utility Coordinating Committee Coordinated Water System Plan (pursuant to CGS 25-33h) and an Individual Water Supply Plan (pursuant to CGS 25-32d), both approved by the Commissioner of DPH
- The project is consistent with the State or local Plan of Conversation and Development
- The project is not intended primarily for future growth consistent with existing DWSRF EPA requirements
- The absorbed PWS and the community PWS which absorbed it are eligible to receive grants-in-aid for each system's respective portion of the project as outlined below:
 - A PWS that will be absorbed will be eligible for:
 - the water main extension

- improvements to their existing drinking water infrastructure that the water main extension will connect to, if those improvements are necessary to achieve long-term drinking water infrastructure sustainability, and that are identified in a Preliminary Engineering Report (PER) that has been approved by the DPH, including but not limited to:
 - improvement or replacement of water distribution system components (water mains, pumping facilities, storage tanks)
 - the decommissioning or demolition of infrastructure that will be obsolete after the project is completed (must be part of the DWSRF-funded project)
 - improvement or replacement of drinking water sources (well)
- The community PWS that will absorb the other PWS will be eligible for:
 - any infrastructure upgrades directly related to providing the capacity to consolidate that are identified in a PER that has been approved by the DPH, including but not limited to:
 - the water main extension
 - increased storage capacity
 - increased distribution system capacity
 - increased water treatment plant capacity and/or optimized water treatment plant performance
 - new or upgraded drinking water sources of supply

Interconnection Projects

- Project will result in the interconnection of two (or more) community PWSs, all of whom will remain regulated by the DPH upon completion of the project, and one or more of the following criteria are met:
 - One or more of the interconnected PWSs does not have a sufficient margin of safety in water supply to support their existing customer demands over a 20 year planning period, the other system(s) has an adequate margin of safety over the same 20 year planning period to supply the deficit demands and the project is identified as the recommended alternative in a PER that has been approved by the DPH; or
 - One or more of the interconnected PWSs does not have the ability to maintain customer service with the loss of their largest drinking water source out of service for a prolonged period and the project is identified as the recommended alternative in a PER that has been approved by the DPH; or
 - The project is consistent with, or specifically identified within, a statewide drinking water resiliency plan recognized and accepted by the DPH; or
 - The project is consistent with a Water Utility Coordinating Committee Coordinated Water System Plan (pursuant to CGS 25-33h) and Individual Water Supply Plan (pursuant to CGS 25-32d), both approved by the Commissioner of DPH
 - The project is consistent with the State or local Plan of Conservation and Development
 - The project is not intended primarily for future growth consistent with existing DWSRF EPA requirements
- A legally binding interconnection agreement must be in place between the affected community PWSs prior to the commitment of grant-in-aid funding in a DWSRF financial assistance agreement. The following forms of agreement are eligible:
 - Sale of excess water agreement, pursuant to CGS 22a-358
 - Emergency interconnection agreement

Eligible PWSs that serve 10,000 or fewer persons may receive up to 50% grant-in-aid for project costs that qualify for funding through the DWSRF. Eligible PWSs that serve more than 10,000

persons may receive up to 30% grant-in aid for project costs that qualify for funding through the DWSRF. If a project includes one PWS serving 10,000 or fewer and one PWS which serves greater than 10,000 persons, the determination of maximum subsidy percentage will be based upon the specific benefits of the project to each PWS and reviewed on a case-by-case basis. The benefits and necessity of all aspects of the project for each PWS must be clearly explained and included in any PER or similar engineering report.

Certain PWSs may be eligible to receive both Federal and State subsidies for a particular project. In these cases, the project may not receive more than the maximum amount of subsidy noted for the State Subsidy. Projects that are eligible to receive federal subsidization based on available funding are identified on the Fundable PPL.

Should any additional funding be made available, or if the above projects do not utilize all of the allocated funding, any additional or remaining funds are expected to be distributed on a first come, first served basis to other eligible projects. The DPH intends to seek legislative approval for additional funding for this program.

Prior Years' Federal Subsidization

EPA Region 1 requested that the status of prior years' federal subsidization be addressed by the DPH in the IUP for the FFY 2018 capitalization grant. The State of Connecticut has met the requirements for FFY 2010, 2011, 2012, 2013, and 2015. The status of the commitment and disbursement for the FFY 2014, 2017, and 2017 grants are individually identified below, along with a table summarizing the amounts. The actual projects and individual subsidy amounts as of June 30, 2018, will be identified in the 2018 Annual Report, along with the status of meeting the disbursement requirement.

FFY 2014

The minimum required subsidization has not yet been committed for FFY 2014. As of June 30, 2018, \$1,307,113.88 has been committed and \$821,951 has been disbursed under executed funding agreements. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by June 30, 2019, and complete the minimum required disbursements by December 31, 2020. Several factors have contributed towards the delay in committing subsidy funds for this year. These include project scheduling delays and uncertainty of the state subsidy.

FFY 2016

The required subsidization has not yet been committed for FFY 2016. As of June 30, 2018, none of the federal subsidy has been committed under executed funding agreements. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by June 30, 2019, and complete all disbursements by December 31, 2020.

FFY 2017

The required subsidization has not yet been committed for FFY 2017. As of June 30, 2018, none of the federal subsidy has been committed under executed funding agreements. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by September 31, 2019, and complete all disbursements by December 31, 2020.

The following table summarizes the federal subsidies from previous years' capitalization grants:

Cap Grant FFY	Minimum Amount of Federal Subsidy to Disburse	Maximum Amount of Federal Subsidy to Disburse	Total Federal Subsidy Amount Committed as of June 30, 2018	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of June 30, 2018	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Committal of Minimum Subsidy	Estimated Month for Disbursement of Minimum Federal Subsidy	Estimated Month for Full Disbursement of Federal Subsidy
2010	\$4,071,900	N/A	\$4,723,405	\$0	\$4,723,405	\$0	Achieved	Achieved	Achieved
2011	\$2,825,400	N/A	\$2,990,646	\$0	\$2,990,646	\$0	Achieved	Achieved	Achieved
2012	\$1,795,000	\$2,692,500	\$2,203,031	\$0	\$2,203,031	\$0	Achieved	Achieved	Achieved
2013	\$1,684,200	\$2,526,300	\$1,849,570	\$0	\$1,613,390	\$236,180	Achieved	October 2018	April 2019
2014	\$1,792,400	\$2,688,600	\$1,307,114	\$760,265	\$821,951	\$1,245,428	June 2019	September 2019	December 2020
2015	\$1,778,600	\$2,667,900	\$1,936,627	\$0	\$1,926,939	\$0	Achieved	Achieved	Achieved
2016	\$1,684,600	\$1,684,600	\$0	\$1,684,600	\$0	\$1,684,600	June 2019	December 2019	December 2019
2017	\$1,670,200	\$1,670,200	\$0	\$1,670,200	\$0	\$1,670,200	September 2019	December 2020	December 2020

H. Readiness-To-Proceed

Only those elements (planning, design, construction) of eligible projects that are expected to result in executed contracts and DWSRF loan agreements within SFY 2019 are considered for inclusion on the Fundable PPL. Elements of eligible projects that are not expected to result in executed contracts and DWSRF loan agreements may be eligible to receive DWSRF funding in a future SFY as explained in the rollover procedure in Section V.B. The Fundable PPL was generated based on the readiness of one or more elements of a project to proceed to a loan agreement during SFY 2019, and its number of priority points.

The DPH has developed objective readiness criteria that are used to determine those elements of projects for which a funding agreement can reasonably be expected to be executed during SFY 2019. This readiness determination process is necessary to ensure that available DWSRF funds will be obligated in a timely fashion. The factors in these criteria are:

- Local funding resolutions and any other necessary approvals have been identified and will be secured;
- Required local permits or approvals have been identified and will be secured;
- Required State permits or approvals have been identified and will be secured;
- Project is generally consistent with the State of Connecticut Plan of Conservation and Development
- (For Planning/Design Projects) professional services qualification-based selection process is followed and will be completed, with the exception of actual award of the contract, pending DPH authorization to award the contract;
- (For Planning/Design Projects) Consultant is scheduled to be under contract during the current SFY;
- (For Construction Projects) Status of final design;
- (For Construction Projects) Status of bid specifications;
- (For Construction Projects) All necessary sites, easements and rights-of-way have been identified and will be secured;

- (For Construction Projects) Construction is scheduled to begin during the current SFY.

The information that the DPH uses to make a determination on project readiness is based on updated project schedules received from applicants in response to requests from the DPH. If for some reason a project is not ready to proceed in a timely fashion, the DPH may bypass that project and select the next highest-ranked project that is ready-to-proceed for funding based on that PWS's ability to initiate the project during the current SFY.

I. Project Bypass Procedures

Bypass for Readiness-to-Proceed, etc.

The DPH utilizes procedures to bypass projects that are not progressing at a rate that will ensure the timely execution of a loan agreement and distribution of available DWSRF funds. Funds previously designated for a bypassed project will be made available to another project or may be used for cost increases on other projects previously approved.

If for some reason a project on the SFY 2018 Fundable PPL is not progressing in a timely fashion, the DPH may bypass that project and replace it with the next-highest-ranked project on the Comprehensive Project List that is ready-to-proceed. A project will also be bypassed if the applicant has withdrawn its DWSRF application. This bypass process is necessary to help ensure that available DWSRF funds will be disbursed in a timely fashion.

Emergency Bypass

The DPH Commissioner 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 CGS Sec 25-32b, which requires that the eligible drinking water project be undertaken to protect the public's health and safety. In such cases there may be a need to by-pass projects on the Fundable PPL.

J. Other DWSRF Provisions

Davis-Bacon Prevailing Wage Requirements

The FFY 2013 DWSRF appropriation made the application of Section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) a permanent provision for all future federal DWSRF appropriations. Congress mandated that the requirements of this section apply to any construction project carried out in whole or in part with assistance made available by the DWSRF. Section 1450(e) of the SDWA requires compliance with federal labor laws regarding prevailing wages, hours of work, and rates of pay. These requirements are collectively known as the Davis-Bacon Act.

Federal Cross-Cutting Authorities, Equivalency Projects, and Environmental Reviews

A number of Federal laws, executive orders and government-wide policies apply by their own terms to projects and activities receiving federal financial assistance, regardless of whether the statute authorizing the assistance makes them applicable (cross-cutters). All projects for which the DPH provides DWSRF assistance in amounts up to the amounts of the capitalization grant deposited into the DWSRF (i.e. equivalency) are required to comply with these requirements. The DPH is responsible for ensuring that DWSRF assistance recipients comply with the requirements of cross-

cutters, including initiating any required consultations with state or federal agencies responsible for individual cross-cutters.

The DPH is required to identify projects that will be used to satisfy federal equivalency requirements. The DPH has elected to impose federal equivalency requirements to all projects and activities for which the DPH provides DWSRF assistance. The only exception to this is for federal Disadvantage Business Enterprise (DBE) requirements, which the DPH will only apply to PWS infrastructure projects costing \$100,000 or more and DPH will only report to EPA on DBE compliance in an amount equivalent to the federal capitalization grant.

All PWS infrastructure projects funded by the DWSRF are reviewed under a State Environmental Review Process (SERP) administered by the DPH and considered by the EPA to be equivalent to a National Environmental Policy Act (NEPA) review.

For the purposes of satisfying capitalization grant reporting requirements under the Federal Financial Accountability and Transparency Act (FFATA), the DPH will only report on DWSRF projects in an equivalent amount of each capitalization grant as requested by EPA. A list of projects that may be used to satisfy the FFATA reporting requirements is shown below. The actual projects reported under FFATA will be stated in the DWSRF annual report. Any contracts over \$25,000 utilizing set-aside funds will also be reported under FFATA.

SFY 2019 Potential Projects to be Used for FFATA Reporting

Project #	PWSID	PWS	Town of PWS	Project Name	Amount Requested
SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	\$585,000
SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	\$1,400,000
2015-0114	CT0450011	East Lyme Water Dept	East Lyme	Greensand Filtration - Well 1A (Construction)	\$2,671,305
SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	\$4,000,000
SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacement - Hartford	\$7,150,000
SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	\$1,200,000
SFY19-03	CT0830011	Middletown Water Dept	Middletown	Replacement of Wells 1 and 3 at JS Roth wellfield	\$1,750,000
2015-0058	CT1040011	Norwich Public Utilities	Norwich	Advanced Metering Infrastructure	\$1,921,443
SFY18-45	CT1310011	Southington Water Department	Southington	Mill St. Tank Replacement	\$3,900,000
SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2 (Ph. 4)	\$3,738,232
SFY19-06	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure – Ph. 5b & 6	\$4,500,000
SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	\$1,172,900
SFY18-40	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	West Rocks High Service Area Water Service Reliability Project	\$6,800,000
SFY18-39	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	Advanced Metering Infrastructure - Phase 1	\$2,000,000

Use of American Iron and Steel

On January 17, 2014, federal Public Law 113-76 was enacted, which added a new federal Use of American Iron and Steel (AIS) requirement in Section 436. Subsequent annual appropriations have continued this requirement. The FFY 2018 appropriation requires that DWSRF assistance recipients use iron and steel products produced in the United States for the construction, alteration, maintenance or repair of a public water system or treatment works if the project is funded through an assistance agreement executed through the end of FFY 2018 (September 30, 2018). The EPA has issued guidance on the implementation of this provision and created a [State Revolving Fund American Iron and Steel Requirement website](#). The DPH has also created a [Use of American Iron and Steel](#) webpage to assist DWSRF applicants in understanding and complying with AIS requirements.

Federal Single Audit

Any sub-recipient which receives a total amount of \$750,000 or more from any federal source, including the DWSRF, in a single federal fiscal year is required to conduct a federal single audit according to the Single Audit Act Amendments of 1996. This requirement is included as a term in all project funding agreements.

K. Connecticut Plan of Conservation and Development

CGS Section 16a-31(e) requires that whenever a state agency is required by state or federal law to prepare a plan, it shall consider the Plan of Conservation and Development (C&D Plan) in the preparation of such plan. The DPH has considered the C&D Plan in the preparation of this IUP and submitted the IUP to the Secretary of the Office of Policy and Management (OPM) for an advisory report commenting on the extent to which the proposed plan conforms to the C&D Plan.

The advisory report on the IUP's conformance with the C&D Plan is important because CGS Section 16a-31(c) also requires the OPM to advise the SBC prior to the allocation of funding to the DPH for these DWSRF projects. Finally, CGS Section 16a-31(a)(3) requires the DPH to determine the consistency with the C&D Plan of individual actions regarding the acquisition, development, or improvement of real property, it undertakes using state or federal funds, such as the drinking water infrastructure improvement projects contained in the SFY 2019 IUP, when those costs are in excess of two hundred thousand dollars.

V. DWSRF POLICIES and REQUIREMENTS

A. Letter of Authorization to Award for Eligible Projects

The DPH may issue a letter authorizing the PWS to award a contract for a project if sufficient information has been submitted. Typically, this letter indicates to the applicant that the materials that they have submitted to the DPH satisfy the rules and regulations for the DWSRF program. Pursuant to the regulations, the applicant must submit a request for authorization to award a contract to the DPH and receive such authorization prior to any contract execution. The applicant may award the contract(s) subject to conditions set forth in the letter. The authorization letter does not constitute a commitment by the DPH to make a project loan under the DWSRF program.

B. Project Application Carryovers and Rollovers

Project Progressing Towards a Loan Agreement (Carryover)

Funding for a project that has been identified on the Fundable PPL in a previous annual IUP may be carried over to the subsequent IUP period if the applicant is actively progressing toward a DWSRF financial assistance agreement. Projects in this category are considered to have already gone through the public hearing process and will not be re-ranked in the subsequent IUP period. Projects meeting this criterion are identified on the Carryover List. Any federal subsidy that may be provided to a project on the Carryover List is subject to the federal subsidy provisions contained in the IUP where the project originally appeared on the Fundable PPL.

The DPH reserves the right to move a project from the Carryover List to the Comprehensive Project List, if that project is not progressing due to unforeseen circumstances that occurred after the project was originally placed on the Carryover List. A project so moved is no longer reserved any DWSRF funding.

Project on the PPL, but not Progressing Towards a Loan Agreement (Rollover)

A project that has not been withdrawn, but which is not progressing towards a loan agreement during the IUP period/funding cycle, may be rolled over for consideration in the subsequent IUP period/funding cycle upon written request to the DPH by the applicant. Any PWS seeking to rollover a project is required to update its DWSRF application upon request by the DPH. These projects will be ranked with all new applications received for the fiscal year into which the project is being rolled over and in accordance with the then-current PRS. Any project that is rolled over must continue to comply with all requirements of the DWSRF program.

C. Multi-Year Projects on the Fundable Portion of the Priority List

The construction of some drinking water projects may take place over multiple years. For such multi-year projects, the DPH reserves the right to require the applicant to break the project into phases. This process will limit the amount of funding reserved for the project on the Fundable PPL to the amount of funds the PWS reasonably expects it will need for the phase to be designed and/or constructed during the SFY of the Fundable PPL. This allows the timely access to DWSRF funds by other DWSRF applicants that are ready to use them. Subsequent phases of these multi-year projects will automatically be rolled over to the following year's IUP and will retain its assigned ranking points, subject to changes in the "Affordability" criteria. These subsequent phases will not automatically receive DWSRF funding in the next annual IUP period and will be ranked with all new and rolled-over applications received during the IUP period when each subsequent phase is ready-to-proceed.

D. Tie-Breaking Procedures

The total numeric score for a project is determined by summing the points awarded based on the PRS and detailed in the DWSRF Eligibility Application. 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.

E. Pre-Review Policy (Construction Only)

The DWSRF Program operates on a SFY basis from July 1 to June 30, and cannot provide funding prior to the start of a specific SFY for that year's Fundable PPL. The DPH recognizes that the construction season in Connecticut generally begins in the spring and lasts through the end of the calendar year. The DPH has determined that it is not in the best interest of the Program to delay project schedules to begin construction after the start of the SFY for which a project has submitted an Eligibility Application and requested funding, which is several months into the construction season. As a result, certain projects may begin construction before the start of the SFY and remain eligible for DWSRF funding after the start of the SFY. The DWS may provide DWSRF financing for these projects provided that all of the following conditions are met:

- The PWS has submitted a DWSRF Eligibility Application to the DPH
- The project is eligible for DWSRF funding
- The funding agreement will be drafted during the SFY under which the project is listed on the Comprehensive Project List
- The project will not begin and be completed prior to the start of the SFY
- The project is consistent with the C&D Plan
- The project is considered an action that does not require an environmental review under the Connecticut Environmental Policy Act and qualifies for a categorical exclusion from the NEPA
- The project has satisfied all other state and federal DWSRF requirements prior to placing the construction contract out to bid
- The project has received written authorization from the DPH to award a construction contract prior to the execution of the contract
- The project continues to adhere to all state and federal DWSRF requirements during construction
- Sufficient DWSRF funding is available for the project

Before the DWSRF provides financing for such a project, it will be ranked as outlined in this IUP and included on the Comprehensive Project List. Any project that meets the above conditions and elects to start construction prior to the SFY shall understand that:

- The DPH provides no guarantee of DWSRF funding for their project
- The PWS shall be responsible for paying all costs associated with their project and will only be eligible for reimbursement from the DWSRF if:
 - The project is listed on the Fundable PPL, or;
 - The project is on the Comprehensive Projects List and sufficient excess funding is available, or;
 - The project bypasses a higher-ranked project on the Fundable PPL, if that higher-ranked project is not sufficiently ready to proceed, per the procedures outlined in this IUP.

- A DWSRF funding agreement cannot be executed until after the IUP for the SFY is finalized

F. Reimbursement

The DPH implements the EPA policy on eligibility of reimbursement of incurred costs for approved projects (Eligibility of Reimbursement of Incurred Cost for Approved Projects 64 F.R. 1802 (Jan. 12, 1999)). Consistent with this policy, an eligible PWS must receive written authorization from the DPH prior to commencement of construction in order to be eligible to receive reimbursement at the financial assistance agreement closing for any construction costs incurred prior to the loan closing.

G. Refinance Existing Loans

The DWSRF may be used to buy or refinance debt obligations for DWSRF projects, if the DPH determines the refinance is in the best interest of public health. The SDWA and DWSRF regulations only permit use of the DWSRF for refinancing for municipal projects incurring debt and initiating construction after June 30, 1993. Projects will still have to be eligible for DWSRF funding and meet project review requirements, including an environmental review, and must receive written authorization from the DPH prior to commencement of construction. Private systems are not eligible for refinancing. The project must adhere to all state and federal DWSRF requirements during construction. Consideration for refinance applications will be entertained only after projects addressing public health protection and compliance have been funded.

Such projects will be ranked below any projects that are not for refinance according to the PRS. If it is determined after the initial eligibility review that a project is seeking DWSRF funds solely for refinance, the DPH reserves the right to adjust the ranking accordingly. A refinance project may be able to bypass a higher-ranked project, if that higher-ranked project is not sufficiently ready to proceed, per the procedures outlined in this IUP.

H. Withdrawal of Project from Funding Consideration

If a PWS chooses not to pursue funding of a project through the DWSRF, or chooses to not go forward with the implementation of a project, the PWS shall be requested to submit a letter to the DPH indicating the withdrawal of the project. The letter should include a statement as to why the project was withdrawn. Upon receipt, the project will be removed from the Fundable PPL and Comprehensive Project List, or the Carryover List, as appropriate, and no longer considered for funding. Withdrawal of a project will not preclude a PWS from continuing to pursue funding for other projects or from submitting the same project for consideration during a subsequent DWSRF funding cycle. If a PWS does not submit a letter as requested, the DPH may withdraw the project based on the initial notification.

Projects for which an Eligibility Application was received and the project is placed on the SFY 2018 Fundable PPL, but for which the DPH does not receive a Financial Assistance Application by the established deadline, may be bypassed or withdrawn.

The DPH reserves the right to withdraw and remove any project from the Fundable PPL and Comprehensive Project List, or the Carryover List, if the applicant becomes nonresponsive to the DPH. Any applicant whose project is withdrawn by the DPH for any reason will be notified in writing and required to resubmit a new DWSRF Eligibility Application if they desire to further pursue DWSRF funding for that project.

I. Use of Excess Project Funds

The amount of funding in a Loan Agreement is generally based upon known fixed costs, and may also include a reasonable or adequately justified amount of contingency for unexpected costs that may occur during the project. If a recipient does not utilize all available funds upon completion of the original project, they may submit a request to the DPH to utilize those excess funds for additional work related to the scope and use of the original project. The additional work must enhance or provide additional public health value to the original project. This additional work will be reviewed and required to follow all applicable requirements in the same manner as all projects.

J. Replacement of Lead Service Lines when Replacing Water Main

During the replacement or rehabilitation of a distribution system water main as part of a DWSRF eligible project, any lead service lines or partial lead service lines that are known to exist or that are encountered during such replacement or rehabilitation must be replaced in order for the water main project to remain eligible for DWSRF funds. This requirement is conditioned on the DWSRF applicant obtaining the consent of the individual property owner to replace the full lead service line. If such consent is obtained, the full lead service line replacement may be undertaken by the DWSRF applicant or individual property owner. If undertaken by the individual property owner, the DWSRF applicant shall verify all lead materials have been removed and that no new lead replacement materials have been installed. When lead service lines are encountered, the DWSRF applicant shall, at a minimum:

1. Provide the individual property owner with information about the risks of lead exposure and information about the applicant's Lead Service Line Replacement Program.
2. Engage in meaningful discussion with the individual property owner about sharing appropriately in fully removing their lead service line.
3. Offer to collect a tap water sample from the individual property owner's residence or building for lead analysis at a DPH approved laboratory. If such offer is accepted, the applicant shall promptly collect the sample(s) and provide and explain the test results to the individual property owner promptly after they have been obtained from the laboratory.

If the property owner does not consent to replacing their lead service line the following additional actions shall be undertaken by the DWSRF applicant:

4. Notify the DPH of the property address of the lead service line and the refusal of the property owner to allow or undertake its replacement.
5. Evaluate the applicant's Lead and Copper Rule sampling site plan, if the lead service line was not previously known to exist, to determine if appropriate changes need to be made based on this information.
6. Maintain records of items 1-5 above.

The replacement of the service line must result in the complete removal of all lead components from the water main to the water meter or other connection point to the premise plumbing. The replacement of the lead service line is eligible for DWSRF funding if such costs are not covered by the individual property owner; however, DWSRF funding shall be subject to the availability of DWSRF funds to cover these additional costs.

VI. FINANCIAL MANAGEMENT

A. Rationale for Determining Amounts of Capitalization Grant Intended for Project and Set-Aside Funds

Section 1452 of the SDWA authorizes states to use a portion of the capitalization grant to support various drinking water programs through set-aside funds. The DPH has chosen to take the maximum amount allowable and expects to use these set-aside funds to promote and implement safe drinking water efforts integral to Connecticut's multiple barrier approach to protection of public drinking water supplies and public health. Additionally, the DPH will use these funds to foster greater appreciation of drinking water among the general public and the regulated community. Both of these intended uses address proactive and preventive measures endorsed by Congress in its authorization of the SDWA.

Section VII provides an overview of how the DPH intends to use the funds allocated for each set-aside.

B. Sources and Uses of DWSRF Funds

Sources

The total DWSRF funding available for direct loans and subsidization to PWSs during SFY 2019 is expected to be approximately \$218,194,849. Attachment A provides a breakdown of the sources of these funds. These sources include carry-over revenue bond authorizations from previous IUPs that were not allocated to projects. The total amount that may be used to fund drinking water projects is limited to the total bond authorization by the state legislature as part of the state capital budget and state matching contributions.

Attachment A also identifies the amount of set-asides from DWSRF capitalization grants and state match amounts. The Federal capitalization grant, principal repayments, interest repayments, and funds earned through leveraging are used to support our overall bond authorization and, as such, are not individually identified.

The breakdown of sources and uses reflects the total amounts projected for the DWSRF project fund and set-aside accounts that will be made available to the DPH upon EPA approval of the DPH's FFY 2018 capitalization grant application.

Uses

Projects that are currently anticipated to be funded during SFY 2019 include all projects that are being carried forward from the previous IUP and projects appearing on the SFY 2019 Fundable PPL. The Carryover Project List identifies 35 projects for a total of \$54,171,309. The SFY 2019 Fundable PPL identifies 12 projects for a total of \$25,288,750. The Comprehensive Project List identifies all eligible projects which are seeking funding, including those on the PPL, as described in Section V.

As shown on Attachment A, the total amount of funding available for new projects during SFY 2019 is anticipated to be approximately \$158 million. This is approximately \$133.7 million more in available funding than project costs shown on the SFY 2019 Fundable PPL. These additional funds will be used for unanticipated increases in the cost of projects expected to receive funding, or for additional projects from the Comprehensive Project List that may become ready to proceed in SFY 2019 after the finalization of this IUP.

The ULO balance of capitalization grant funds designated for DWSRF projects is \$5,626,153 as of July 1, 2018. Due to program requirements, all monies provided as federal subsidy must come directly from the federal capitalization grant. As a result, a balance of project ULOs must be maintained in an amount sufficient to make federal subsidy payments for qualifying projects. The ULO set-aside balance is \$ 851,531. EPA has established national objectives for states to fully expend their capitalization grants within two years of their award date and have only two open capitalization grants at any one time.

The uses of the set-aside portion of the capitalization grants are described in Section VII. The State of Connecticut provides in-kind matching funds to obtain our federal EPA grants; however, non-matching state contributions for these activities have diminished in recent years and are not expected to increase in the foreseeable future due to current State budget deficit projections. The DPH has been carrying over unspent set-asides from prior years' capitalization grants to sustain these programs. The DPH has accelerated the rate of spending these carryover funds to reduce ULOs, but is obligated to manage those funds in a manner that minimizes the risk of diminishing the important services provided by the programs until alternative sources of new funding are obtained.

For several years the DPH has proposed legislation to enact fees to provide long term support for these programs and reduce our dependence on the capitalization grant carryovers. Pursuant to section 676 of public act 17-2 of the June session of the Connecticut General Assembly (PA 17-2), during the period from July 1, 2018, to June 30, 2019, inclusive, each water company that owns a PWS is required to pay to the DPH a safe drinking water primacy assessment to support the DPH's ability to maintain primacy under the SDWA. Pursuant to section 677 of PA 17-2, the Commissioner of DPH, in consultation with the Secretary of the Office of Policy and Management and representatives of water companies, is required on or before January 1, 2019, to develop a methodology for a safe drinking water primacy assessment on PWSs for the purposes of meeting federal requirements for the DPH to maintain primacy for the enforcement of the SDWA.

C. The DWSRF Financing Plan and Issuance of Bonds for Leveraging

States may choose to issue bonds in conjunction with their federal capitalization grants to provide for more funding within their programs. Leveraging is a useful financing option available to states with a high demand of projects which are ready to proceed for immediate DWSRF funding. Consistent with Connecticut's financing strategy for the CWF, the DWSRF includes leveraging. Since 2001, a total of \$206.1 million in bonds have been issued to fund DWSRF projects. Leveraged financing allows the DWSRF to maximize available project funding by combining revenue bond proceeds, capitalization grants and state match contributions. This in turn provides more loans with favorable terms to more PWS applicants.

A more detailed financial analysis of the DWSRF program can be found in the DWSRF Annual Reports, available on the OTT's website at: http://www.ott.ct.gov/debt_drinkingwaterfund.html.

The leveraging process has been successful because it has allowed the State of Connecticut to fund projects that would not normally be funded using capitalization grant funds alone. Examples include:

- The \$55 million New Britain Water Treatment project, which was built using \$36.6 million in DWSRF funds. This project, which replaced an antiquated system, provides excellent quality water to its over 90,000 customers, and keeps the water rates relatively low.

- The \$29 million water treatment plant upgrade for the South Norwalk Electric and Water utility was built using \$24.7 million in DWSRF funds to replace an antiquated water treatment plant that was badly in need of upgrades.
- Meriden Water Division secured over \$21 million in DWSRF funds for the design and construction of major improvements to its Broad Brook Water Treatment Plant and Pumping Station to maintain purity and adequacy of water to its 60,000 customers.
- Groton Utilities secured \$54 million for its Water Treatment Plant upgrade. Groton is currently making significant improvements to its plant to address water quality issues. The majority of the existing components are antiquated (originally constructed in 1938), and improvements to the facility are crucial for infrastructure sustainability.

Without leveraging, the DPH would not be able to fund larger projects like these. The last DWSRF bond issuance occurred in June 2017.

D. State Matching Requirement

The required 20% state match for the FFY 2018 capitalization grant is \$2,221,400. These funds are required to be in place prior to drawing down the award. The State of Connecticut will have the required state match amount deposited into the DWSRF prior to the expenditure of any federal FFY 2018 capitalization grant dollars. The state match is provided through the proceeds of state General Obligation Bonds issued prior to 2001 and cash contributions from the state. Since 2007, additional state match has been provided by the contribution of principal and interest payments collected from the State of Connecticut on General Obligation Bonds issued to provide interest subsidy for the CWF and held outside the CWF until payments are received by Connecticut. These funds are no longer needed by the CWF for debt service because of the issuance of lower cost refunding bonds and additional contributions by Connecticut. These payments are held and deposited as cash contributions for the DWSRF state match. As of June 30, 2018, the DWSRF has received and deposited \$41 million for the required match since the inception of the program, including those for the FFY 2018 capitalization grant.

E. Federal Cash Draw Proportionality

The DPH must draw down project funds from the federal capitalization grant award at a proportional rate not to exceed the rate of use for the state matching funds that will be used to secure the grant. The DPH intends to use all of the state match funds prior to drawing down the federal capitalization grant funds. This approach will ensure compliance with the proportionality requirement.

F. Financial Terms of Loans

Connecticut has instituted a tiered schedule of interest rates for DWSRF loans derived from the market costs of debt financing for the DWSRF program. The tier applicable to a specific project will be based on the financial and legal status of the recipient as well as on the type of project. CGS Sections 22a-475 through 22a-483, inclusive, allows for amortization to begin one year from the project's scheduled completion date and provides a formula, based on Connecticut's prevailing taxable or tax-exempt bond market rates, for setting interest rates. Connecticut may adjust these terms based on the financial viability of the borrower.

CGS Sections 22a-475 through 22a-483, inclusive, also allows Connecticut to offer project loans with reduced interest rates or an extended term, if permitted by Federal law, to eligible PWSs that

qualify as disadvantaged communities. Attachment 10 to the OA contains an explanation of what a disadvantaged community is. Connecticut does not currently offer a disadvantaged community assistance program for the DWSRF.

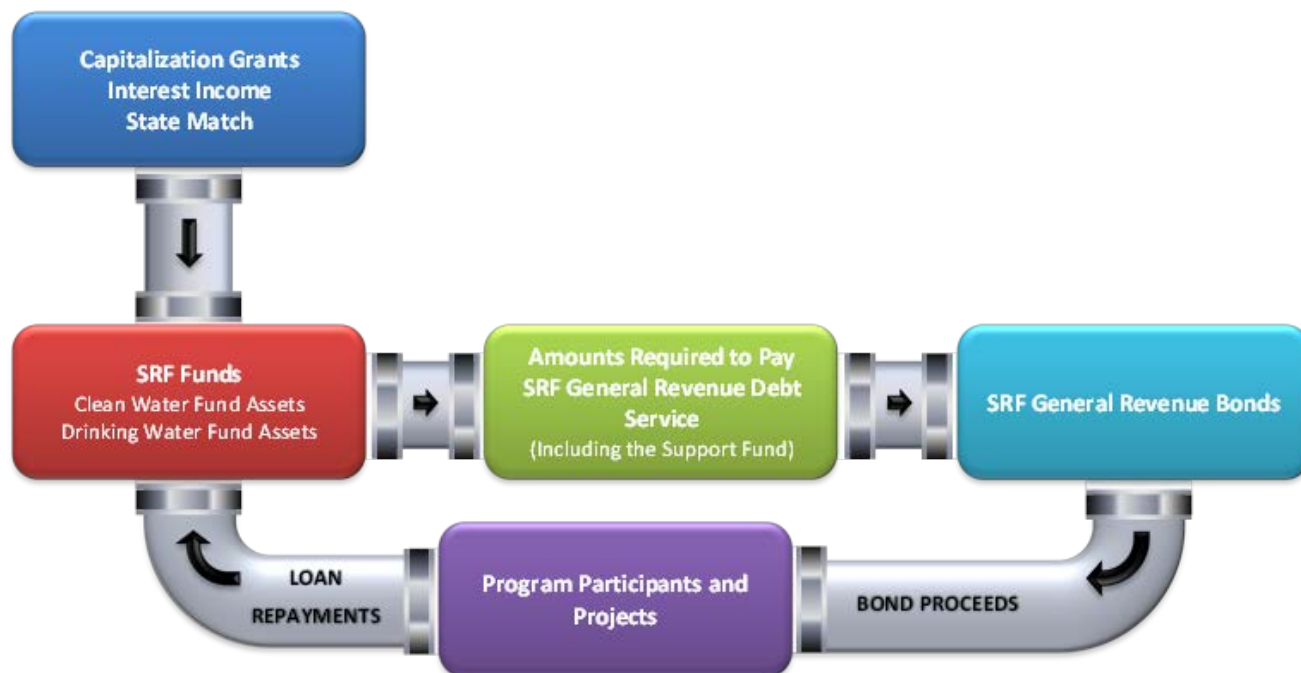
Within the provisions of CGS Sections 22a-475 through 22a-483, inclusive, Connecticut will consider appropriate financial terms for refinancing and the acquisition of land and sanitary easements on a case-by-case basis. The DPH policy for refinancing is discussed in Section V. Additional lending policies pertaining to the DWSRF program are found in Attachment 6 (last revised April 1999) to the OA.

The term of a loan (in years) may not exceed the useful service life of the primary infrastructure component(s) that are being financed through the DWSRF. Maximum loan terms may also be restricted based on the dollar amount of the loan (not including any subsidy) as outlined in the table below.

Loan amount	Maximum loan repayment term
up to \$10,000	3 years
\$10,000 - \$25,000	5 years
\$25,000 - \$100,000	10 years
More than \$100,000	20 years

Projects with loans of \$100,000 or less may be treated as reimbursement only. The borrower may be expected to pay their contractors with their own funds as necessary to complete the project. The financing agreement with DPH will allow PWSs to be reimbursed for those eligible expenses once the DPH receives a reimbursement payment request from the PWS along with all of the contractor’s invoicing.

Figure 2 – The Revolving Flow of Funds



G. Transfer of Capitalization Grant Funds between the DWSRF and CWSRF

The DPH has not transferred funds between the DWSRF and the CWSRF programs. While such a transfer is permitted under the SDWA, the DPH does not anticipate making such a transfer under the current IUP, but reserves the right to do so if necessary.

H. Expected Loan Demand

The State of Connecticut’s participation in the EPA-sponsored DWINSAs for 1999, 2003, 2007, 2011, and 2015 evidenced that a significant need continues to exist throughout the state for funding capital improvements. The results of these surveys are used by the EPA to determine the percentage of the DWSRF appropriation that each state will receive each year for the 4-year period interval following release of each survey’s report.

The 2015 DWINSA assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2015 to December 31, 2034. The results of the survey were used to determine the DWSRF allocation for FFYs 2018 through 2021. The results of the 2015 survey, which were released in April 2018, showed that the State of Connecticut’s estimated need had grown from \$1.394 billion in 2007 and \$3.587 billion in 2011 to \$4.018 billion in 2015. The breakdown was as follows:

Transmission and Distribution	\$2.542 billion
Treatment	\$770.4 million
Storage	\$400.9 million
Source	\$187.6 million
Other	\$116.7 million

As the cost and need for infrastructure projects continue to increase, the demand for low-cost loans will most likely also increase. The availability of federal subsidization since 2009 for DWSRF projects has also increased the demand for loans.

The DPH expects to continue to fully participate in future DWINSA, in the on-going effort to identify the drinking water needs in Connecticut.

In addition, state regulations became effective in December 2015 requiring emergency power provisions for all community PWSs one, two or three years after the effective date of such regulations, depending on the size of the Community PWS. The DPH expects an increase in funding requests through the Emergency Generator Power Program over the next few years.

I. Impact of Program on Long-Term Financial Status of the DWSRF

The main features of the DWSRF program – the PRS, the leveraging plan, and the maximization of set-aside monies – will continue to be implemented and managed in a prudent and responsible manner. This will allow the DPH to meet the public health and compliance goals of the DWSRF, while simultaneously preserving the integrity and perpetuity of the DWSRF itself. Loan terms will be attractive, while lending procedures will include safeguards structured to minimize unforeseen losses to the fund. The use of federally-allowed subsidization from the capitalization grants will be managed to ensure that these non-repayment funds enhance the program rather than result in detrimental long term consequences.

The DWSRF also produces numerous opportunities for strengthening water supply mechanisms (i.e., source protection, Public Water System Supervision grant (PWSS) program) that will ultimately result in improvements to safe and adequate supplies of drinking water for Connecticut residents. Additionally, the placement of the DWSRF within the financial structure of Connecticut's CWF guarantees that the DWSRF will benefit in the long term from the same management and financial planning mechanisms that have marked the success of Connecticut's CWF Program.

VII. SET-ASIDE ACTIVITIES

Taken together, 31% of a Connecticut's DWSRF capitalization grant is expected to be used for set aside activities. The DPH receives funds under four set-asides to support various drinking water and DWSRF program activities. These include the Administration, State Program Management, Small Systems Technical Assistance, and Local Assistance set-aside funds. The set-aside activities for SFY 2019 are described below. Prior to requesting disbursement of these funds, the DPH submits work plans to EPA Region 1 with the capitalization grant application, which provides specific details for use of each set-aside fund. If a workplan modification becomes necessary during the SFY, the DPH shall amend the grant application and seek EPA's approval. The DPH will satisfy all set-aside reporting requirements as detailed in the capitalization grant award conditions.

A. DWSRF Administrative Funds

Maximum Percentage Allowed:	4% of the Capitalization Grant
Taking from FFY 2018 Grant:	(4%) \$444,280

The DPH intends to use funds in the Administrative set-aside to support existing staff at DPH and OTT dedicated to administrative and fiscal management of the DWSRF accounts and oversight and tracking of the DPH's Cash Management Plan, as well as providing assistance to borrowers in preparing their loan applications and satisfying program requirements. In addition, the DPH

intends to utilize funds from this set-aside for the development and use of a state specific project financing, loan and accounting management system for the DWSRF program. The DPH may also utilize funding from the capitalization grant’s administrative set-aside to prepare DWSRF marketing materials including an Annual DWSRF Construction Report, brochures, posters and other materials to increase the awareness of the DWSRF among PWSs, legislators, local officials, consultants and other stakeholders.

B. State Program Management

Maximum Percentage Allowed: 10% of the Capitalization Grant
Taking from FFY 2018 Grant: (10%) \$1,110,700

Funding under this set-aside will be used primarily to support and administer the PWSS program, which includes administering and providing technical assistance to PWSs in the State of Connecticut. Staff supported by this fund also perform the following in support of both the PWSS and DWSRF programs:

- Coordinate DWS grant administration, applications and reporting
- Coordinate and attend monthly DWSRF fiscal meetings
- Prepare guidance documents, work plans and long-term strategies for DWSRF program management and EPA required program management reports (i.e. QAPP, PPA)
- Provide direct technical assistance to PWSs regarding the required reporting of water quality and inventory and facility data utilizing the Safe Drinking Water Information System and electronic data interchange
- Provide information and educational opportunities to PWSs via internet postings
- Provide legal assistance to the DWS regarding the DWSRF program
- Continuously update and maintain DWS’s Geographic Information System (GIS) data layers in the DWS GIS system
- Assist in providing training to operators and to seasonal PWS owners
- Review and process operator certification renewal applications
- Review cross connection survey reports and exemption verification forms
- Assist with scheduling and processing operator certification exam materials
- Assist in reviewing and approving training courses
- Assist in Operator Certification and Cross Connection Program tasks, including, but not limited to, development of revised regulations, database maintenance for compliance, and development of webpage information
- Conduct DWSRF Financial Assistance Application reviews
- Attend workshops and trainings to improve the efficiency of the DWSRF program
- Continue Memorandum of Agreements between DPH and UCONN that allows UCONN students to intern with the DWS
- Coordinate the preparation of DWSRF loan agreements with the DPH Fiscal Office and Office of Grants and Contracts and the Connecticut Office of the State Treasurer

C. Small Systems Technical Assistance

Maximum Percentage Allowed: 2% of the Capitalization Grant
Taking from FFY 2018 Grant: 2% (\$222,140)

Activities performed under this set-aside include providing technical assistance to small PWSs serving up to 10,000 consumers and contracting with a service provider to offer technical assistance to such small PWSs. Technical assistance efforts include:

- Conducting sanitary surveys of community, non-transient non-community and transient non-community PWSs serving fewer than 10,000 persons (small PWSs)

- Assessing existing small PWSs' technical, financial and managerial capacity during sanitary surveys
- Educating and assisting small PWSs in applying for DWSRF loans for infrastructure projects
- Conducting regulatory compliance reviews of engineering plans and specifications for existing small PWS infrastructure improvements, including projects funded under the DWSRF

D. Local Assistance

Maximum Percentage Allowed:	15% of the Capitalization Grant
Taking from FFY 2018 Grant:	5% (\$555,350) – Wellhead Protection
	10% (\$1,110,700) – Capacity Development

The DPH uses this set-aside for wellhead protection and capacity development activities. The Wellhead Protection Program will use 5% of the set-aside funds and the Capacity Development Program will use the remaining 10%. Each program is described below.

a) Wellhead Protection

Program elements include coordination, management, and regulation of source protection through the proactive enhancement and oversight of existing source protection laws and regulations, integration with water supply planning, education of local land use officials, and involvement with stakeholders on a continuous basis. Efforts under this set-aside include:

- Implementation of revised statutes and regulations for source water protection, including the provisions of the federal Groundwater Rule
- Reviewing and approving/denying of all proposed sources of public water supply
- Permitting of proposed sales or changes to water company owned land (i.e. land owned by PWSs that are within source water protection areas)
- Permitting of monitored recreational activities on water company land
- Coordinating of the process of conducting annual watershed inspections and annual submission of Watershed Survey Reports
- Active and committed involvement with the improvement of the GIS application and database, which is critical for adequate source assessment and protection
- Linking the protection of public water supplies with subsurface sewage disposal system approval, maintenance, training, and repair
- Linking the Clean Water Act to the SDWA through working with EPA, DEEP, and other stakeholders
- Continually working with local, regional and state partnerships on Environmental Reviews for projects that could potentially impact drinking water quality
- Collaborating with stakeholders at the community and state level to implement source water protection concepts and best management practices to enhance drinking water source protection
- Working toward development of a collaborative group to focus on public health protection and source water protection
- Working with many diverse groups to enhance drinking water source protection and provide useful educational materials
- Provide contractual administrative and support services to the DWS on various public drinking water supply topics
- Working to develop and utilize consistent policies for the use of pesticides and herbicides in public drinking water sources of supply

b) Capacity Development

The DPH will use 10% of the Local Assistance set-aside allocation for capacity development initiatives that are consistent with the DWS's EPA-approved Capacity Development Strategy and to help to improve the technical, financial and managerial capacity of PWSs. The DPH's strategies account for both immediate and long-term sustainability initiatives, including education, technical assistance, enforcement, consolidation, DWSRF assistance, and water system restructuring. These funds will be used primarily to support staff within the DWS that:

- Conduct sanitary surveys of community, non-transient non-community and transient non-community PWSs
- Provide technical assistance to PWSs on violations and deficiencies noted during sanitary surveys
- Perform technical, financial and managerial capacity assessments of PWSs during sanitary surveys
- Provide technical assistance and enforcement referral to local health departments for maximum contaminant level violations, source water construction violations and cross-connections identified at non-transient non-community and transient non-community PWSs' food service establishments
- Conduct reviews of water quality and quantity of newly-developed drinking water sources and review engineering plans and specifications for new water system designs in accordance with CGS Section 16-262m and Section 19-13-B102 of the Regulations of Connecticut State Agencies (RCSA)
- Assist with the maintenance of the DWS Compliance Assistance Database (DWSCAD), which provides support to all DWS Programs to, among other things, implement drinking water rules and track engineering project reviews, water supply plan reviews, sanitary surveys, DWSRF projects, cross-connection control program requirements, certificate projects, and watershed surveys
- Support the DWSRF program by:
 - Soliciting for DWSRF projects
 - Providing technical assistance to DWSRF applicants and their consultants on program requirements
 - Determining project eligibility and reviewing and ranking project eligibility applications
 - Reviewing project plans and specifications
 - Tracking projects through completion, including conducting site visits;
 - Reviewing and approving DWSRF payment requests from loan recipients
 - Entering and maintaining data in the federal DWSRF Project Benefits Reporting (PBR) system and Loan and Grants Tracking System (LGTS)
 - Attending the Public Hearing on the IUP and PPLs
 - Meeting with stakeholders and applicants as needed
 - Attending workshops and trainings to improve the efficiency of the DWSRF Program
- Provide technical assistance to PWSs that receive a significant violation as a result of a site inspection or as noted in a sanitary survey report
- Participate as necessary in training programs related to the technical, managerial and financial capacity of PWSs for PWS operators and public health officials
- Work with the Connecticut drinking water industry, the Association of State Drinking Water Administrators, and the EPA with a goal of achieving optimization of existing surface water treatment plants

VIII. AUDITS and REPORTING

To ensure transparency and accountability, all program materials are posted on our website at www.ct.gov/dph/dwsrf. DWSRF Annual Reports are posted on the OTT website at http://www.ott.ct.gov/debt_drinkingwaterfund.html. Financial audits are conducted annually by the OTT and included with the Annual Report.

DPH enters project and benefits data into the DWNIMS and PBR databases to evaluate the benefits of the State of Connecticut's DWSRF program. Among other parameters, the DWNIMS and PBR databases will evaluate the number of DWSRF projects that provide public health benefits, including those that achieve compliance with the SDWA, those that maintain compliance with the SDWA and those that are intended to meet future requirements of the SDWA.

Project benefits information is entered into PBR as soon as possible following execution of a funding agreement, preferably within two weeks. Updates to PBR following completion of the project and closing of the permanent loan are also made as soon as possible. If a project contains "green" components, DPH reports on the "green" projects and/or "green" portion of projects in PBR.

IX. PUBLIC OUTREACH and COMMENT

The DPH has engaged in a determined effort to prepare and provide accurate and understandable information on the DWSRF to potential loan applicants and other interested persons. The DWSRF loan applicant pool in Connecticut consists of approximately 750 PWSs. This pool includes all community PWSs and all public schools that are non-transient non-community PWSs. Outreach to these PWSs, as well as to other interested persons, has and will continue to occur simultaneously with the implementation of the DWSRF program. Outreach is accomplished through posting information on the DWS website, meeting with applicants, sending targeted electronic mailings, distributing program marketing information, and participating in various water-related forums. In addition, engineering staff from the DPH reach out to PWSs during on-site sanitary surveys and encourage them to consider the DWSRF program for their infrastructure financing needs.

In conformance with 40 CFR 35.3555(b), the DPH sought meaningful public review and comment on the Draft SFY 2019 IUP, which includes the Fundable PPL. In addition, RCSA Section 22a-482-1(c)(4) requires that a public hearing be held to allow for the opportunity to comment on the draft Fundable PPL. A Notice of Hearing announcing the availability of the Draft IUP for public review and comment, and a public hearing the DPH held on June 28, 2018, was formally advertised in the Hartford Courant, New Haven Register and Waterbury Republican-American on May 25, 2018 and the La Voz Hispana and the Northeast News Today on May 31, 2018, and posted on the DPH's website and on the Connecticut Secretary of State's Public Meeting Calendar. The Draft IUP and Notice of Hearing were also sent to all eligible PWSs, which includes all DWSRF applicants with projects appearing on the Comprehensive Project List. Interested persons were invited to attend and provide oral or written testimony at the public hearing or to submit written comments.

The public hearing was held on June 28, 2018, at DPH in Hartford, CT. The hearing was followed by an Open Forum where attendees had an opportunity to meet directly with DWSRF program staff to answer questions and learn more about the loan program. All testimony provided during the public comment period and the hearing was reviewed and considered by the DPH Commissioner prior to finalizing this IUP.

X. ATTACHMENTS

- A. Sources and Uses of Estimated Amounts of DWSRF Funds
- B. Priority Ranking System
- C. SFY 2019 Comprehensive Project List – Alphabetical Order
- D. SFY 2019 Comprehensive Project List – By Points
- E. SFY 2019 Carryover Project List
- F. SFY 2019 Fundable Project Priority List
- G. Asset Management Plan Checklist
- H. Fiscal Management Plan Checklist

Attachment A
Sources and Uses of DWSRF Funds

	Cumulative Total through 6/30/18	7/1/18- 6/30/19 (This IUP)	Cumulative Total Through 6/30/19
<u>SOURCES</u>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
Federal Capitalization Grant Set-Asides	\$ 61,849,629	\$ 3,443,170	\$ 65,292,799
Previous Bond Authorization Committed to Projects ¹	\$ 192,250,150	-	\$ 192,250,150
Previous Bond Authorization Available for Projects ²		\$ 213,194,849	\$ 213,194,849
PWS Improvement Program Authorized by CGS 22a-483f	\$ 15,000,000	\$ 5,000,000	\$ 20,000,000
Sources Total	\$ 269,099,779	\$ 221,638,019	\$ 490,737,798
<u>USES</u>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
<u>Set-Asides</u>			
Administrative	\$ 8,346,756	\$ 444,280	\$ 8,791,036
State Program Management	\$ 19,898,910	\$ 1,110,700	\$ 21,009,610
Small System Technical Assistance	\$ 4,800,978	\$ 222,140	\$ 5,023,118
Local Assistance / Other State Programs	\$ 28,802,985	\$ 1,666,050	\$ 30,469,035
<u>Projects</u>			
Previous Bond Authorization Committed to Projects ¹	\$ 192,250,150		\$ 192,250,150
Previous Bond Authorization Used for Carryover Projects		\$ 54,171,309	\$ 54,171,309
Previous Bond Authorization Used for Project Priority List		\$ 25,288,750	\$ 25,288,750
Previous Bond Authorization Available for Additional Projects ³		\$ 133,734,789	\$ 133,734,789
			\$ -
PWS Improvement Program Authorized by CGS 22a-483f and Used for Projects	\$ 15,000,000	\$ 5,000,000	\$ 5,000,000
Uses Total	\$ 269,099,779	\$ 221,638,019	\$ 490,737,798

Footnotes:

1 - The capitalization grant project funds and state match amounts are included in the amount of bond authorization. This amount also includes proceeds generated by leveraging, interest earnings, and principal repayments, but these do not increase the total authorization. Refer to the text of the IUP for an explanation. Funds have been committed to projects.

2 - Funds from previous bond authorization that have not been committed to projects

3 - These funds are available for projects with actual costs higher than original estimates and/or for projects appearing on the Comprehensive List, but not on the Fundable PPL.

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Connecticut Department of Public Health - Drinking Water Section
Drinking Water State Revolving Fund
Priority Ranking System
(Revision 1/31/17)

A. Introduction:

Connecticut General Statute (CGS) Section 22a-478(a) requires the Commissioner of the Department of Public Health (DPH) to establish and maintain a priority list of eligible drinking water projects and to establish a system setting the priority for making loans to eligible public water systems (PWS) under the Drinking Water State Revolving Fund (DWSRF). In establishing such priority list and ranking system the Commissioner shall consider all factors that are deemed relevant including, but not limited to, the following:

1. Public Health and Safety
2. Protection of environmental resources
3. Population affected
4. Risk to human health
5. PWSs most in need on a per household basis according to the applicable state affordability criteria
6. Compliance with the applicable requirements of the federal Safe Drinking Water Act (SDWA)
7. Applicable state and federal regulations
8. Consistency with the plan of conservation and development
9. Consistency with the coordinated water system plan in accordance with subsection (f) of CGS Section 25-33d

The DPH annually receives a federal capitalization grant from the United State Environmental Protection Agency (EPA). A minimum of 69% of these grant funds are used to make long term low interest loans available to PWSs for drinking water infrastructure projects through the DWSRF. A maximum of 31% of the capitalization grant is available to be used for eligible set-aside activities implemented by the DPH. The portion of the capitalization grant that is used for loans is leveraged through the Clean Water Fund Revenue Bond Program by the Office of the State Treasurer. The proceeds from the sale of revenue bonds along with other revolving funds from prior loan repayments are used to provide new loans to PWSs. This leveraging program increases the amount of funding available for loans each year beyond what is provided for in the capitalization grant alone. Each year, the DPH is limited in the amount of loans it can provide to PWSs through the Revenue Bond Program based on the legislative revenue bond authorization it receives in the State capital budget. Under the terms of the capitalization grant, the DPH is also required to contribute state matching funds equal to 20% of the capitalization grant to the loan program as additional funding.

Often, loan demand is higher than the amount of DWSRF funding that is available. The Priority Ranking System described in this document is used to prepare a Project Priority List (PPL), which is included in an annual Intended Use Plan (IUP). The PPL identifies the projects that are expected to receive the available funding during that year. Projects that are not listed on a PPL remain eligible to receive loans if additional funding becomes available or if a PPL project is by-passed by DPH or withdrawn by the applicant.

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B. Eligibility for DWSRF Loans

The DWSRF is intended to provide PWSs with a long-term low-cost financing alternative to improve and maintain their existing drinking water infrastructure in perpetuity. In order to receive a loan, a borrower and their project must both be deemed eligible for the DWSRF.

Eligible borrowers include all community public water systems and non-profit non-community public water systems. In addition, these borrowers:

1. Must have adequate technical, financial and managerial capacity to ensure compliance with the requirements of the SDWA unless the use of the DWSRF will ensure compliance and the owner(s) and/or operator(s) of the systems agree to undertake feasible and appropriate changes in operations to ensure compliance over the long term
2. Must not be in significant non-compliance with any national primary drinking water regulation, state drinking water regulation or variance unless;
 - a. their eligible drinking water project will adequately address long-term compliance, or;
 - b. the purpose of the assistance is unrelated to the cause of the significant noncompliance and the systems are on enforcement schedules (for maximum contaminant level and treatment technique violations) or have compliance plans (for monitoring and reporting violations) to return to compliance.
3. Must not be federally owned

Six categories of projects are eligible to receive DWSRF assistance. These categories and examples of projects within them are:

1. **Treatment** - projects to install or upgrade facilities to improve drinking water quality to comply with SDWA regulations
2. **Transmission and distribution** - rehabilitation, replacement, or installation of pipes or pump stations to improve water pressure to safe levels or to prevent contamination caused by leaky or broken pipes
3. **Source** - rehabilitation of groundwater wells or development of new groundwater wells to replace contaminated sources
4. **Storage** - installation of new or upgrades to existing finished water storage tanks to prevent microbiological contamination from entering the distribution system
5. **Consolidation** - interconnecting two or more water systems
6. **Creation of new systems** - construct a new system to serve homes with contaminated individual wells (i.e. private wells) or to consolidate two or more existing PWSs into a new regional water system

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

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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 SDWA
7. Laboratory fees for routine monitoring
8. Operation and maintenance expenses
9. Partial lead service line replacements (see Section F.7)

The DWSRF may be used to finance the planning, design or construction phase of an eligible drinking water project.

C. Call for Projects

The Call for Projects is on-going and Eligibility Applications are accepted at any time. For a project to be considered for funding on the PPL in an annual IUP, an Eligibility Application must be received by the date announced by the DPH. It is expected that this date will be same each year. This announcement is issued via e-mail to all PWSs that are eligible to receive DWSRF loans, municipal Chief Elected Officials and local Directors of Health, as well as posted on the DPH Drinking Water Section's (DWS) website. This announcement will be made approximately 60-90 days prior to the due date.

Eligibility Applications received after the announced due date will be reviewed as they are received and the IUP updated as explained further in Section H of this document.

PWSs that desire DWSRF loans must submit a DWSRF Eligibility Application to the DPH in order for that project to be considered for a loan. The DPH reserves the right to issue new solicitations for additional infrastructure projects for DWSRF funding at any time.

D. Small System Reserve

The SDWA 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. The DPH shall use the population it currently has on record at the time a PWS applies for funding to determine if it meets the small system criteria. In cases where an applicant owns more than one community PWS, the applicant's population will be determined on the combined population of all of its individually owned community PWSs.

E. Green Project Reserve (GPR)

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. To the extent required by Federal law, which may change from year to year, priority may be given to eligible projects where sufficient documentation has demonstrated to the satisfaction of DPH that the project achieves identifiable and substantial benefits that qualify as green project benefits. Specific GPR amounts available each year will be identified in the DPH's IUP.

F. Priority Point Assignment

Connecticut's DWSRF priority ranking system assigns points to each project deemed eligible for funding. In developing the ranking system, the point structure is weighted towards projects that will provide the greatest public health benefits and to PWSs that are most in need of low cost financing. This approach is consistent with the SDWA requirement for States to prioritize the use of funds for projects that:

1. Addresses the most serious risk to human health
2. Are necessary to ensure compliance with the requirements of the SDWA

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3. Assist systems most in need according to state affordability criteria

The nine major point categories are as follows:

1. **Water Quality:** Within this category points are awarded for projects that address water quality regulatory violations or impaired water quality. Supporting evidence of impaired water quality and the need for corrective action shall be provided to support the award of points. This category is divided into five subcategories:
 - a. **Immediate Action:** Water quality violations requiring immediate action include surface water treatment rule violations and acute microbiological and inorganic chemical Maximum Contaminant Level (MCL) violations as well as lead Action Level exceedances. These violations pose health risks which must be brought into compliance expeditiously. High levels of other contaminants in subcategories b. and c. that are determined by DPH to present immediate acute health risks may be elevated to subcategory a. and awarded additional priority points based on DPH's determination.
 - b. **Non-Acute MCL Violations:** MCL violations for contaminants which have health risk ramifications over extended periods of time include the following subcategories: non-acute inorganic chemical, pesticides, herbicides, PCB's, organic chemicals, disinfection by-products and radioactivity.
 - c. **Other Contaminants of Health Concern:** Includes drinking water contaminants for which DPH or EPA has determined a health risk exists even though the contaminant does not have an established MCL. These may include regulated or unregulated contaminants that DPH or EPA has set formal action levels or health advisory limits for prior to establishment of a federal or state MCL. This subcategory also awards points for projects which address proactive steps taken to reduce elevated levels of contaminants that exceed 50% of their established MCL or the State notification level for Sodium.
 - d. **Physical/EPA Secondary MCLs:** This subcategory allows points for parameters that are primarily deemed aesthetic rather than having significant health ramifications. These contaminants or physical properties of water may make the water unsuitable for drinking rather than posing any significant known health risk.
 - e. **Private Wells:** Properties that are currently not being served by a PWS yet are experiencing private well contamination which may cause the private well to exceed an MCL contained in RCSA Section 19-13-B101 or exceed a private well [Action Level](#) established by the DPH, can be assigned ranking points, if the project involves the extension of water service to the affected wells and the applicant is eligible to receive a DWSRF loan. Where water main extensions are not feasible, points may be awarded for creation of a new PWS to serve these properties.
2. **Advanced Surface Water Treatment:** Points are awarded for projects that involve changes in treatment technologies or unit processes at surface water treatment plants to address the treatment of emerging contaminants or comply with a known future SDWA regulatory requirement. The treatment of unregulated contaminants that would be considered under this category include:
 - Contaminants identified in EPA's latest Unregulated Contaminant Monitoring Rule
 - Contaminants identified in EPA's latest Contaminant Candidate List
 - Contaminants identified by EPA as contaminants of emerging concern
 - Contaminants discovered by the PWS during water testing that have been determined by DPH

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to present or have the strong possibility of presenting a public health risk

3. **Water Supply/Conservation:** Inadequate quantity of water supply has many public health implications. Supply shortages can translate to poor or inadequate pressure which can lead to back siphonage and potential contamination of the water distribution. Even with active cross connection programs, lack of pressure may result in accidental contamination events. Customers of public water systems also need adequate water service for basic sanitation needs within their homes and businesses. Within this category, points are awarded for projects that address inadequate water supply under normal operating conditions. Points are also awarded for proactive improvements that maintain the adequacy of source waters or contribute to the water conservation efforts of public water systems. This category includes:
 - a. **Source Water Deficits:** New groundwater well development projects or interconnection projects with other PWSs that are necessary to comply with RCSA Section 19-13-B102(o). This may include demonstration of diminishing safe yield that reveals an imminent threat to maintaining the minimum required margin of safety of 1.15. A recent water audit will be required to be evaluated in the Preliminary Engineering Report.
 - b. **System Capacity Deficits:** Projects that include capacity upgrades to water treatment plants, pump stations, storage facilities or transmission/distribution piping to comply with RCSA Section 19-13-B102(p). A recent water audit will be required to be evaluated in the Preliminary Engineering Report.
 - c. **Source Development:** Projects that include the development of new groundwater sources or the rehabilitation of existing groundwater sources necessary to maintain, augment or replace existing sources that do not qualify for points under sub-category a.
 - d. **Conservation/Water Loss Reduction:** This subcategory recognizes the important role that accurate metering, real-time water use monitoring, pipe replacement/rehabilitation programs and other water loss reduction projects play in a PWS's water conservation efforts. Additional points will be awarded to metering projects that incorporate Advanced Metering Infrastructure (AMI) technology to recognize the additional conservation benefits this technology provides. Also includes projects that involve the timely replacement or rehabilitation of water transmission or distribution system piping to reduce water loss due to leaks in existing piping and also increase flows and pressure to customers.
 - e. **Private Wells:** Projects that involve extending water service to existing residential properties served by private wells that have gone dry or have experienced yield reductions that render the well incapable of sustaining the water supply necessary for basic sanitary needs.
4. **Infrastructure Violations/Deficiencies/Safety Hazards/Failures:** Points are awarded to projects that address infrastructure regulatory violations that are not covered in Category 3. Points are also awarded to projects that correct significant deficiencies under the Ground Water Rule. Other infrastructure deficiencies, safety hazards or failures identified by DPH in a sanitary survey report or documented by the PWS with supporting evidence included in the DWSRF Eligibility Application would be eligible for points in this category. Hydropneumatic storage tanks that are greater than 30 years old may pose a safety risk as evidenced by a tank explosion in 2015 in North Stonington, CT that completely destroyed a pump station. Tank industry construction standards for these tanks improved in the early 1980's which has eliminated much of this risk with more modern tanks. For this reason, projects for the replacement or elimination of hydropneumatic storage tanks meeting one or more of the following criteria are also included in this category:

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- Tanks greater than 30 years old
- Tanks recommended for replacement by DWS in a sanitary survey report
- Tanks recommended for replacement in a professional independent tank inspection report

Replacement of hydropneumatic storage tanks may include replacement of the existing fixed rate booster pumps with variable frequency drive (VFD) pumps and/or control system including the power supply upgrade.

5. **Consolidation:** Points are awarded to projects that consolidate two or more public water systems through water main interconnection or consecutive system. Small systems can benefit from the economies of scale achieved by being absorbed into, or served by, a larger community water system and, in many cases, benefit through an increased level of technical, financial and managerial (TFM) capacity. Small system to small system consolidations also offer opportunities for these small systems to share resources, increase TFM capacity by restructuring water system management and achieve greater economies of scale.
6. **Resiliency/Security:** Points within this category are awarded to projects that will increase a PWS's ability to withstand and recover from natural or man-made disasters and includes climate change adaptation and drought. This category provides points for climate change or asset management planning projects. Points are also awarded to projects that already have, or incorporate, appropriate security elements relative to that project or for stand-alone security projects appropriate for an existing facility such as security fencing, alarms and surveillance cameras. To qualify for climate change or resiliency points, projects will need to be supported by appropriate studies. To receive points, projects must not be inconsistent with State or Federal climate change studies or statewide resiliency planning documents recognized and supported by DPH. Points will also be awarded to projects for stand-by emergency power generator systems (new, replacement, or upgrade to existing) for existing critical facilities that need to be powered during a loss of normal electrical grid power. Additionally, this category provides points to encourage PWS's to invest in asset management and climate change planning if they have not already done so. Planning points will only be awarded for the creation of an initial plan. The DPH anticipates that these plans may result in future infrastructure projects that would qualify for DWSRF funding. Although these planning projects will be ranked independently, they may be combined with another eligible drinking water project into a single DWSRF loan agreement if both projects are included on the PPL and are undertaken simultaneously.
7. **Other Capital Improvements:** Points within this category are awarded for general proactive infrastructure projects that may not qualify for points within categories 1, 2, 3 or 4. These projects help achieve long term infrastructure sustainability so that health risks from infrastructure failure are averted. This category includes the replacement of lead service lines to individual customers including any portion located on a customer's private property. A lead service line would include any service line that has **any** lead piping. In order to receive DWSRF funding for lead service line replacements, the **entire** portion of the service line (starting at the water main on the street and terminating where the premise plumbing begins) that contains lead must be replaced. Partial lead service line replacements will not be funded due to health concerns associated with the possibility of increasing a customer's lead exposure by disturbing the remaining lead-containing piping. To receive priority points for complete lead service line replacements, all lead service lines associated with the project must be identified in advance of submitting a DWSRF Eligibility Application and all

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lead service lines for which customer's consent (if applicable) has been obtained must be replaced as part of the project. This category also includes the replacement of internal building piping of buildings owned and served by an eligible PWS that is part of a remediation strategy to address lead or copper levels that exceed the Action Level.

8. **Sustainability/Statewide Planning Recognition:** Points within this category are awarded to eligible projects undertaken by a PWS directly related to an acquisition or transfer of a PWS with inadequate financial, managerial or technical capacity to another PWS as reviewed and ordered pursuant to CGS Section 16-262n & 16-262o. Points are also awarded to eligible projects undertaken by a PWS that actively implements an asset management program and their project is supported by that plan. Additionally, points are awarded for projects that are identified within a statewide or regional water supply planning document under the oversight of DPH including, but not limited to, the Coordinated Water System Plan of a Water Utility Coordinating Committee under CGS Section 25-33h or statewide or regional public drinking water resiliency plans. This category is intended to recognize and support the planning efforts of PWSs to achieve long term sustainability, assist other PWSs in need and support the State's long term planning efforts for public water supply.
9. **Affordability:** This category awards additional points to projects undertaken by a PWS in a town that has been identified by the Connecticut Department of Economic and Community Development as a "distressed municipality".

The activities which qualify for points under each category along with the numerical value of points assigned to each activity are detailed in Appendix A.

The DPH reserves the right to determine if project identified in a DWSRF Eligibility Application contains more than one independent project. In such cases, the DPH may split the application into multiple independent applications, request that the applicant resubmit independent Eligibility Applications for each independent activity or request the applicant to submit additional information to support the interrelationship between those activities identified in the original Eligibility Application prior to assignment of a ranking score. This right is exercised to prevent manipulation of the point ranking system by blending independent projects to gain an overall point ranking advantage.

G. Readiness to Proceed

It is the DPH's intention, as well as the expectation of EPA, that the DPH will commit the available DWSRF funding each year to projects listed on the PPL. Similarly, it is expected that the committed funds will be disbursed in a timely manner. Accordingly, these commitments (in the form of executed DWSRF loan agreements) are not made until a project is ready to proceed and start spending money on their project.

Regardless of the priority ranking score a project receives, only those phases (planning, design, construction) of eligible projects that can reasonably be expected to result in executed contracts (professional service and/or construction contracts) and DWSRF loan agreements within a specific SFY will be considered for inclusion on that year's PPL. Any phases not included on a PPL will be included on the Comprehensive Project List (CPL) and remain eligible for future funding. The criteria that DPH uses to assess readiness is included in the DWSRF Eligibility Application and explained in the annual IUP. The DPH may request updated readiness information for a project during development of the PPL if necessary.

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H. Project Priority List and Comprehensive Project List

The State of Connecticut's capital budget is prepared on a biennial basis and State Fiscal Years run from July 1 through June 30. Annually the DPH will 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 federal DWSRF funds. The IUP will include a CPL of drinking water projects which have applied for DWSRF loans. The IUP will also identify which projects are expected to receive funding during that SFY on a Project Priority List (PPL).

Following publication of the finalized annual IUP, the CPL may be updated periodically to include new eligibility applications that were received after the initial drafting of the annual IUP. If any changes were made to the CPL, an amended IUP will be posted on the DPH DWS website for a 30-day comment period. Once an amended IUP has been finalized, any project on the CPL will be considered for funding according to the bypass procedures in the IUP.

Projects on the CPL that are not included on a PPL will remain eligible for DWSRF funding in the future. Projects on the CPL may be subsequently added to a PPL if additional funding becomes available, other PPL projects are withdrawn by the applicant or a PPL project is by-passed by DPH.

There will be 4 factors taken into consideration when drafting a PPL . Those factors are:

1. The total numerical points assigned to a project which is arrived at by tallying points from each of the 9 priority point categories.
2. A PWS's readiness to proceed with the activities they have requested funding for.
3. To the extent that there are sufficient eligible small systems projects that are ready to proceed, not less than 15% of the available funding shall be dedicated to them.
4. To the extent required by federal law, a portion of DPH's capitalization grant shall be dedicated to projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

The DPH will publish the draft PPLs for a 30 day public comment period followed by a public hearing. Written comments and oral testimony provided on the PPLs during this public participation process will be considered before the PPLs are finalized.

I. Tie-Breaking Procedure

Following the implementation of factors 1-4 in Section H, 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.

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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. This tie-breaking method shall apply to projects listed on both the PPL and CPL.

J. Project Priority List By-Pass Procedures

If for some reason an applicant listed on a PPL encounters significant delays in their project schedule, the DPH reserves the right to by-pass that project and offer those funds to the next highest ranked project on the CPL that is ready to proceed. In these cases, the by-passed project will remain on the CPL and remain eligible for future funding. This by-pass process is necessary to help ensure that the available DWSRF funds will be committed and disbursed in a timely fashion.

The DPH Commissioner 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 CGS Section 25-32b, 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 there may be a need to by-pass projects on the PPL.

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APPENDIX A – PRIORITY POINT ACTIVITIES AND VALUES

Category 1: Water Quality

Activity #	a. Immediate Action	Points	Exclusions ¹
1	Surface Water Treatment Rule Violation	50	None
2	Microbiological MCL Violation (E. Coli)	50	1
3	Nitrate MCL Violation	50	None
4	Nitrite MCL Violation	50	None
5	Lead Action Level Exceedance ²	50	None
6	DPH Determination of Acute Health Risk for Other Contaminants	50	None
7	Arsenic	40	None
Activity #	b. Non-Acute MCL Violations	Points	Exclusions ¹
8	Radioactivity MCL Violations	30	None
9	Inorganic Chemical MCL Violations	30	3-7
10	Organic Chemical MCL Violations (excluding total trihalomethanes)	30	None
11	Pesticides, Herbicides and PCBs MCL Violations	30	None
12	Disinfection By-Product MCL Violations	30	None
Activity #	c. Other Contaminants of Health Concern	Points	Exclusions ¹
13	DPH Action Level Exceedance (excluding lead and copper)	25	5
14	Contaminant Exceeds 50% of MCL	20	1-12
15	Copper Action Level Exceedance	20	5,13
16	Sodium Notification Level Exceedance	5	9
Activity #	d. Physical/EPA Secondary MCL Exceedances	Points	Exclusions ¹
17	Turbidity Limit Exceedance	10	1
18	Odor Limit Exceedance	10	None
19	Color Limit Exceedance	10	None
20	pH Outside Range of 6.4 - 10	10	None
21	EPA Secondary MCL Exceedance	10	9,13,14,18-20
Activity #	e. Private Wells	Points	Exclusions ¹
22	Water Main Extension to Serve Private Wells with MCL Violations or Action Level Exceedances	30	1-21, 23
23	Creation of New PWS to Serve Private Wells with MCL Violations	30	1-22

¹ Exclusion column indicates activity #'s that would be ineligible for additional points if the activities associated with those points are the same. Where 2 or more activities conflict the higher point activity shall be assigned to the project. These potential exclusions are typically displayed with the lower point value activity.

² Eligible schools and child care facilities with lead levels at or above 75% of the lead action level would qualify for this activity.

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Category 2: Advanced Surface Water Treatment (Maximum 15 pts from this category)

Activity #	Elements	Points	Exclusions ¹
24	Treatment Plant Upgrades to Address Future Known SDWA Rule or Requirement	15	None
25	Treatment Plant Upgrades to Address Emerging Contaminants	10	None

Category 3: Water Supply /Conservation

Activity #	a. Source Water Deficits (Maximum 40 pts from this subcategory)	Points	Exclusions ¹
26	New Groundwater Well Development	40	None
27	Rehabilitation of Existing Groundwater Wells	40	None
28	Interconnection to Purchase Water from Another Community PWS	40	None
Activity #	b. System Capacity Deficits	Points	Exclusions ¹
29	System Capacity Deficit	20	None
Activity #	c. Source Development (Maximum 10 pts from this subcategory)	Points	Exclusions ¹
30	New Groundwater Well Development	10	26
31	Rehabilitation of Existing Groundwater Wells	10	27
Activity #	d. Conservation/Water Loss Reduction	Points	Exclusions ¹
32	Installation of Source Water Meters (previously unmetered) ³	25	26-28, 30,31
33	Installation of Distribution Meters (previously unmetered) ³	25	None
34	Replacement of Source or Distribution Meters ³	15	None
35	Incorporation of Advanced Metering Infrastructure (AMI) technology (real-time metering)	10	None
36	Water Transmission Main Rehabilitation or Replacement	15	None
37	Water Distribution Main Rehabilitation or Replacement	10	None
38	Project Will Significantly Reduce Water Loss (i.e. Unaccounted-for or Non-Revenue Losses)	10	32-35
Activity #	e. Water Main Extension to Replace Private Wells with Inadequate Supply	Points	Exclusions ¹
39	Water Main Extension	30	1-21, 23

³ The primary purpose of the project must be for the installation or replacement of meters to qualify for these points.

Attachment B

Category 4: Infrastructure Violations/Deficiencies/Safety Hazards/Failures

Activity #	Elements	Points	Exclusions ¹
40	Infrastructure Violation/Deficiency/Safety Hazard/Failure (Source to Curb Stop)	10	32
41	Hydropneumatic Storage Tank Replacement/Elimination	50	None

Category 5: Consolidation (Maximum 20 pts from Activities 43 and 44 combined)

Activity #	Elements	Points	Exclusions ¹
42	Consolidation of a Community PWS	15 each	None
43	Consolidation of a Non-Transient Non-Community PWS	10 each	None
44	Consolidation of a Transient Non-Community PWS	5 each	None

Category 6: Resiliency/Security

Activity #	a. Resiliency	Points	Exclusions ¹
45	Regional Interconnection with Another Community PWS	15	28
46	Relocation of Critical Facilities ⁴	10	None
47	Redundancy of Critical Facilities ⁴	10	None
Activity #	b. Planning (Maximum 50 pts from this subcategory) ⁵	Points	Exclusions ¹
48	Climate Change/Drought Planning	50	1-47, 49-64
49	Asset Management Planning	50	1-48, 50-64
Activity #	c. Security ⁶	Points	Exclusions ¹
50	Security Fencing, Alarms, Surveillance Systems or Other Security Measures	5	None
Activity #	d. Emergency Power Provisions for Existing Critical Facilities	Points	Exclusions ¹
51	New (does not currently exist) ⁷	50	1-50, 52-64
52	Replacement or Upgrades ⁷	20	1-51, 53-64
53	Included as Part of a Larger Project	5	None

⁴ Project must be supported by a formal resiliency or climate change plan to qualify for these points.

⁵ Points are only awarded for the creation of an initial plan.

⁶ Security points may awarded to projects with existing security provisions or for the installation of new security provisions.

⁷ Project must be only an emergency power project to qualify for these points.

Attachment B

Category 7: Other Capital Improvements

Activity #	Elements	Points	Exclusions ¹
54	Treatment Facilities	10	None
55	Pumping Facilities	5	None
56	Storage Facilities	5	41
57	Transmission or Distribution System	5	36-37
58	Facility Automation (SCADA)	5	None
59	Complete Lead Service Line Replacement	10	None
60	Internal Building Piping Replacement (as part of Lead or Copper remediation)	10	None

Category 8: Sustainability/Statewide Planning Recognition

Activity #	Elements	Points	Exclusions ¹
61	Acquisition/Transfer of a Community PWS	10	None
62	Project is supported by an on-going Asset Management Program	10	63
63	Project is supported in a PWS's Water Supply Plan pursuant to RCSA Section 25-32d-3	5	62
64	Project Identified in a Statewide or Regional Water Planning Document under DPH oversight	10	None

Category 9: Affordability

Activity #	Elements	Points	Exclusions ¹
65	Distressed Community	10	None

Attachment C
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,608,000	No	Yes	9,237
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,475,189	No	Yes	9,237
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$383,000	No	Yes	9,237
2015-0034	CT0279044	INDIAN RIVER RECREATIONAL COMPLEX (Town of Clinton)	CLINTON	Rocky Ledge Area Water Main Extension	30	\$3,000,000	No	Yes	304
SFY18-53	CT0280031	Westchester Hills Condominium Association, Inc	Colchester	Emergency Power Generator Program - NEW	50	\$48,750	No	Yes	150
SFY18-54	CT0280051	Knob Hill Condominiums	Colchester	Emergency Power Generator Program - NEW	50	\$47,000	No	Yes	150
SFY18-55	CT0380041	Yeshiva of Waterbury - Durham Campus	Durham	Corrosion Control Treatment Upgrades	50	\$30,000	No	Yes	95
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No	4,956
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No	384
SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No	604
SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No	2,040
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program	50	\$42,559	No	Yes	40
SFY18-29	CT0720041	Southeastern CT Water Authority - Tower Ferry View Div	Ledyard	Replacement Pump Station and Storage Facilities (Design and Construction Phases)	75	\$922,200	No	Yes	2,567
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	Yes	196
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No	300
2015-0032	CT0790021	Hillside Corporation	Marlborough	Emergency Power Generator Program	50	\$12,000	No	Yes	136
2013-0083	CT0790022	Hillside Corporation	Marlborough	Storage Tank & Pump House Improvements	25	\$137,500	No	Yes	136
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No	60,000
SFY18-51	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	50	\$155,000	No	Yes	45
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program	50	\$20,000	No	Yes	32
SFY19-03	CT0830011	Middletown Water Department	Middletown	Replacement of Wells 1 and 3 at JS Roth Wellfield	25	\$1,750,000	No	No	35,000
SFY18-36	CT0890011	New Britain Water Dept	New Britain	White Bridge Waterworks Facilities & WTP SCADA (Design and Construction Phases)	90	\$7,500,000	Yes	No	73,534
SFY18-35	CT0890011	New Britain Water Dept	New Britain	Batterson Park Road Water Main Extension - Looping (Design and Construction Phases)	20	\$740,000	Yes	No	4,100
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$1,180,500	Yes	No	2,427
SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2	45	\$4,200,000	Yes	No	427,798
SFY19-06	CT0930011	Regional Water Authority	New Haven	Automated Meter Reading Phases 5B & 6	45	\$4,500,000	Yes	No	427,798
SFY19-04	CT0930011	Regional Water Authority	New Haven	Seymour Backup Well No. 4B	40	\$1,000,000	Yes	No	8,000
SFY19-05	CT0930011	Regional Water Authority	New Haven	System-Wide RTU and Hardware Upgrade	30	\$3,900,000	Yes	No	427,798
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No	42,000

Attachment C
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements ³	30	\$5,945,399	No	No	250
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements ³	30	\$3,593,616	No	No	170
SFY18-52	CT1310011	Southington Water Dept	Southington	Emergency Generator - Wells 2 & 2A	50	\$95,000	No	No	7,500
SFY18-44	CT1310011	Southington Water Dept	Southington	Advanced Metering Infrastructure	25	\$3,000,000	No	No	35,315
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No	35,315
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No	35,315
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No	35,315
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes	912
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes	912
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes	912
2019 Comprehensive list						\$76,323,413			

Footnotes:

1	Projects which were awarded Sustainability and Affordability points are eligible to receive federal subsidy.
2	These PWSs serve a population less than or equal to 10,000 and are considered "small" for the purposes of DWSRF and are qualified to receive federal subsidy.
3	These projects will extend public drinking water to private well owners with impaired water quality and are eligible to receive federal subsidy

Attachment D
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
SFY18-36	CT0890011	New Britain Water Dept	New Britain	White Bridge Waterworks Facilities & WTP SCADA (Design and Construction Phases)	90	\$7,500,000	Yes	No	73,534
SFY18-29	CT0720041	Southeastern CT Water Authority - Tower Ferry View Div	Ledyard	Replacement Pump Station and Storage Facilities (Design and Construction Phases)	75	\$922,200	No	Yes	2,567
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,608,000	No	Yes	9,237
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No	42,000
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,475,189	No	Yes	9,237
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No	4,956
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$1,180,500	Yes	No	2,427
SFY18-53	CT0280031	Westchester Hills Condominium Association, Inc	Colchester	Emergency Power Generator Program - NEW	50	\$48,750	No	Yes	150
SFY18-54	CT0280051	Knob Hill Condominiums	Colchester	Emergency Power Generator Program - NEW	50	\$47,000	No	Yes	150
2015-0032	CT0790021	Hillside Corporation	Marlborough	Emergency Power Generator Program	50	\$12,000	No	Yes	136
SFY18-55	CT0380041	Yeshiva of Waterbury - Durham Campus	Durham	Corrosion Control Treatment Upgrades	50	\$30,000	No	Yes	95
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program	50	\$42,559	No	Yes	40
SFY18-51	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	50	\$155,000	No	Yes	45
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program	50	\$20,000	No	Yes	32
SFY18-52	CT1310011	Southington Water Dept	Southington	Emergency Generator - Wells 2 & 2A	50	\$95,000	No	No	7,500
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes	912
SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2	45	\$4,200,000	Yes	No	427,798
SFY19-06	CT0930011	Regional Water Authority	New Haven	Automated Meter Reading Phases 5B & 6	45	\$4,500,000	Yes	No	427,798
SFY19-04	CT0930011	Regional Water Authority	New Haven	Seymour Backup Well No. 4B	40	\$1,000,000	Yes	No	8,000
SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No	604
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No	384
2015-0034	CT0279044	INDIAN RIVER RECREATIONAL COMPLEX (Town of Clinton)	CLINTON	Rocky Ledge Area Water Main Extension	30	\$3,000,000	No	Yes	304
SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No	2,040
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	Yes	196
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements ³	30	\$5,945,399	No	No	250
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements ³	30	\$3,593,616	No	No	170
SFY19-05	CT0930011	Regional Water Authority	New Haven	System-Wide RTU and Hardware Upgrade	30	\$3,900,000	Yes	No	427,798
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes	912

Attachment D
Comprehensive Project List

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²	Population Served by Project
2013-0083	CT0790022	Hillside Corporation	Marlborough	Storage Tank & Pump House Improvements	25	\$137,500	No	Yes	136
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No	60,000
SFY18-44	CT1310011	Southington Water Dept	Southington	Advanced Metering Infrastructure	25	\$3,000,000	No	No	35,315
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No	35,315
SFY19-03	CT0830011	Middletown Water Department	Middletown	Replacement of Wells 1 and 3 at JS Roth Wellfield	25	\$1,750,000	No	No	35,000
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No	35,315
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$383,000	No	Yes	9,237
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No	35,315
SFY18-35	CT0890011	New Britain Water Dept	New Britain	Batterson Park Road Water Main Extension - Looping (Design and Construction Phases)	20	\$740,000	Yes	No	4,100
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes	912
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No	300
2019 Comprehensive list						\$76,323,413			

Footnotes:

1	Projects which were awarded Sustainability and Affordability points are eligible to receive federal subsidy.
2	These PWSs serve a population less than or equal to 10,000 and are considered "small" for the purposes of DWSRF and are qualified to receive federal subsidy.
3	These projects will extend public drinking water to private well owners with impaired water quality and are eligible to receive federal subsidy

PWSID	PWS Name	Town of PWS	Project Name	Amount requested
CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	\$862,637
CT0090011	BETHEL WATER DEPARTMENT	BETHEL	Water Main Replacement	\$977,830
CT0110051	JUNIPER CLUB, Inc.	BLOOMFIELD	Emergency Power Generator Program	\$9,350
CT0110051	JUNIPER CLUB, Inc.	BLOOMFIELD	Replacement Water Tank	\$52,000
CT0121051	166 & 180 BOSTON TURNPIKE	BOLTON	Corrosion Control Treatment (Lead and Copper Rule)	\$31,262
CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	New Well Water Supply	\$19,300
CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	\$36,144
CT0170011	BRISTOL WATER DEPARTMENT	BRISTOL	Dewitt Drive Storage Tank Improvements	\$510,000
CT0450011	EAST LYME WATER & SEWER COMMISSION	EAST LYME	Greensand Filtration - Well 1A (Construction)	\$2,671,305
CT0450011	East Lyme Water & Sewer Commission	East Lyme	Advanced Metering Infrastructure	\$3,413,575
CT0609094	BITTNER PARK (Town of Guilford)	GUILFORD	Mulberry Point Water Main Extension	\$2,082,954
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	Water Main Replace Bond Street, Hartford	\$3,144,197
CT0688011	BROOKWOODS II ASSOCIATION	KENT	Emergency Power Generator Program	\$31,892
CT0770021	MANCHESTER WATER DEPARTMENT	MANCHESTER	Stove Pipe Replacements - Misc. Areas	\$1,200,000
CT0820031	MIDDLEFIELD HOUSING AUTHORITY	MIDDLEFIELD	Emergency Power Generator Program	\$25,000
CT0820501	OLD INDIAN TRAIL	MIDDLEFIELD	Emergency Power Generator Program	\$20,000
CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	\$369,050
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	Burwell Hill Tank Replacement	\$2,648,151
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	Lake Saltonstall Water Storage Tank Improvements	\$1,194,197
CT0960211	CANDLEWOOD SPRINGS PROPERTY OWNERS ASSOCIATION, Inc.	NEW MILFORD	Emergency Power Generator Program	\$15,525
CT1030011	NORWALK FIRST TAXING DISTRICT	NORWALK	Advanced Metering Infrastructure - Phase 1	\$2,000,000
CT1030011	NORWALK FIRST TAXING DISTRICT	NORWALK	West Rocks High Service Area Water Service Reliability Project	\$6,800,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	AMI Water Meter Replacement Program	\$1,921,443
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	Stony Brook DAF; Deep River Filters; Occum Tank; Water main to Sprague	\$13,045,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	Stony Brook Transmission Main Renewal & Micro-Turbine (North & South sections)	\$5,400,000
CT1050732	CONNECTICUT WATER COMPANY - SHORELINE REGION - SOUND VIEW	OLD LYME	Old Lyme Beach Shores Association Water Main Replacement	\$812,000
CT1099141	ARNIO DRIVE LLC	PLAINFIELD	Emergency Power Generator Program	\$4,743
CT1310011	SOUTHINGTON WATER DEPARTMENT	SOUTHINGTON	Well #2A Construction Project (Well #2 Back-up)	\$1,525,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Generators - 4 Pump Stations	\$417,847
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Generator at the Water Treatment Plant	\$649,845
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Water Treatment Plant Sludge Removal Equipment (Construction)	\$855,064
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	Rehabilitations and Replacement of Water Mains (Fiscal year 2017)	\$1,425,999
Amount of Carryover Projects:				\$54,171,309

**Attachment F
Fundable Project Priority List**

Rank	Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Population Served by Project	Amount Requested	Received Sustainability and Affordability Points ¹	Small System ²
1	SFY18-52	CT1310011	Southington Water Dept	Southington	Emergency Generator - Wells 2 & 2A	50	7,500	\$95,000	No	No
2	SFY18-53	CT0280031	Westchester Hills Condominium Association, Inc	Colchester	Emergency Power Generator Program - NEW	50	150	\$48,750	No	Yes
3	SFY18-54	CT0280051	Knob Hill Condominiums	Colchester	Emergency Power Generator Program - NEW	50	150	\$47,000	No	Yes
4	SFY18-55	CT0380041	Yeshiva of Waterbury - Durham Campus	Durham	Corrosion Control Treatment Upgrades	50	95	\$30,000	No	Yes
5	SFY18-51	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	50	45	\$155,000	No	Yes
6	SFY18-50	CT0930011	Regional Water Authority	New Haven	Advanced Metering Infrastructure - Stage 2	45	427,798	\$4,200,000	Yes	No
7	SFY19-06	CT0930011	Regional Water Authority	New Haven	Automated Meter Reading Phases 5B & 6	45	427,798	\$4,500,000	Yes	No
8	SFY19-02	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	40	604	\$4,000,000	Yes	No
9	SFY19-01	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacement - Hartford	30	2,040	\$7,150,000	Yes	No
10	SFY18-45	CT1310011	Southington Water Department	Southington	Mill Street Tank Replacement	25	35,315	\$2,930,000	No	No
11	SFY19-03	CT0830011	Middletown Water Department	Middletown	Replacement of Wells 1 and 3 at JS Roth Wellfield	25	35,000	\$1,750,000	No	No
12	SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	9,237	\$383,000	No	Yes
2019 Fundable PPL:								\$25,288,750		

Footnotes:

1	Projects which were awarded Sustainability and Affordability points are eligible to receive federal subsidy.
2	These PWSs serve a population less than or equal to 10,000 and are considered "small" for the purposes of DWSRF and are qualified to receive federal subsidy.

**State of Connecticut – Department of Public Health
Drinking Water State Revolving Fund (DWSRF)
Asset Management Plan Checklist**

Public Water System: _____
Town: _____ PWSID: _____

PWS FM Contact Person: _____ Relationship to PWS: _____
Address: _____ City: _____ State: _____ Zip: _____
Email: _____ Phone: _____

A copy of the **Asset Management (AM) Plan** must be attached to this checklist. Should this form be used in conjunction with any SRF funding requirements, a signed request for review on utility letterhead must accompany this checklist.

It must have been updated within the past 3 years.

The AM Plan should contain, at a minimum, the following information:
(check off each item that is included in the Plan)

EPA Guidance (Click to Download)
[Reference Guide for Asset Management Tools CUPSS](#)

1	Discussion of when plan was first created, how it gets updated, and date of most recent update	Strategic Planning STEP
2	List of all the drinking water supply assets of the public water system including the item, location, manufacturer, model, size (if applicable), and expected useful service life	Taking Stock STEP Asset Management STEP Asset Management Best Practices Guide
3	Description of the state of each asset, including age and condition, and any conditions that may affect the life of the asset	Taking Stock STEP Asset Management STEP
4	A description of the service history of each asset including routine maintenance, repairs and rehabilitations	Taking Stock STEP Asset Management STEP Distribution Systems Best Practices Guide
5	The adjusted useful service life and remaining useful service life of each asset	Taking Stock STEP Asset Management STEP
6	Description of the intended Level of Service to be provided to customers/consumers	Taking Stock STEP Asset Management STEP Asset Management Best Practices Guide Asset Management for Local Officials
7	Evaluation of the operation of the system, including available supply vs. demand	Strategic Planning STEP Distribution Systems Best Practices Guide Water System Operator Best Practices Guide
8	Identification of critical assets, including discussion of how they were determined	Asset Management STEP Taking Stock STEP
9	Ranking of each asset in terms of priority, taking into consideration the remaining useful service life, redundancy, and the importance of the asset to the operation of the water system and protection of public health	Asset Management STEP Taking Stock STEP
10	List of capital improvements needed over the next five years (i.e. Capital Improvement Plan), including expected costs for each improvement.	Asset Management STEP Taking Stock STEP Asset Management Best Practices Guide
11	Explanation of how decisions for water system maintenance and repairs are made	Water System Operator Best Practices Guide Distribution Systems Best Practices Guide
12	Description of the water system maintenance plan	Strategic Planning STEP Distribution Systems Best Practices Guide
13	Discussion of members of the Asset Management Team, including responsibilities with respect to oversight of the AM Plan, reviewing and updating	Strategic Planning STEP Building an Asset Management Team Water System Operator Best Practices Guide

This form and relevant attachments must be submitted to the Drinking Water Section for review and be approved in order for the PWS to be eligible to receive any grant-in-aid pursuant to Public Act 14-98.

**State of Connecticut – Department of Public Health
Drinking Water State Revolving Fund (DWSRF)
Fiscal Management Plan Checklist**

Public Water System: _____
Town: _____ PWSID: _____

PWS FM Contact Person: _____ Relationship to PWS: _____
Address: _____ City: _____ State: _____ Zip: _____
Email: _____ Phone: _____

A copy of the **Fiscal Management (FM) Plan** must also be attached to this checklist. Should this form be used in conjunction with any SRF funding requirements, a signed request for review on utility letterhead must accompany this checklist.

The FM Plan should contain, at a minimum, the following information:

EPA Guidance (Click to Download)

[Reference Guide for Asset Management Tools](#)

1	Discussion of when plan was first created, how it gets updated, and date of most recent update	Strategic Planning STEP
2	Discussion of how the water system budget is determined and funded; including a copy of the current budget	Water System Owner Best Practices Guide Talking to Your Decision Makers Best Practices Guide Asset Management for Local Officials Asset Management Best Practices Guide Setting Small System Rates for a Sustainable Future STEP Asset Management STEP
3	Discussion of how customers are charged for water, including billing practices and how unpaid accounts are resolved	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP Rural and Small System Guide to Sustainable Utility Management
4	Discussion of how the funding for capital improvement funding needs (based on the Asset Management Plan) of the water system are budgeted	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP Taking Stock STEP
5	Discussion of any reserve fund for water system capital improvements and how it is funded and used, and how often funds are added to the account	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP
6	How often are the water system revenues and expenses reviewed?	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP
7	Are the water system revenues sufficient to meet expenses, including reserving funds for needed future capital improvements and other expenses?	Setting Small System Rates for a Sustainable Future STEP Asset Management STEP Water System Owner Best Practices Guide Talking to Your Decision Makers Best Practices Guide
8	Discussion of the fiscal controls in place	

This form and relevant attachments must be submitted to the Drinking Water Section for review and be approved in order for the PWS to be eligible to receive any grant-in-aid pursuant to Public Act 14-98.