

# Drinking Water State Revolving Fund Hearing Report SFY 2018

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 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.

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) 2017, Congress appropriated \$848,255,000 to EPA for the national DWSRF program. Of this amount, EPA disbursed \$824,134,000 to the states based on their statewide needs assessment. The state of Connecticut received 1.01% of the disbursement or \$8,351,000 from EPA to fund design, planning and construction projects, as well as to fund set-aside activities. The state of Connecticut has approximately \$85,792,391 available for DWSRF projects during state fiscal year (SFY) 2018 (July 1, 2017, through June 30, 2018), which amount includes the federal funds, state matching funds, loan repayments, interest and leveraged financing. The FFY 2017 federal capitalization grant requires the Department to use 20% or \$1,670,200 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 2018.

On February 14, 2017, the Department issued a Call for Projects for SFY 2018 to eligible PWSs to determine the statewide DWSRF funding needs and required that PWSs submit project eligibility applications to the Department not later than April 28, 2017. *See Attachment A.1.* In response to such Call for Projects, the Department received project eligibility applications requesting financial assistance from the DWSRF for 48 infrastructure projects totaling approximately \$75.4 million in project costs. Of these 48 applications, 47 projects totaling approximately \$75.2 million 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 2018 on the Draft IUP's SFY 2018 Fundable Project Priority List (PPL). The Department placed those projects that were determined not ready to proceed during SFY 2018 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 2018 IUP, which included the Draft SFY 2018 PPL, was available for public review and that it would hold a public comment hearing and accept written comments prior to finalization. *See* Attachment A.4. The public comment period began on September 21, 2017 and ended on October 30, 2017. The Notice of Public Hearing appeared in the Hartford Courant, New Haven Register, and Waterbury Republican-American on September 25, 2017, the La Voz Hispana on September 28, 2017 and the Northeast News on October 5, 2017. In addition, on September 21, 2017 the Department emailed a copy of such Notice to all PWSs that submitted an eligibility application to the Department in response to the Call for Projects for SFY 2018. Pursuant to such Notice, the Department held a public comment hearing on October 25, 2017, at the Department of Public Health, 470 Capitol Avenue, Conference Room A/B, in Hartford, Connecticut and accepted written comments until October 30, 2017, at 4:30 PM. At the October 25, 2017 public comment hearing, 9 people provided oral testimony. In addition, the Department received 5 letters of testimony at or before 4:30 PM on October 30, 2017.

Oral comments were provided at the public comment hearing by the following water companies. A transcript of the public hearing is in Attachment A.5.

Mr. Robert Peter, Meriden Water Department  
Mr. Josh Cansler, Southeastern Connecticut Water Authority  
Mr. Richard Stevens, Groton Utilities  
Mr. Brad Kargl, East Lyme Water Department  
Ms. Beth Nesteriak, South Central Regional Water Authority  
Mr. Mark Decker, Norwich Public Utilities  
Mr. Raymond Esponda, New Britain Water Department  
Mr. Douglas Arndt, Town of Bethel  
Mr. Donald Carver, Waterbury Water Department

Written comments, which are in Attachment A.6.a through A.6.e, were received from the following persons or entities:

Mr. Evan Jones and Mr. Jeff Burmeister, Woodlake Tax District  
Mr. Richard Stevens, Groton Utilities  
Ms. Beth Nesteriak, South Central Regional Water Authority  
Ms. Susan Negrelli, Metropolitan District Commission  
Mr. Jay Sheehan, Woodard & Curran

### 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 2018 IUP, including the draft SFY 2018 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 2018 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 2018 PPL under § 22a-482-1(c)(5) of the Regulations of Connecticut State Agencies if such revisions are not considered significant.

The following are the responses to the oral testimony provided at the October 25, 2017 public comment hearing and the written testimony received by the Department at or before 4:30 PM on October 30, 2017.

**A. Robert Peter, Meriden Water Department (oral testimony October 25, 2017)**

Mr. Peter's testimony is provided in Attachment A, Exhibit 5. Mr. Peter did not request any revisions to Draft SFY 2018 IUP. In his testimony, Mr. Peter expressed support for the DWSRF Program and identified several important projects that have received or are in need of DWSRF funding. The Department thanks Mr. Peter for attending the hearing and for his testimony on behalf of the Meriden Water Department. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Peter's testimony.

**B. Josh Cansler, Southeastern Connecticut Water Authority (oral testimony October 25, 2017)**

Mr. Cansler's testimony, which he provided on behalf of Southeastern Connecticut Water Authority, is in Attachment A.5. The Department thanks Mr. Cansler for attending the hearing and for his testimony. Mr. Cansler's testimony challenged the method that the Department uses to determine if a PWS is considered a small system as described in Section D (Small System Reserve) of the PRS. The PRS is provided as Attachment B to the Draft SFY 2018 IUP. Mr. Cansler requested that the DPH reevaluate Southeastern Connecticut Water Authority (SCWA) for consideration as a small public water system for the purpose of having their drinking water projects qualify under the Small System Reserve described in the PRS.

SCWA owns and operates 14 PWSs in southeastern Connecticut. According to the Department's records, the largest population served by any of its individual systems is 2,570; however, the combined aggregate population of all of its individual systems is 11,411. As a result, SCWA does not meet the criteria for the Small System Reserve in Section D (Small System Reserve) of the PRS. In addition, provisions in Section IV.F of the Draft SFY 2018 IUP would restrict SCWA from being eligible for federal subsidization due to their aggregate population exceeding 10,000 people, which is the maximum number a PWS can serve and still be considered a small water system under the Draft SFY 2018 IUP for federal subsidization.

The Draft SFY 2018 IUP under Section IV.F describes how the Department will use 20 percent of the capitalization grant to subsidize certain qualifying drinking water projects contained on the SFY 2018 Fundable PPL. In Section IV.F(a) regarding Federal Subsidy Funds, the Draft SFY 2018 IUP states "Small PWSs (those serving a population of 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." The Department included Section IV.F.(a) to help ensure that a portion of the limited federal subsidization dollars each year are given to small water systems that serve 10,000 or fewer people. There are some PWSs in Connecticut that own and operate large municipal or regional water systems and also have some smaller independent non-connected satellite systems. These large utilities have a greater economy of scale to spread infrastructure improvement costs for these smaller satellite systems out to a large aggregated customer base that is supported primarily by the large customer base of their larger municipal or regional systems. The Department included Section IV.F(a) in the Draft SFY 2018 IUP to recognize the higher per household cost of infrastructure improvements for small water systems and their higher need for financial relief in the form of subsidization.

After careful consideration of Mr. Cansler's testimony, the Department believes that revisions to Section IV. F of the Draft SFY 2018 IUP regarding Federal Subsidy Funds are appropriate. Since all of SCWA's individual PWSs are very small, they have similar economies of scale to other small PWSs that would qualify for federal subsidization. As a result, the Department has made revisions to Section IV.F(b). of the Draft SFY 2018 IUP by replacing "Small PWSs (those serving a population of 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" with "***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.***" The Department believes this change is consistent with the original intent of subsidizing projects undertaken by small water systems that do not have the benefit of a large customer base and that suffer from smaller economies of scale than larger systems.

Based on Mr. Cansler's testimony, the Department also believes that changes to Section D of the PRS should be made in the future to qualify PWSs that own multiple small independent water systems, each serving 10,000 persons or less, under the Small System Reserve. The Department intends to make this change prior to issuing the next DWSRF Call for Projects for SFY 2019 and to also reflect this change in Section IV.D of the SFY 2019 IUP. The Department does not believe this change is necessary at this time since SCWA would be the only PWS impacted by this change, and such change would have no impact on the ranking of SCWA's projects on the Draft SFY 2018 Fundable Project Priority List. The Department's rationale for delaying this change is due to the fact that changes to the PRS require the approval of the EPA prior to making them publicly available, which is historically accomplished prior to issuing the annual DWSRF Call for Projects notice.

**C. Mr. Richard Stevens, Groton Utilities (written testimony on October 24, 2017 and oral testimony on October 25, 2017)**

Mr. Steven's testimony, provided on behalf of Groton Utilities, is in Attachment A.5 and A.6.b. Mr. Stevens did not request any revisions to Draft SFY 2018 IUP. In his testimony, Mr. Stevens expressed support for the DWSRF Program and its importance to Groton Utilities' current water treatment plant rehabilitation project. Mr. Stevens also spoke to the efforts of Groton Utilities to offer a regionalized water supply capable of consolidating small public water systems. The Department thanks Mr. Stevens for attending the hearing and for his testimony. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Steven's testimony.

**D. Mr. Brad Kargl, East Lyme Water Department (oral testimony October 25, 2017)**

Mr. Kargl's testimony, provided on behalf of East Lyme Water Department, is in Attachment A.5. Mr. Kargl did not request any revisions to Draft SFY 2018 IUP. In his testimony, Mr. Kargl expressed continued support for the DWSRF Program and its importance to past and future drinking water projects within the Town of East Lyme. The Department thanks Mr. Kargl for attending the hearing and for his testimony. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Kargl's testimony.

**E. Ms. Beth Nesteriak, South Central Regional Water Authority (oral and written testimony October 25, 2017)**

Ms. Nesteriak's testimony, provided on behalf of South Central Regional Water Authority (SCRWA), is in Attachment A. 5 and A.6.c. Ms. Nesteriak did not request any revisions to Draft SFY 2018 IUP. In her testimony, Ms. Nesteriak expressed support for the DWSRF Program, explained the investments that SCRWA makes each year in their capital improvement plan and the savings offered by the DWSRF over other traditional financing alternatives. The Department thanks Ms. Nesteriak for attending the hearing. The Department has determined that for her testimony and no revisions to the Draft SFY 2018 IUP are necessary as a result of Ms. Nesteriak's testimony.

**F. Mr. Mark Decker, Norwich Public Utilities (oral testimony October 25, 2017)**

Mr. Decker's testimony, provided on behalf of Norwich Public Utilities, is in Attachment A.5. Mr. Decker did not request any revisions to Draft SFY 2018 IUP. In his testimony, Mr. Decker expressed support for the DWSRF Program and its importance to the City of Norwich in undertaking and completing capital improvement projects. Mr. Decker also expressed the need to continue to subsidize drinking water projects and increase the levels of subsidization to keep the Program competitive with other sources of funding. The Department thanks Mr. Decker for attending the hearing and for his testimony. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Decker's testimony.

**G. Mr. Raymond Esponda, New Britain Water Department (oral testimony October 25, 2017)**

Mr. Esponda's testimony, provided on behalf of New Britain Water Department, is in Attachment A.5. Mr. Esponda did not request any revisions to Draft SFY 2018 IUP. In his testimony, Mr. Esponda expressed support for the DWSRF Program and stated its importance in providing funding to replace the City of New Britain's water treatment plant and a water storage tank. Mr. Esponda also expressed the importance of the DWSRF for several upcoming capital improvement projects that the City is planning to undertake. The Department thanks Mr. Esponda for attending the hearing and for his testimony. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Esponda's testimony.

**H. Mr. Douglas Arndt, Town of Bethel (oral testimony October 25, 2017)**

Mr. Arndt's testimony, provided on behalf of the Town of Bethel, is in Attachment A.5. Mr. Arndt did not request any revisions to Draft SFY 2018 IUP. Mr. Arndt expressed support for the DWSRF Program and stated its importance to several past and future drinking water capital improvement projects for the Town of Bethel. The Department thanks Mr. Arndt for attending the hearing and for his testimony. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Arndt's testimony.

**I. Mr. Donald Carver, Waterbury Water Department (oral testimony October 25, 2017)**

Mr. Carver's testimony, provided on behalf of Waterbury Water Department (WWD), is in Attachment A.5. Mr. Carver did not request any revisions to Draft SFY 2018 IUP. In his testimony, Mr. Carver expressed support for the DWSRF Program and its importance to several past and future drinking water capital improvement projects for WWD. The Department thanks Mr. Carver for attending the hearing and for his testimony. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Carver's testimony.

**J. Mr. Evan Jones and Mr. Jeff Burmeister, Woodlake Tax District (written testimony October 24, 2017)**

Mr. Jones's and Mr. Burmeister's testimony, provided on behalf of Woodlake Tax District (WTD), is in Attachment A.6.a. Neither Mr. Jones nor Mr. Burmeister requested any revisions to Draft SFY 2018 IUP. In their testimony, Mr. Jones and Mr. Burmeister expressed support for the DWSRF Program and the importance of subsidized loans to small community water systems to complete capital improvement projects that they could not otherwise afford to undertake. Mr. Jones and Mr. Burmeister also mentioned their efforts to develop an asset management plan for the WTD water system. The Department thanks Mr. Jones and Mr. Burmeister for their comments. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Mr. Jones's and Mr. Burmeister's testimony.

**K. Ms. Susan Negrelli, Metropolitan District Commission (written testimony October 25, 2017)**

Ms. Negrelli's testimony, provided on behalf of the Metropolitan District Commission (MDC), is in Attachment A.6.d. Ms. Negrelli did not request any revisions to Draft SFY 2018 IUP. In her testimony, Ms. Negrelli expressed support for the DWSRF Program and explained its importance to MDC's capital improvement program and to help keep drinking water affordable for their rate payers. The Department thanks Ms. Negrelli for her comments. The Department has determined that no revisions to the Draft SFY 2018 IUP are necessary as a result of Ms. Negrelli's testimony.

**L. Mr. Jay Sheehan, Woodard & Curran (written testimony October 26, 2017)**

Mr. Sheehan's testimony, provided on behalf of Woodard & Curran, is provided in Attachment A.6.e. The Department thanks Mr. Sheehan for his testimony. Mr. Sheehan's testimony requested that the Department consider revising the Draft SFY 2018 IUP to allow large community PWSs (those that serve greater than 10,000 persons) that are using the DWSRF to partner with small communities to extend their water service to residents that are currently served by contaminated private wells to qualify for federal subsidization.

The Department has provided subsidized loans to small Towns in Connecticut for the purpose of extending the water service from a large community PWS to residents in their Town with contaminated private wells. Most of these Towns qualify for federal subsidization because they own a small PWS that is eligible to receive a DWSRF loan and have a project is eligible to receive a DWSRF loan. In many cases, these small Towns struggle to navigate through the administrative and technical requirements associated with the DWSRF that are more easily understood by the large community PWSs.

After careful consideration of Mr. Sheehan's comments, the Department believes it is reasonable to expect that small communities would benefit from such partnerships with large community PWSs in these instances. It also seems reasonable for the DWSRF to help to facilitate these partnerships to assist these smaller communities in resolving these matters of public health importance. Having the larger community PWSs undertake these projects, and their associated DWSRF loans, in lieu of the small communities could reduce the time and cost associated with getting these important public health projects completed. As a result, the Department has made revisions to Section IV.F. of the Draft SFY 2018 IUP to expand eligibility for federal subsidization to



the following projects; ***“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.”***

Similarly, the Department believes small community PWSs could benefit from partnerships with larger community PWSs to extend water mains to consolidate their system with the larger system. Small community PWSs also have administrative and technical challenges undertaking a DWSRF loan. As a result, the Department has made revisions to Section IV.F. of the Draft SFY 2018 IUP to expand eligibility for federal subsidization to the following projects; ***“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 shall be used by the large PWS to reduce any costs incurred, whether directly or indirectly, by others, for the project including, but not limited to, costs incurred by the large PWS’s rate payers, the small community PWSs that are being consolidated by the large PWS or the municipality in which such Project is located, as applicable.”***

Mr. Sheehan also requested that the Department award additional priority points to Connecticut Water Company’s project to extend water service to residents in the Hawk’s Nest community in Old Lyme, Connecticut. The additional priority points requested are for private wells that have exceeded the Maximum Contaminant Level (MCL) for nitrates as evidenced in the sampling data provided with their DWSRF Eligibility Application. According to the Department’s PRS, projects that extend water mains to private wells with MCL violations are given a flat 30 priority points and are excluded from receiving any additional priority points under Water Quality Category 1. These exclusions are shown in the right hand column in Appendix A of the PRS. The Department’s decision on this exclusion is based on the fact that giving additional priority points for every private well MCL violation would be unfair to community PWSs that have similar MCL violations. In the case of a community PWS that has 100 customers with a nitrate MCL violation, they would only be able to receive 50 priority points under Activity #4 in Appendix A of the PRS for the single system-wide MCL violation. If Activity #4 were available for water main extensions to private wells with a nitrate MCL violation, then they would be eligible to receive 50 priority points for each individual private well with a nitrate MCL violation that would be connected to the new water main. This may result in the private well project receiving a significantly higher priority ranking even though there may be a much lower population impacted by the same MCL violation the community PWS has. The Department believes that it is more likely that projects eliminating MCL violations at community PWSs will impact a greater population than projects that eliminate MCL violations for private wells. As a result, the Department believes the PRS is fair in this regard and no changes will be made. As a result, no additional priority points will be awarded to Connecticut Water Company’s Hawk’s Nest project.

#### IV. Summary of Changes Made to the Draft SFY 2018 IUP

The Department is making changes to the Draft SFY 2018 IUP as a result of the oral testimony provided by Josh Cansler of SCWA provided at the October 25, 2017 public comment hearing and the written testimony provided by Jay Sheehan of Woodard & Curran on October 26, 2017. These changes are summarized below:

##### A. Section IV.F.

In subsection a) under the Federal Subsidy Funds description, the Department has replaced ***“Small PWSs (those serving a population of 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.”*** with ***“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.”***

The Department has added subsections d) and e) to the Federal Subsidy Funds description as follows:

***d) Projects undertaken by large PWSs (those serving a population of 10,001 or more) 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, from the small community PWSs that are being consolidated by the large PWS or the municipality in which such Project is located, as applicable.”***

***e) Projects undertaken by large PWSs (those serving a population of 10,001 or more) 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.”***

In addition, as a result of such comments received and the changes made to the Draft SFY IUP, the Department has made changes to Attachments C, D and of the Draft SFY 2018 IUP. These changes are summarized below:

- A. **Attachment C: SFY 2018 Comprehensive Project List – Alphabetical Order:** The Department added footnote 3 to reflect the eligibility of the following two projects for federal subsidy funds based on the changes described in Section III.L and Section IV.B. of this hearing report.
- a. Connecticut Water Company – Hawks Nest 3: Water Main Improvements
  - b. Connecticut Water Company – Sound View: Water Main Improvements
- B. **Attachment D: Comprehensive Project List – By Points:** The Department added footnote 3 added to reflect the eligibility of the following two projects for federal subsidy funds based on the changes described in Section III.L and Section IV.B. of this hearing report.
- c. Connecticut Water Company – Hawks Nest 3: Water Main Improvements
  - d. Connecticut Water Company – Sound View: Water Main Improvements
- C. **Attachment F: SFY 2018 Fundable Project Priority List:** The Department added footnote 3 to reflect the eligibility of the following two projects for federal subsidy funds based on the changes described in Section III.L and Section IV.B. of this hearing report.
- e. Connecticut Water Company – Hawks Nest 3: Water Main Improvements
  - f. Connecticut Water Company – Sound View: Water Main Improvements

In addition, the Department is making additional changes to the Draft SFY 2018 IUP. These changes are summarized below:

A. Section IV.F.

Under subsection d) to the Federal Subsidy Funds description, the Department has added the following requirement: ***“Small PWSs that receive subsidy will also be required to prepare and implement Fiscal Management Plans in the future.”*** The Department felt it was appropriate to require small PWSs that are receiving DWSRF funding to prepare these plans to help support long term financial sustainability. Financial Management Plans are currently required for PWSs to be eligible to receive state subsidy funding, as stated in the State Subsidy Funds – Public Water System Improvement Program description in Section IV.F.

Under the Federal Subsidy Funds description, in the first paragraph following subsection e), the Department has replaced: ***“The subsidization amount that any project receives shall be calculated as a percentage of the contract price identified in each contract award authorization issued by the DPH that is determined to be eligible for DWSRF funding.”*** with ***“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.”*** This change is intended only to clarify that the subsidy will be calculated as a percentage of costs within each contract that are eligible to receive DWSRF funding. If applicable, costs within each contract that are not eligible for DWSRF funding will not be included in the subsidy calculation.

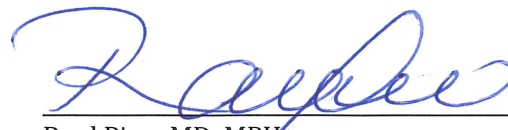
Under the Federal Subsidy Funds description, at the end of the first paragraph following subsection e), the Department has added "*In cases where two or more eligible projects are ready to proceed on or about the same time, and there is insufficient remaining subsidy to provide to all of those projects, the DPH reserves the right to take affordability factors into consideration when determining which projects will receive the limited subsidy funding.*" The Department believes that affordability considerations should be a determining factor if multiple projects that are eligible for subsidy are ready to proceed expeditiously and there is an insufficient amount of subsidy to provide to all of those projects. These considerations would include the financial impact the project has on rate payers and their ability to afford any necessary rate increases. These considerations are consistent with EPA recommendations.

**B. Attachment D: Comprehensive Project List – By Points:** This list did not accurately reflect the ranking of projects based on tie-breaking procedures detailed in Section V.D of the Draft SFY 2018 IUP for projects that received an equal number of ranking points. The Department revised the list to reflect these tie-breaking procedures and accurately reflect the ranking of these projects.

#### V. Final Decision

Based on the oral testimony provided at the October 25, 2017 public comment hearing and the written testimony received by the Department on or before October 30, 2017 at 4:30 PM, I hereby adopt the final SFY 2018 IUP in Attachment B, which incorporates the changes discussed herein.

12/11/17  
Date

  
\_\_\_\_\_  
Raul Pino, MD, MPH  
Commissioner

#### Attachments

- A. Documents in the Hearing Record
  - 1. DWSRF Call for Projects Announcement and Circular Letter #2017-04 dated February 14, 2017
  - 2. Draft SFY 2018 Intended Use Plan
  - 3. Commissioner Pino's Designation of Kathryn Keenan as Hearing Officer
  - 4. Notice of Public Hearing
  - 5. Written transcript of the October 25, 2017 Public Hearing
  - 6. Written testimony received at or before 4:30 PM on October 30, 2017
    - a. October 24, 2017 Mr. Evan Jones and Mr. Jeff Burmeister, Woodlake Tax District
    - b. October 24, 2017 Mr. Richard Stevens, Groton Utilities
    - c. October 25, 2017 Ms. Beth Nesteriak, South Central Regional Water Authority
    - d. October 25, 2017 Ms. Susan Negrelli, Metropolitan District Commission
    - e. October 26, 2017 Mr. Jay Sheehan, Woodard & Curran
- B. Final SFY 2018 Intended Use Plan

# Attachment A

## Documents in the Hearing Record

Attachment A.1.

DWSRF Call for Projects Announcement  
and Circular Letter #2017-04  
dated February 14, 2017

Attachment A.1

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 #2017-04**

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

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

Handwritten signature of Lori Mathieu in black ink.

DATE: February 14, 2017

RE: Changes to the Drinking Water State Revolving Fund (DWSRF) – Eligibility Applications for Funding May be Submitted at Any Time

The Drinking Water Section (DWS) has made changes to the DWSRF Program that will allow eligible public water systems (PWS) to submit Eligibility Applications for DWSRF funding at any time. The “Call for Projects” that has traditionally given PWS a 2-3 month window of opportunity every 2 years to submit Eligibility Applications will now be on-going. The DPH will continue to issue a Call for Projects notice but it will be issued annually rather than every two years. The notice will provide a deadline for submitting DWSRF Eligibility Applications for projects that a PWS wishes DPH to consider for the upcoming State Fiscal Year’s (SFY) 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 recently revised [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). This change will allow PWSs with important drinking water projects that are not included on the PPL to apply for funding at any time and get on a waiting list. 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.

The Call for Projects notice for SFY 2018 is available on the [DPH website](#) with a deadline of **April 28, 2017** to submit Eligibility Applications for consideration for the SFY 2018 PPL. 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, P.O. Box 340308, MS#51WAT  
Hartford, Connecticut 06134-0308  
[www.ct.gov/dph/publicdrinkingwater](http://www.ct.gov/dph/publicdrinkingwater)

Affirmative Action/Equal Opportunity Employer



**CALL FOR PUBLIC DRINKING WATER  
PROJECTS NOTICE**  
**CONNECTICUT DEPARTMENT OF PUBLIC HEALTH  
DRINKING WATER STATE REVOLVING FUND (DWSRF) PROGRAM**  
**STATE FISCAL YEAR 2018: July 1, 2017- June 30, 2018**  
**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 2018 (July 1, 2017 to June 30, 2018)? 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. 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](http://www.ct.gov/dph/dwsrf) and complete a [DWSRF Eligibility Application](#) for each project. DPH must receive all applications no later than 12:00 noon on Friday, April 28, 2017 if you wish to have your project considered for inclusion on DPH's SFY 2018 Project Priority List (PPL). Please refer to [DWS Circular Letter 2017-04](#) 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 2018 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 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, April 28, 2017.

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.

**An electronic copy of the application(s) with digital signature along with all associated documentation is preferred and may be sent via email to [DPH.CTDWSRF@ct.gov](mailto: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# 51WAT  
P.O. Box 340308  
Hartford, CT 06134-0308



Attachment A.2.

Draft SFY 2018  
Intended Use Plan

# Drinking Water State Revolving Fund Draft Intended Use Plan SFY 2018

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. Each state annually receives a minimum of 1% of the funds available for the total allotment. From the inception of Connecticut's DWSRF program to Federal Fiscal Year (FFY) 2013, Connecticut's annual allocation has been 1% of the national allotment. Our participation in the 2011 Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) identified increased need from the state's public water systems (PWS) for infrastructure improvement projects, which resulted in an increase in the annual allocation. Starting with the FFY 2014 DWSRF Capitalization Grant and ending with FFY 2017 grant, Connecticut's allocation increased from 1% to 1.01%. The 2015 DWINSA will determine the allocation after FFY 2017. Connecticut is eligible to receive \$8,351,000 from the \$848,255,000 appropriated by Congress for FFY 2017.

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 2017 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 2017 funds, state legislative funding authorizations, and unobligated project funds carried forward from previous IUPs during the State Fiscal Year (SFY) 2018 time period (July 1, 2017 – June 30, 2018). 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 2018, 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.

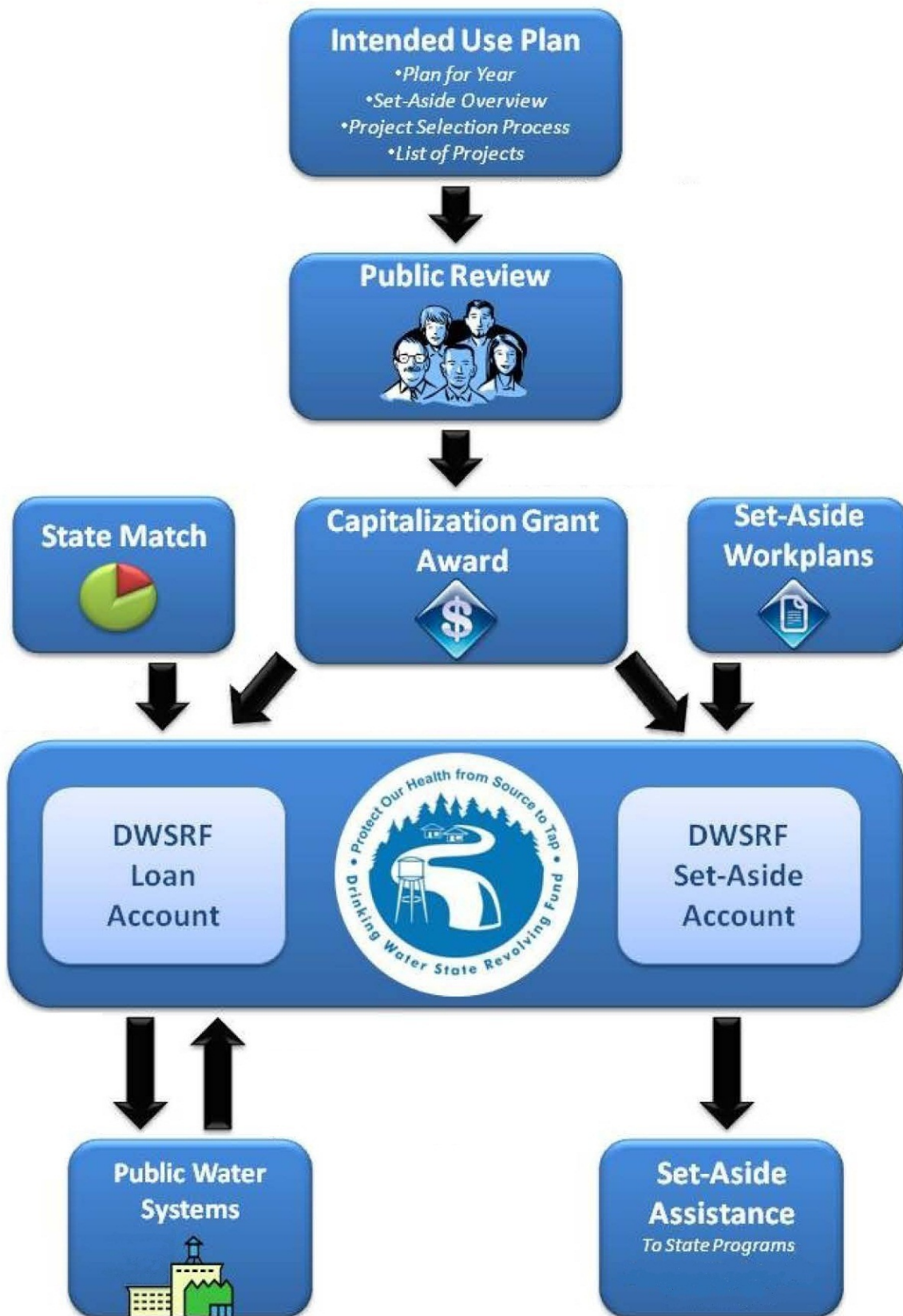
Figure 1 on page 3 displays the role the IUP plays in the DWSRF funding process.

## **B. What's New for SFY 2018?**

The Priority Ranking System (PRS) was significantly updated and revised. The criteria had not undergone any major revisions since it was first developed. These revisions address the current drinking water infrastructure challenges and priorities facing the State of Connecticut and our Public Water System clients, including sustainability, resiliency, water conservation, lead in drinking water, and unregulated and emerging contaminants. Circular Letter 2017-03 (Attachment I) was sent to all Community and Non-Profit Non-Community PWSs, as well as other interested parties, to announce and explain the changes. More information on the PRS is included in Section IV. A of this document.

The window of time to submit a project Eligibility Application has changed and they are now being accepted at any time during the year, beginning with this annual IUP and funding for SFY 2018. Circular Letter 2017-04 (Attachment J) was sent to all Community and Non-Profit Non-Community PWSs, as well as other interested parties, to announce and explain this change. More information can be found in Section IV. E.

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 2016.
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 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. Allow for 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.

## 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 for SFY 2018. Circular Letter 2017-03 (Attachment I) 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 exceedences, and new activities have been added to award point for projects the 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 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 an asset management plan in order to be eligible for additional subsidy. Beginning in SFY 2015, qualified applicants of all sizes that wish to qualify to receive state subsidy must 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.

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 SFY 2018 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 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 SFY 2018 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 2018. The SFY 2018 Fundable PPL identifies projects, or portions of projects, that can reasonably be expected to proceed during SFY 2018 based on project readiness information provided by the applicants and the criteria explained in Section IV.G of this IUP.

Funding for new projects is limited to eligible PWSs that submitted DWSRF Eligibility Applications by the April 28, 2017 due date announced in the DPH's SFY 2018 Call for Projects. As of the due date, the DPH received 48 applications totaling approximately \$75.4 million, of which 47 projects are eligible totaling approximately \$75.2 million. 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 SFY 2018 Fundable PPL.

The Comprehensive Project List includes all eligible projects submitted in response to SFY 2018 Call For Projects, or those phases of projects from the Carryover List which have been determined to not be sufficiently ready to proceed. Due to the changes to the PRS, any PWS that had submitted and Eligibility Application under a prior Call For Projects was requested to submit a new Eligibility Application in order to accurately rank their project using the new PRS. PWSs that failed to submit a new Eligibility Application are no longer being considered for funding. This Comprehensive Project List includes 47 projects for a total of approximately \$75.2 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 SFY 2018 Fundable PPL (Attachment F) was developed based on the total amount of funding made available for SFY 2018 and the expected readiness of a project to proceed. Projects that are determined by the DPH as not ready to proceed during SFY 2018 were not considered in preparing the SFY 2018 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 list and will be considered for funding during SFY 2018, if they subsequently become ready to proceed, according to the bypass procedure explained in Section IV.H. or if sufficient funding is available for them.

The SFY 2018 Fundable PPL includes those projects, or phases of a project, expected to move forward during the SFY ranked by priority points awarded, and for which sufficient funds are expected to be available. The SFY 2018 Fundable PPL includes 39 projects totaling approximately \$43.7 million.

The DPH reserves the right to make changes to the Fundable PPL, using by-pass procedures explained in Section IV.H., 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 2018 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 April 28, 2017 due date 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 due date. 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 SFY 2018 Fundable PPL does not achieve the EPA goal of dedicating at least 15% of the available DWSRF funding, or approximately \$12.8 million, to small PWSs. This was due to a lack of sufficient funding requests for projects ready to proceed during SFY 2018. In response to the Call for Projects, the DPH received applications for 23 eligible small system projects, including 10 EPGP projects, totaling approximately \$9.2 million in eligible project costs. Of these 23 projects, only 22 projects totaling \$7.8 million were determined to be ready to proceed in SFY 2018 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. 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 2017 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 \$1,670,200 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 SFY 2018 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) 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. To assist small PWS with preparing a plan the DPH is providing free onsite technical assistance via a Technical Assistance Provider, as needed, using funding from the Small Systems Technical Assistance set-aside.
- c) Large systems (those serving a population 10,001 or more) 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.

The subsidization amount that any project receives shall be calculated as a percentage of the contract price identified in each contract award authorization issued by the DPH that is determined to be eligible for DWSRF funding. 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 SFY 2018 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.

The EPA’s expectation is that the required federal subsidy funding that is available for SFY 2018 will be committed in an executed financial assistance agreement no later than September 30, 2018. 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 and c above) are authorized by the DPH to meet the minimum federal subsidy requirement by September 30, 2018, then the DPH will expand the eligibility to any applicant with a project on the SFY 2018 Fundable PPL. These 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.

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 Conservation 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, with the exception of projects for PWSs serving more than 10,000 persons funded through the EPGP. Projects that are eligible to receive federal subsidization based on available funding are identified on the SFY 2018 Fundable PPL.

Currently the entire \$20 million available funding under this program has been allocated by the SBC for two specific projects on the Carryover List (Attachment E) for Groton Utilities and Norwich Public Utilities that have been determined to satisfy the eligibility criteria.

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.

### **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 2017 capitalization grant. Connecticut has met the requirements for FFY 2010, 2011, and 2012. The status of the commitment and disbursement for the FFY 2013 through FFY 2016 grants are individually identified below, along with a table summarizing the amounts. The actual projects and individual subsidy amounts as of June 30, 2017, will be identified in the 2017 Annual Report, along with the status of meeting the disbursement requirement.

#### **FFY 2013**

The minimum required subsidization has not yet been committed for FFY 2013. As of June 30, 2017, \$1,587,343 has been committed under executed funding agreements and \$984,451 has been disbursed. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by 6/30/2018, and complete the minimum required disbursements by 12/31/2018. 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 2014**

The minimum required subsidization has not yet been committed for FFY 2014. As of June 30, 2017, \$421,951 has been committed and 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 6/30/2018, and complete the minimum required disbursements by 12/31/2018. 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 June 30, 2017, \$1,968,293 has been committed under executed funding agreements and \$428,774 disbursed. It is expected that we will meet the minimum required disbursements by 12/31/2017. The funding agreements that will commit the remaining expected subsidy funds are pending, with the goal for them to be executed by 9/30/2017, and complete the all disbursements by 12/31/2018.

#### **FFY 2016**

The required subsidization has not yet been committed for FFY 2016. As of June 30, 2017, 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 6/30/2018, and complete all disbursements by 9/30/2019.

The table below 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, 2017	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of June 30, 2017	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Full Disbursement of Federal Subsidy	Estimated Month for Disbursement of Minimum Federal Subsidy
2010	\$4,071,900	N/A	\$4,723,405	\$0	\$4,723,405	\$0	May 2016	Achieved
2011	\$2,825,400	N/A	\$2,990,646	\$0	\$2,990,646	\$0	September 2016	Achieved
2012	\$1,795,000	\$2,692,500	\$2,203,031	\$0	\$2,203,031	\$0	February 2017	Achieved
2013	\$1,684,200	\$2,526,300	\$1,587,343	\$500,403	\$984,451	\$1,103,295	December 2019	December 2018
2014	\$1,792,400	\$2,688,600	\$421,951	\$1,912,150	\$421,951	\$1,912,150	December 2019	December 2018
2015	\$1,778,600	\$2,667,900	\$1,968,293	\$198,828	\$428,774	\$1,738,347	December 2018	December 2017
2016	\$1,684,600	\$1,684,600	\$0	\$1,684,600	\$0	\$1,684,600	December 2019	December 2019

#### G. 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 2018 are considered for inclusion on the SFY 2018 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 for SFY 2018 was generated based on the readiness of one or more elements of a project to proceed to a loan agreement during SFY 2018, 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 2018. 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.

## H. 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 SFY 2018 Fundable PPL.

## I. 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, including the project signage requirement that began with the FFY 2015 capitalization grant award. 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 2018 Potential Projects to be Used for FFATA Reporting

Project #	PWSID	PWS	Town of PWS	Project Name	Amount Requested
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	\$2,600,000
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	\$1,300,000
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
SFY18-24	CT0450011	East Lyme Water Dept	East Lyme	AMI	\$3,413,575
SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	\$4,000,000
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacement Phase 1 - Hartford	\$4,700,000
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	\$2,680,000
SFY18-25	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
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	\$1,000,000
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	AMI - 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 2017 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 2017 (September 30, 2017). 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.

## J. 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 Draft IUP and submitted the Draft 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 2018 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 in order to keep a project eligible. 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 criteria are identified on the SFY 2018 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, including any subsidy.

### 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 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 and to 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 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 PPL for the next 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 include these projects on a Fundable PPL provided that all of the following conditions are met:

- The PWS has submitted a DWSRF Eligibility Application to the DPH during the Call for Projects for the SFY
- The funding agreement will be drafted during the SFY under which the project is listed on the Comprehensive Project List
- The project cannot 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

If the DWS includes such a project, it will be included on the Comprehensive Project List and ranked as outlined in this IUP. 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 makes it onto the Fundable PPL
- A 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
- A DWSRF funding agreement cannot be executed until after Fundable PPL 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. A PWS will be notified if their application is withdrawn by the DPH.

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. A PWS will be notified if their application is withdrawn by the DPH.

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 will be notified in writing and required to resubmit a new DWSRF Eligibility Application if they desire to further pursue DWSRF funding.

## 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-asides funds. The DPH has chosen to take the maximum amount allowable and uses 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 uses 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 will 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 2018 is expected to be approximately \$236,592,093, including the funds under PA 14-98. This amount is contingent upon legislative approval of DPH's requested revenue bond authorization for SFY 2018 in the amount of \$55.2 million. 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 2017 capitalization grant application.

#### Uses

Projects that are currently anticipated to be funded during SFY 2018 include all projects that are being carried forward from the previous IUP and projects appearing on the SFY 2018 Fundable PPL. The Carryover Project List identifies 35 projects for a total of \$130,799,722. It is expected that several projects will be executing funding agreements over the next few months which will significantly reduce this amount. The SFY 2018 Fundable PPL identifies 39 projects for a total of \$43,740,341. 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 2018 is anticipated to be approximately \$85.8 million. This is approximately \$42 million more in available funding than project costs shown on the SFY 2018 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 2018 after the finalization of this IUP. The anticipated \$85.8 million in available funds is contingent upon legislative approval of the DPH's \$55.2 million capital budget request for new revenue bond authorization in SFY 2018.

The ULO balance of capitalization grant funds designated for DWSRF projects is \$6,478,338 as of July 1, 2017. 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 currently under funding agreements and those for which funds are being carried over. The ULO set-aside balance is \$3,465,626. In April 2014, EPA established national objectives for states to fully expend their capitalization grants within two years of their award date.

The set-aside portion of the capitalization grants are described in Section VII. These set-asides are primarily used to support adequate levels of DWS staffing to implement the DWSRF, Source Water Protection, Capacity Development and Public Water System Supervision Programs with limited outside contractual support. 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. As part of this management effort, the DPH requested and received a 12-month extension from the EPA to fully draw down the FFY 2014 set-aside portions of the capitalization grant.

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

The DWSRF financing plan is similar to the plan for the State's CWF program. This plan includes leveraging, when appropriate, where project funding comes from the proceeds of revenue bonds supported by the capitalization grants. A more detail financial analysis of the DWSRF program can be found in the [DWSRF Annual Reports](#), which are available on the OTT's website.

States may issue bonds through the DWSRF program using the federal capitalization grant as security to provide for higher funding levels in the current year of the program. Leveraging of federal funds is a useful financial 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 leveraged financing. Since 2001, with the EPAs approval, bonds have been issued on an as-needed basis to fund DWSRF projects. Leveraged financing allows the DWSRF to maximize the available project funding because the revenue bond proceeds can be two to three times the amount of the available capitalization grants and state match contributions. This strategy also allows the State to provide more loans with a lower interest rate at favorable terms to more of the PWS applicants.

Connecticut's program is a leveraged program and has established itself as a highly rated (AAA) borrower in the bond market. We have used capitalization grants to leverage multiple series of bonds, aggregating over \$68.4 million in outstanding principal for the DWSRF program as of March 31, 2017 to fund loans.

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 has 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. Over \$8.0 million in DWSRF funds was used to cover the cost for design and construction of the East Lyme Sewer and Water Regional Interconnection project. This project is critical for East Lyme to meet its summertime peak demands, address other public health and water system operational needs, and provide fire protection for enhanced public safety. A major project that is expected to receive DWSRF funding during SFY 2018 is the Water Treatment Plant upgrade of Groton Utilities. Groton will make 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. Approximately \$54.0 million in DWSRF funding is expected to be used to cover the construction and project oversight. Without leveraging, the DPH would not be able to fund larger projects like these.

In June 2017 bonds were issued for the CWSRF and the DWSRF in anticipation of several significant projects moving forward over the next two years, including the Groton Utilities Water Treatment Plant upgrade project.

#### **D. State Matching Requirement**

The required 20% state match for the FFY 2017 capitalization grant is \$1,670,200. 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 2017 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 April 30, 2017, the DWSRF has received and deposited \$40.4 for the required match, including those for the FFY 2017 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.

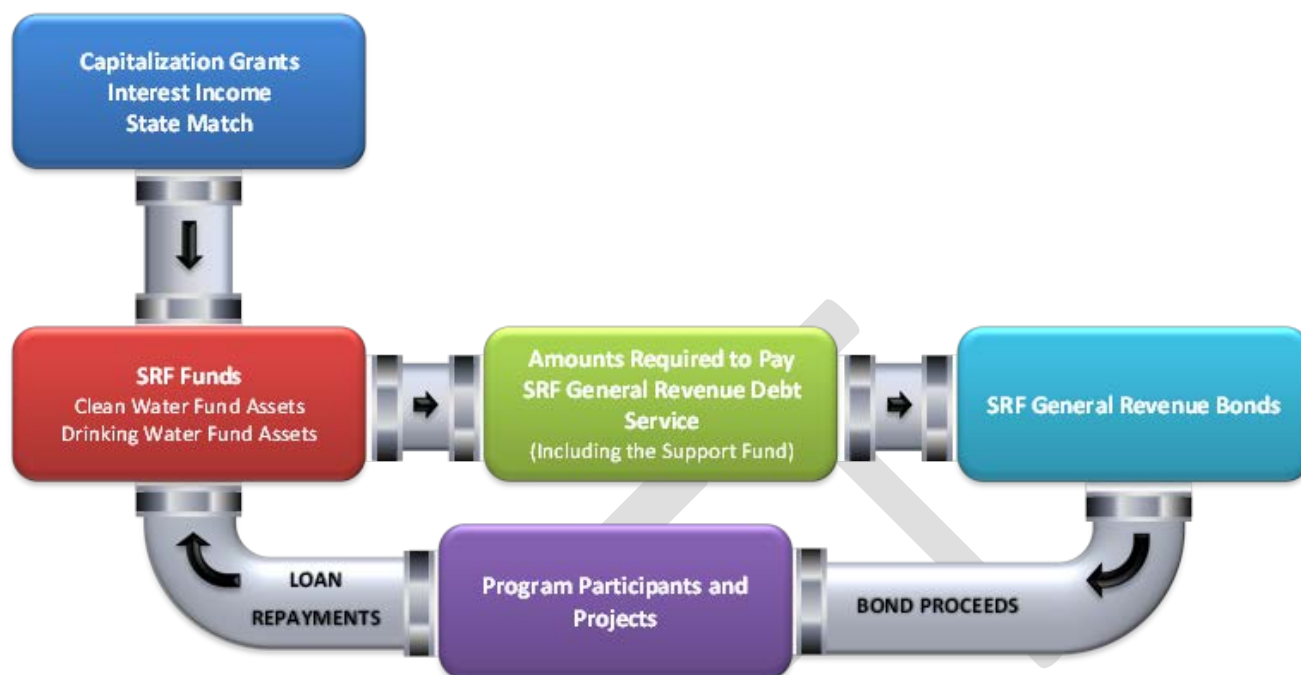
Within the provisions of CGS Sections 22a-475 through 22a-483, inclusive, Connecticut will consider appropriate financial terms for refinancing and the acquisition of land and sanitary easements on a case-by-case basis. The DPH policy for refinancing is discussed in Section V. Additional lending policies 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, and 2011 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 2011 DWINSA assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2011 to December 31, 2030. The results of the survey were used to determine the DWSRF allocation for FFYs 2014 through 2017. The results of the 2011 survey, which were released in June 2013, showed that the State of Connecticut's estimated need had grown from \$1.394 billion in 2007 to \$3.587 billion in 2011. Starting with the FFY 2014 capitalization grant, the state's allotment has increased from 1% to 1.01%. The breakdown was as follows:

Transmission and Distribution	\$2.584 billion
Treatment	\$545.1 million
Storage	\$267.3 million
Source	\$146.6 million
Other	\$35.0 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. For SFY 2018, the DPH received requests for loans for 47 infrastructure projects totaling approximately \$75.2 million in eligible costs. This eligible amount includes 22 applications from small systems, of which 10 applications are EPGP projects.

Data collection for the 2015 DWINSA was completed in February 2016. Based on this information, the DPH expects the overall need to have increased since 2011. The official report from EPA is expected to be released during 2017.

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 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 following pages provide anticipated set-aside activities during the time period covered in this IUP. Prior to requesting disbursement of these funds, the DPH submits work plans to EPA Region 1 as part of the FFY 2017 capitalization grant application, which provides specific details for each set-aside fund request. At any time in which a modification is necessary, the DPH contacts EPA Region 1 to discuss, submit an amendment if deemed necessary, and seek approval. The DPH DWS expects to meet all set-aside reporting requirements as detailed in the capitalization grant award conditions.

**A. DWSRF Administrative Funds**

<b>Maximum Allowed:</b>	\$400,000 of the Capitalization Grant
<b>Taking from FFY 2017 Grant:</b>	\$400,000

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 January 2013 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. Pursuant to the WIIN Act of 2017, §2103, the DPH has chosen to take the maximum option of \$400,000 for this set-aside.

**B. State Program Management**

<b>Maximum Percentage Allowed:</b>	10% of the Capitalization Grant
<b>Taking from FFY 2017 Grant:</b>	10% (\$835,100)

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

<b>Maximum Percentage Allowed:</b>	2% of the Capitalization Grant
<b>Taking from FFY 2017 Grant:</b>	2% (\$167,020)

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
- Contracting with Technical Assistance Provider to provide training and direct one-on-one assistance to teach small system trustees, operators, and municipal officials the value and method of asset management to improve technical, financial and managerial capacity of those involved in managing the utility.

### D. Local Assistance

<b>Maximum Percentage Allowed:</b>	15% of the Capitalization Grant
<b>Taking from FFY 2017 Grant:</b>	5% (\$417,550) – Wellhead Protection 10% (\$835,100) – 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.
- A consultant will be hired to complete the Water Utility Coordination Committee (WUCC) planning process. The process will include stakeholder involvement, system partnerships, public outreach, regionalization, consolidation, and identification of major facilities in need of replacement or construction.
- 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](http://www.ct.gov/dph/dwsrf)). DWSRF Annual Reports are posted on the OTT website ([http://www.ott.ct.gov/debt\\_drinkingwaterfund.html](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 900 PWSs. This pool consists 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 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 will seek meaningful public review and comment on the Draft SFY 2018 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. The Draft SFY 2018 IUP will be made available to all applicants and other interested persons for review and comment at least 30 days prior to the public hearing. A Notice of Hearing will be formally advertised in newspapers of statewide and regional distribution and in two minority newspapers. The Draft IUP and Notice of Hearing will also be sent to all DWSRF applicants with projects appearing on the Comprehensive Project List. Interested persons will be invited to provide oral or written testimony at a public hearing and to submit written comments.

The public hearing will be followed by an Open Forum where attendees or other interested parties will have an opportunity to meet directly with DWSRF program staff to answer questions and learn more about the loan program. Following the public comment period, all comments will be reviewed and considered by the DPH Commissioner and a Final IUP containing the Final Fundable PPL will be published.

**X. ATTACHMENTS**

- A. Sources and Uses of Estimated Amounts of DWSRF Funds
- B. Priority Ranking System
- C. SFY 2018 Comprehensive Project List – Alphabetical Order
- D. SFY 2018 Comprehensive Project List – By Points
- E. SFY 2018 Carryover Project List
- F. SFY 2018 Fundable Project Priority List
- G. Asset Management Plan Checklist
- H. Fiscal Management Plan Checklist
- I. February 14, 2017 DWS Circular Letter 2017-03 – Revised Priority Ranking System
- J. February 14, 2017 DWS Circular Letter 2017-04 – Eligibility Applications for Funding May be Submitted at Any Time



	Cumulative Total through 6/30/17	7/1/17 - 6/30/18 (This IUP)	Cumulative Total Through 6/30/18
<b><u>SOURCES</u></b>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
Federal Capitalization Grant Set-Asides	\$ 56,583,729	\$ 2,654,770	\$ 59,238,499
Previous Bond Authorization Committed to Projects <sup>1</sup>	\$ 140,682,906	-	\$ 140,682,906
Previous Bond Authorization Available for Projects <sup>2</sup>		\$ 161,362,093	\$ 161,362,093
SFY 2018 State Revenue Bond Authorization <sup>3</sup>		\$ 55,230,000	\$ 55,230,000
PWS Improvement Program Authorized by Public Act 14-98		\$ 20,000,000	\$ 20,000,000
<b>Sources Total</b>	<b>\$ 197,266,635</b>	<b>\$ 239,246,863</b>	<b>\$ 436,513,498</b>
<b><u>USES</u></b>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
<b><u>Set-Asides</u></b>			
Administrative	\$ 7,609,836	\$ 400,000	\$ 8,009,836
State Program Management	\$ 18,889,590	\$ 167,020	\$ 19,056,610
Small System Technical Assistance	\$ 3,797,418	\$ 835,100	\$ 4,632,518
Local Assistance / Other State Programs	\$ 26,286,885	\$ 1,252,650	\$ 27,539,535
<b><u>Projects</u></b>			
Previous Bond Authorization Committed to Projects	\$ 140,682,906		\$ 140,682,906
Previous Bond Authorization Used for Carryover Projects		\$ 130,799,722	\$ 130,799,722
Previous Bond Authorization Used for New Projects		\$ 30,562,371	\$ 30,562,371
SFY 2018 State Revenue Bond Authorization Used for New Projects <sup>3</sup>		\$ 13,140,970	\$ 13,140,970
SFY 2018 State Revenue Bond Authorization Available for Additional Projects <sup>3,4</sup>		\$ 42,089,030	\$ 42,089,030
PWS Improvement Program Authorized by Public Act 14-98 and Used for Projects		\$ 20,000,000	\$ 20,000,000
<b>Uses Total</b>	<b>\$ 197,266,635</b>	<b>\$ 239,246,863</b>	<b>\$ 436,513,498</b>

**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 - Funds are subject to legislative approval as part of the Capital Budget process.

4 - 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.

## Attachment B

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.

## Attachment B

### APPENDIX A – PRIORITY POINT ACTIVITIES AND VALUES

#### Category 1: Water Quality

Activity #	a. Immediate Action	Points	Exclusions <sup>1</sup>
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 <sup>2</sup>	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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
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

<sup>1</sup> 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.

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

## Attachment B

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

Activity #	Elements	Points	Exclusions <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
29	System Capacity Deficit	20	None
Activity #	c. Source Development (Maximum 10 pts from this subcategory)	Points	Exclusions <sup>1</sup>
30	New Groundwater Well Development	10	26
31	Rehabilitation of Existing Groundwater Wells	10	27
Activity #	d. Conservation/Water Loss Reduction	Points	Exclusions <sup>1</sup>
32	Installation of Source Water Meters (previously unmetered) <sup>3</sup>	25	26-28, 30,31
33	Installation of Distribution Meters (previously unmetered) <sup>3</sup>	25	None
34	Replacement of Source or Distribution Meters <sup>3</sup>	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 <sup>1</sup>
39	Water Main Extension	30	1-21, 23

<sup>3</sup> 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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
45	Regional Interconnection with Another Community PWS	15	28
46	Relocation of Critical Facilities <sup>4</sup>	10	None
47	Redundancy of Critical Facilities <sup>4</sup>	10	None
Activity #	b. Planning (Maximum 50 pts from this subcategory) <sup>5</sup>	Points	Exclusions <sup>1</sup>
48	Climate Change/Drought Planning	50	1-47, 49-64
49	Asset Management Planning	50	1-48, 50-64
Activity #	c. Security <sup>6</sup>	Points	Exclusions <sup>1</sup>
50	Security Fencing, Alarms, Surveillance Systems or Other Security Measures	5	None
Activity #	d. Emergency Power Provisions for Existing Critical Facilities	Points	Exclusions <sup>1</sup>
51	New (does not currently exist) <sup>7</sup>	50	1-50, 52-64
52	Replacement or Upgrades <sup>7</sup>	20	1-51, 53-64
53	Included as Part of a Larger Project	5	None

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

<sup>5</sup> Points are only awarded for the creation of an initial plan.

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

<sup>7</sup> Project must be only an emergency power project to qualify for these points.

## Attachment B

### Category 7: Other Capital Improvements

Activity #	Elements	Points	Exclusions <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>	Small System <sup>2</sup>
SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	50	\$585,000	No	Yes
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,300,000	No	Yes
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$375,000	No	Yes
SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	30	\$1,400,000	No	Yes
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,600,000	No	Yes
SFY18-01	CT0110051	Juniper Club, Inc.	Bloomfield	Emergency Power Generator Program - NEW	50	\$9,350	No	Yes
SFY18-16	CT0110051	Juniper Club, Inc.	Bloomfield	Replacement Water Tank	50	\$52,000	No	Yes
SFY18-09	CT0121051	166 & 180 Boston Turnpike	Bolton	Corrosion Control Treatment (Lead and Copper Rule)	75	\$30,000	No	Yes
SFY18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	50	\$36,144	No	Yes
SFY18-17	CT0189971	39 Hop Brook Road	Brookfield	New Well Water Supply	130	\$19,300	No	Yes
SFY18-03	CT0300071	Woodland Terrace	Columbia	Emergency Power Generator Program - NEW	50	\$13,620	No	Yes
SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	AMI	30	\$3,413,575	No	No
SFY18-25	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No
SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program - NEW	50	\$42,559	No	Yes
SFY18-48	CT0688011	Brookwoods II Association	Kent	Emergency Power Generator Program - NEW	50	\$26,000	No	Yes
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	No
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	No
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No
SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	15	\$1,200,000	No	No
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No
SFY18-08	CT0820031	Middlefield Housing Authority	Middlefield	Emergency Power Generator Program - NEW	50	\$25,000	No	Yes
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program - NEW	50	\$20,000	No	Yes
SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	\$369,050	Yes	No
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
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
SFY18-49	CT0920041	Little Brook Rd Property Owners Assn	New Hartford	Emergency Power Generator Program - NEW	50	\$11,500	No	Yes
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$950,000	Yes	No

**Attachment C**  
**Comprehensive Project List**

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points <sup>1</sup>	Small System <sup>2</sup>
SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	30	\$1,172,900	Yes	No
SFY18-19	CT0960091	Candlewood Trails Association	New Milford	Water Main Replacement	50	\$960,000	No	Yes
SFY18-06	CT0960211	Candlewood Springs Property Owners Association, Inc.	New Milford	Emergency Power Generator Program - NEW	50	\$15,000	No	Yes
SFY18-39	CT1030011	Norwalk First Taxing District	Norwalk	AMI - Phase 1	40	\$2,000,000	No	No
SFY18-40	CT1030011	Norwalk First Taxing District	Norwalk	West Rocks High Service Area Water Service Reliability Project	50	\$6,800,000	No	No
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements	30	\$5,945,399	No	No
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements	30	\$3,593,616	No	No
SFY18-07	CT1099141	Arnio Drive LLC	Plainfield	Emergency Power Generator Program - NEW	50	\$4,743	No	Yes
SFY18-44	CT1310011	Southington Water Dept	Southington	AMI	25	\$3,000,000	No	No
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No
SFY18-20	CT1680031	Woodlake Tax District	Woodbury	Asset Management Plan	50	\$47,500	No	Yes
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes
<b>2018 Comprehensive list</b>						<b>\$75,217,156</b>		

**The following project was determined to be ineligible for DWSRF funding:**

SFY18-18	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	0	\$245,000		
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**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.



**Attachment D**  
**Comprehensive Project List**

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points <sup>1</sup>	Small System <sup>2</sup>
SFY18-17	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	New Well Water Supply	130	\$19,300	No	Yes
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
SFY18-09	CT0121051	166 & 180 Boston Turnpike	Bolton	Corrosion Control Treatment (Lead and Copper Rule)	75	\$30,000	No	Yes
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	No
SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	\$369,050	Yes	No
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,600,000	No	Yes
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,300,000	No	Yes
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$950,000	Yes	No
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No
SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	50	\$585,000	No	Yes
SFY18-01	CT0110051	Juniper Club, Inc.	Bloomfield	Emergency Power Generator Program - NEW	50	\$9,350	No	Yes
SFY18-16	CT0110051	Juniper Club, Inc.	Bloomfield	Replacement Water Tank	50	\$52,000	No	Yes
SFY18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	50	\$36,144	No	Yes
SFY18-03	CT0300071	Woodland Terrace	Columbia	Emergency Power Generator Program - NEW	50	\$13,620	No	Yes
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program - NEW	50	\$42,559	No	Yes
SFY18-48	CT0688011	Brookwoods II Association	Kent	Emergency Power Generator Program - NEW	50	\$26,000	No	Yes
SFY18-08	CT0820031	Middlefield Housing Authority	Middlefield	Emergency Power Generator Program - NEW	50	\$25,000	No	Yes
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program - NEW	50	\$20,000	No	Yes
SFY18-49	CT0920041	Little Brook Rd Property Owners Assn	New Hartford	Emergency Power Generator Program - NEW	50	\$11,500	No	Yes
SFY18-19	CT0960091	Candlewood Trails Association	New Milford	Water Main Replacement	50	\$960,000	No	Yes
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SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No
SFY18-39	CT1030011	Norwalk First Taxing District	Norwalk	AMI - Phase 1	40	\$2,000,000	No	No
SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	30	\$1,400,000	No	Yes

**Attachment D**  
**Comprehensive Project List**

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SFY18-25	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	No
SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	30	\$1,172,900	Yes	No
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SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements	30	\$3,593,616	No	No
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SFY18-44	CT1310011	Southington Water Dept	Southington	AMI	25	\$3,000,000	No	No
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$375,000	No	Yes
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
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No
SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	15	\$1,200,000	No	No
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes
<b>2018 Comprehensive list</b>						<b>\$75,217,156</b>		

**The following project was determined to be ineligible for DWSRF funding:**

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**Footnotes:**

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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.

PWSID	PWS Name	Town of PWS	Project Name	Amount requested
CT0170011	BRISTOL WATER DEPARTMENT	BRISTOL	DWSRF - Dewitt Drive Storage Tank Improvements	\$531,000
CT0279044	INDIAN RIVER RECREATIONAL COMPLEX (Town of Clinton)	CLINTON	DWSRF - Rocky Ledge Area Water Main Extension	\$3,000,000
CT0450011	EAST LYME WATER & SEWER COMMISSION	EAST LYME	DWSRF - Greensand Filtration - Wells 1A & 2A (Construction)	\$6,100,000
CT0590011	GROTON UTILITIES	GROTON	DWSRF - Water Treatment Plant Upgrade	\$54,000,000
CT0609094	BITTNER PARK (Town of Guilford)	GUILFORD	DWSRF - Mulberry Point Water Main Extension	\$2,082,954
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Water Main Replacement - Montclair & Linbrook, West Hartford	\$2,115,362
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Bloomfield Transmission Main Extension	\$8,400,000
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Garden Street Area Water Main Replacement, Wethersfield	\$1,660,442
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Water Main Replace Bond Street, Hartford	\$4,725,000
CT0720041	SCWA TOWER - FERRY VIEW DIVISION	LEDYARD	Emergency Power Generator Program	\$99,735
CT0790021	HILLSIDE CORPORATION	MARLBOROUGH	Emergency Power Generator Program	\$12,000
CT0790021	HILLSIDE CORPORATION	MARLBOROUGH	DWSRF - Storage Tank & Pump House Improvements	\$137,500
CT0860011	SCWA - MONTVILLE DIVISION	MONTVILLE	Emergency Power Generator Program	\$82,090
CT0860081	SCWA - CHESTERFIELD DIVISION	MONTVILLE	Emergency Power Generator Program	\$72,600
CT0890011	NEW BRITAIN WATER DEPARTMENT	NEW BRITAIN	DWSRF - White Bridge Waterworks Facilities & WTP SCADA; Batterson Park Rd. Water Main (Planning)	\$1,054,600
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	DWSRF - Automated Meter Reading Phases III & IVa	\$8,600,000
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	DWSRF - North Sleeping Giant Well Replacement	\$1,008,900
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	DWSRF - Burwell Hill Tank Replacement	\$2,465,540
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	DWSRF - AMI Water Meter Replacement Program	\$3,600,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	DWSRF - Stony Brook DAF; Deep River Filters; Occum Tank; Water main to Sprague	\$13,045,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	DWSRF - Stony Brook Transmission Main Renewal & Micro-Turbine (North & South sections)	\$5,400,000
CT1050141	LYME REGIS, INC.	OLD LYME	DWSRF - Generator	\$20,000
CT1050732	CONNECTICUT WATER COMPANY - SHORELINE REGION - SOUND VIEW	OLD LYME	DWSRF - Old Lyme Beach Shores Association Water Main Replacement	\$812,000
CT1210011	SALEM MANOR SYSTEM #1	SALEM	Emergency Power Generator Program	\$60,000
CT1211911	SALEM MANOR SYSTEM #2	SALEM	Emergency Power Generator Program	\$60,000
CT1310011	SOUTHINGTON WATER DEPARTMENT	SOUTHINGTON	DWSRF - Well #2A Construction Project (Well #2 Back-up)	\$1,525,000
CT1420041	WOODLAND SUMMIT COMMUNITY WATER ASSN	TOLLAND	DWSRF - Infrastructure Improvements	\$300,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator North Main Street Pump Station (Construction)	\$285,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator Pierpont Road Pump Station (Construction)	\$185,000

<b>PWSID</b>	<b>PWS Name</b>	<b>Town of PWS</b>	<b>Project Name</b>	<b>Amount requested</b>
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator Hamilton Avenue Pump Station (Construction)	\$140,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator Rumford Street Pump Station (Construction)	\$140,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator at the Water Treatment Plant	\$2,250,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Water Treatment Plant Sludge Removal Equipment (Construction)	\$2,300,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Rehabilitations and Replacement of Water Mains (Fiscal year 2017)	\$1,600,000
CT1530021	WATERTOWN WATER & SEWER AUTHORITY	WATERTOWN	DWSRF - Bunker Hill Sewer & Water Extension	\$2,930,000
<b>Amount of Carryover Projects:</b>				<b>\$130,799,722</b>

Rank	Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Population Served by Project	Amount Requested	Received Sustainability and Affordability Points <sup>1</sup>	Small System <sup>2</sup>
1	SFY18-17	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	New Well Water Supply	130	60	\$19,300	No	Yes
2	SFY18-29	CT0720041	Southeastern CT Water Authority - Tower Ferry View Div	Ledyard	Replacement Pump Station and Storage Facilities (Design Phase)	75	2567	\$69,400	No	No
3	SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	2,200	\$369,050	Yes	No
4	SFY18-09	CT0121051	166 & 180 Boston Turnpike	Bolton	Corrosion Control Treatment (Lead and Copper Rule)	75	31	\$30,000	No	Yes
5	SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	9,237	\$2,600,000	No	Yes
6	SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	9,237	\$1,300,000	No	Yes
7	SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	4,956	\$2,680,000	No	No
8	SFY18-40	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	West Rocks High Service Area Water Service Reliability Project	50	11,125	\$6,800,000	No	No
9	SFY18-20	CT1680031	Woodlake Tax District	Woodbury	Asset Management Plan	50	912	\$47,500	No	Yes
10	SFY18-19	CT0960091	Candlewood Trails Association	New Milford	Water Main Replacement	50	300	\$960,000	No	Yes
11	SFY18-48	CT0688011	Brookwoods II Association	Kent	Emergency Power Generator Program - NEW	50	120	\$26,000	No	Yes
12	SFY18-01	CT0110051	Juniper Club, Inc.	Bloomfield	Emergency Power Generator Program - NEW	50	104	\$9,350	No	Yes
13	SFY18-16	CT0110051	Juniper Club, Inc.	Bloomfield	Replacement Water Tank	50	104	\$52,000	No	Yes
14	SFY18-06	CT0960211	Candlewood Springs Property Owners Association, Inc.	New Milford	Emergency Power Generator Program - NEW	50	95	\$15,000	No	Yes
15	SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	50	80	\$585,000	No	Yes
16	SFY18-49	CT0920041	Little Brook Rd Property Owners Assn	New Hartford	Emergency Power Generator Program - NEW	50	64	\$11,500	No	Yes
17	SFY18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	50	60	\$36,144	No	Yes
18	SFY18-08	CT0820031	Middlefield Housing Authority	Middlefield	Emergency Power Generator Program - NEW	50	60	\$25,000	No	Yes
19	SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program - NEW	50	40	\$42,559	No	Yes
20	SFY18-03	CT0300071	Woodland Terrace Association	Columbia	Emergency Power Generator Program - NEW	50	36	\$13,620	No	Yes
21	SFY18-07	CT1099141	Arnio Drive LLC	Plainfield	Emergency Power Generator Program - NEW	50	33	\$4,743	Yes	Yes
22	SFY18-05	CT0820501	Old Indian Trail	Middlefield	Emergency Power Generator Program - NEW	50	32	\$20,000	No	Yes
23	SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	912	\$152,000	No	Yes
24	SFY18-39	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	AMI - Phase 1	40	13,300	\$2,000,000	No	No
25	SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	40	604	\$4,000,000	Yes	No
26	SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacement Phase 1 - Hartford	40	384	\$4,700,000	Yes	No
27	SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	30	53,000	\$1,172,900	Yes	No
28	SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	AMI	30	15,000	\$3,413,575	No	No
29	SFY18-25	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacement - Hartford	30	2,040	\$7,150,000	Yes	No
30	SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	30	390	\$1,400,000	No	Yes
31	SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements (Planning and Design Phase)	30	250	\$464,500	No	No
32	SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	196	\$265,700	No	No
33	SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements (Planning and Design Phase)	30	170	\$290,500	No	No

Rank	Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Population Served by Project	Amount Requested	Received Sustainability and Affordability Points <sup>1</sup>	Small System <sup>2</sup>
34	SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	60,000	\$200,000	Yes	No
35	SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	35,315	\$100,000	No	No
36	SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	9,237	\$375,000	No	Yes
37	SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	912	\$140,000	No	Yes
38	SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	15	350	\$1,200,000	No	No
39	SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	300	\$1,000,000	No	No
<b>2018 Fundable PPL</b>								<b>\$43,740,341</b>		

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	<a href="#">Strategic Planning STEP</a>
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	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Asset Management Best Practices Guide</a>
3	Description of the state of each asset, including age and condition, and any conditions that may affect the life of the asset	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a>
4	A description of the service history of each asset including routine maintenance, repairs and rehabilitations	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Distribution Systems Best Practices Guide</a>
5	The adjusted useful service life and remaining useful service life of each asset	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a>
6	Description of the intended Level of Service to be provided to customers/consumers	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Asset Management Best Practices Guide</a> <a href="#">Asset Management for Local Officials</a>
7	Evaluation of the operation of the system, including available supply vs. demand	<a href="#">Strategic Planning STEP</a> <a href="#">Distribution Systems Best Practices Guide</a> <a href="#">Water System Operator Best Practices Guide</a>
8	Identification of critical assets, including discussion of how they were determined	<a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a>
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	<a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a>
10	List of capital improvements needed over the next five years (i.e. Capital Improvement Plan), including expected costs for each improvement.	<a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a> <a href="#">Asset Management Best Practices Guide</a>
11	Explanation of how decisions for water system maintenance and repairs are made	<a href="#">Water System Operator Best Practices Guide</a> <a href="#">Distribution Systems Best Practices Guide</a>
12	Description of the water system maintenance plan	<a href="#">Strategic Planning STEP</a> <a href="#">Distribution Systems Best Practices Guide</a>
13	Discussion of members of the Asset Management Team, including responsibilities with respect to oversight of the AM Plan, reviewing and updating	<a href="#">Strategic Planning STEP</a> <a href="#">Building an Asset Management Team</a> <a href="#">Water System Operator Best Practices Guide</a>

*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	<a href="#">Strategic Planning STEP</a>
2	Discussion of how the water system budget is determined and funded; including a copy of the current budget	<a href="#">Water System Owner Best Practices Guide</a> <a href="#">Talking to Your Decision Makers Best Practices Guide</a> <a href="#">Asset Management for Local Officials</a> <a href="#">Asset Management Best Practices Guide</a> <a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a>
3	Discussion of how customers are charged for water, including billing practices and how unpaid accounts are resolved	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Rural and Small System Guide to Sustainable Utility Management</a>
4	Discussion of how the funding for capital improvement funding needs (based on the Asset Management Plan) of the water system are budgeted	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a>
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	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a>
6	How often are the water system revenues and expenses reviewed?	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a>
7	Are the water system revenues sufficient to meet expenses, including reserving funds for needed future capital improvements and other expenses?	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Water System Owner Best Practices Guide</a> <a href="#">Talking to Your Decision Makers Best Practices Guide</a>
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.*



**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 #2017-03**

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

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

DATE: February 14, 2017

RE: Changes to the Priority Ranking System for the Drinking Water State Revolving Fund

The Drinking Water Section has made changes to the [Priority Ranking System](#) (PRS) which provides the basis for the Department of Public Health (DPH) to prioritize drinking water projects funded under the Drinking Water State Revolving Fund (DWSRF). The PRS was originally developed in 1997 and has had only minor updates incorporated since that time. Twenty years later, this document needed a thorough reevaluation to determine if it meets the current drinking water infrastructure challenges and priorities facing the State of Connecticut and our Public Water System clients. While the entire PRS was reevaluated, several key areas were focused on:

- Infrastructure Sustainability
- Infrastructure Resiliency
- Water Conservation
- Lead in Drinking Water
- Proactively addressing Unregulated and Emerging Contaminants

These key areas have recently become focal points faced by the drinking water industry. The revisions to the PRS remain consistent with the DPH's existing statutory priorities while recognizing the additional value of well-coordinated infrastructure sustainability and resiliency planning, the importance of water conservation and the additional risks that elevated lead levels place on our youngest population. Each of these areas and the related changes that were incorporated into the PRS are further explained below.

**Infrastructure Sustainability**

The intent of the DWSRF is to provide a low-cost financing alternative for improving the nation's existing drinking water infrastructure. It is expected that this infrastructure will be well managed and maintained to provide long-term high quality drinking water to Connecticut's residents and commercial customers. The PRS recognizes the critical role that asset management (AM) planning has in achieving a public water system's (PWS) long term sustainability. AM plans provide the foundation for preparing capital improvement plans, prioritizing capital improvement projects and establishing water rates that ensure revenues are sufficient to support undertaking these projects at the appropriate time. For several



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## Attachment I

Circular Letter #2017-03

February 14, 2017

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years, this recognition was provided in the form of adding an additional 10 priority points to projects prioritized through AM planning or if a project was identified within a DPH required Water Supply Plan. The DPH believes that AM planning provides information that is essential in prioritizing capital improvement projects included in Water Supply Plans. The revised PRS continues to provide 10 priority points for projects prioritized through AM planning but only provides 5 points for projects identified only in Water Supply Plans.

The revised PRS also provides significant priority points to planning projects including AM and climate change planning due to their significance towards long term infrastructure sustainability.

### **Infrastructure Resiliency**

The revised PRS includes a new category, Infrastructure Resiliency, which provides priority points for projects that increase a PWSs ability to withstand and recover from natural or man-made disasters including drought. This category includes regional interconnections which provides for the rapid transfer of water between PWSs during emergencies. It also includes priority points for projects involving the relocation or redundancy of critical and vulnerable infrastructure that are supported by climate change studies. As previously mentioned, the revised PRS also prioritizes climate change and asset management planning for their importance in helping water systems identify and prioritize future projects that address vulnerable and critical infrastructure. Points are also provided for security enhancements to infrastructure facilities.

### **Water Conservation**

The revised PRS recognizes the importance of water conservation by providing additional priority points to projects that will result in significant “unaccounted for” or “non-revenue” water loss reductions. It also increases the point values for water metering projects which are critical to providing accurate monitoring of water supply and consumer water use. Priority points were also increased for water main rehabilitation or replacement projects to recognize the important role of these projects to reduce water main breaks and leaks. In addition, the revisions require that water audits be performed prior to receiving priority points for projects that are needed to increase the available supply of water due to consumer demands.

### **Lead in Drinking Water**

The revised PRS increases the priority points awarded to projects that are necessary to resolve lead action level exceedances. It also provides priority points for projects that proactively reduce lead levels at public schools and other child care facilities when lead levels are approaching the action level. In 2016, the federal Environmental Protection Agency clarified that PWS customer service line replacements located on private property are eligible for DWSRF funding. With this clarification, priority points were added for projects that include complete lead service line replacements. Points were also added to projects that replace the internal piping of buildings owned by a PWS when such projects are part of a lead remediation strategy.

### **Proactively Addressing Unregulated and Emerging Contaminants**

The old PRS did not provide any incentive, via priority points, for PWSs to undertake proactive projects that address unregulated contaminants or contaminants of emerging concern. These contaminants currently do not have Maximum Contaminant Levels established at the federal or state level and many of them are not currently mandated in Connecticut for water quality testing. The DPH believes that proactively reducing the public’s exposure to these contaminants should be encouraged through the DWSRF and will reduce public health risk. The revised PRS added a category for “Advanced Surface

## Attachment I

Circular Letter #2017-03

February 14, 2017

Page 3

Water Treatment”. This category provides additional priority points to projects that incorporate changes in treatment technologies to proactively address the treatment of these contaminants in advance of anticipated future regulatory requirements.

### **Other Changes**

- An “Exclusion” column was added to Appendix A of the PRS to clarify the process of DPH assigning priority points to a project. Where two or more activities in Appendix A have the potential to conflict, the conflicting activity will be shown for the lower point value activity in the Exclusion column. Where conflicts occur, points will be assigned for the higher point value activity.
- Under the old PRS, projects that received priority points under the Water Quality category did not receive an additional points for the project undertaken to correct the water quality impairment (such as points for treatment system upgrades). Under the revised PRS, projects receiving priority points under the Water Quality category will not be excluded from receiving additional priority points under other categories.

The revised PRS is available for viewing or download on our DWSRF webpage. It will be used to rank new DWSRF Eligibility Applications beginning in SFY2018. If you have any questions on these changes or the DWSRF Program please do not hesitate to contact Cameron Walden from our DWSRF Program at (860) 509-7333.

# 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 #2017-04

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

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

A handwritten signature in black ink that reads "Lori Mathieu".

DATE: February 14, 2017

RE: Changes to the Drinking Water State Revolving Fund (DWSRF) – Eligibility Applications for Funding May be Submitted at Any Time

The Drinking Water Section (DWS) has made changes to the DWSRF Program that will allow eligible public water systems (PWS) to submit Eligibility Applications for DWSRF funding at any time. The "Call for Projects" that has traditionally given PWS a 2-3 month window of opportunity every 2 years to submit Eligibility Applications will now be on-going. The DPH will continue to issue a Call for Projects notice but it will be issued annually rather than every two years. The notice will provide a deadline for submitting DWSRF Eligibility Applications for projects that a PWS wishes DPH to consider for the upcoming State Fiscal Year's (SFY) 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 recently revised [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). This change will allow PWSs with important drinking water projects that are not included on the PPL to apply for funding at any time and get on a waiting list. 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.

The Call for Projects notice for SFY 2018 is available on the [DPH website](#) with a deadline of **April 28, 2017** to submit Eligibility Applications for consideration for the SFY 2018 PPL. 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.



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Attachment A.3.

Commissioner Pino's  
Designation of Kathryn Keenan  
as Hearing Officer


STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC HEALTH



Dannel P. Malloy  
Governor  
Nancy Wyman  
Lt. Governor

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

Office of the Commissioner

TO: Kathryn Keenan, Staff Attorney 3  
FROM: Raul Pino, M.D., M.P.H., Commissioner   
DATE: September 29, 2017  
RE: Drinking Water State Revolving Fund (DWSRF) Public Hearing on October 25, 2017

---

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.



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Hartford, Connecticut 06134-0308  
[www.ct.gov/dph](http://www.ct.gov/dph)

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Attachment A.4.

Notice of Public Hearing



**DEPARTMENT OF PUBLIC HEALTH  
NOTICE OF PUBLIC HEARING/OPEN FORUM  
ON THE DRAFT INTENDED USE PLAN FOR STATE  
FISCAL YEAR 2018**

The Connecticut Department of Public Health (DPH) is holding a Public Hearing at 10:00 a.m. on October 25, 2017 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 2018. 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](http://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 October 25, 2017 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](mailto: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.



## Attachment A.5.

Written transcript of the  
October 25, 2017 Public Hearing

Attachment A.5

STATE OF CONNECTICUT  
DEPARTMENT OF PUBLIC HEALTH

\* \* \* \* \*

RE: DPH DRINKING WATER SECTION  
(DWSRF)  
PUBLIC HEARING

OCTOBER 25, 2017

\* \* \* \* \*

BEFORE: KATHRYN KEENAN, HEARING OFFICER

HEARING RE: DPH DRINKING WATER SECTION (DWSRF)  
OCTOBER 25, 2017

1 . . . Verbatim proceedings of a hearing  
2 before the State of Connecticut, Department of Public  
3 Health, in the matter of DPH Drinking Water Section  
4 (DWSRF) Public Hearing, held at the Department of Public  
5 Health, 470 Capitol Avenue, Hartford, Connecticut, on  
6 October 25, 2017 at 10:00 a.m. . . .

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11 HEARING OFFICER KATHRYN KEENAN: Good  
12 morning. Today is Wednesday, October 25, 2017, and it is  
13 approximately five after 10:00 in the morning. We are in  
14 Conference Room AB at the Department of Public Health,  
15 470 Capitol Avenue in Hartford, Connecticut.

16 My name is Kathryn Keenan, and I'm the  
17 hearing officer designated by the Commissioner of Public  
18 Health to preside over today's hearing. The purpose of  
19 today's hearing is to receive public comment regarding  
20 the Department's draft Intended Use Plan. It's draft IUP  
21 including the draft project priority list.

22 Before I begin hearing public comment, I  
23 will provide some background information regarding the  
24 Department of Public Health's Drinking Water State

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1 Revolving Fund program.

2 The Department annually receives a federal  
3 capitalization grant from the United States Environmental  
4 Protection Agency to implement capacity development  
5 strategy and administer a Drinking Water State Revolving  
6 Fund which is also known as 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. The DWSRF uses a biennial  
13 funding cycle coinciding with the state budget.

14 On February 16, 2017, the Department  
15 issued a call for projects which included the  
16 Department's priority ranking system and required that  
17 eligible public water systems submit project eligibility  
18 applications to the Department no later than April 28,  
19 2017. The call for projects also announced the  
20 continuation of the Department's emergency power  
21 generation program. In response to the call for  
22 projects, the Department received a total of 48  
23 eligibility applications for approximately \$75.4 million  
24 dollars in DWSRF public drinking water infrastructure

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1 funding needs. Of these 48 applications, the Department  
2 determined 47 were eligible for DWSRF funding and those  
3 47 projects totaled \$75.2 million dollars.

4 The Department ranked all eligible  
5 drinking water projects in accordance with the  
6 Department's priority ranking system. These projects  
7 were then reviewed to determine which projects were  
8 eligible and ready to proceed during state fiscal year  
9 2018 using standardized project readiness information  
10 submitted by the applicants and their eligibility  
11 applications. Thirty-nine projects or portions of  
12 projects were determined to be ready to proceed during  
13 state fiscal year 2018. These projects appear on the  
14 Department's draft project priority list in order of  
15 priority in Attachment F to the Department's draft IUP.

16 DWSRF funds will initially be offered to  
17 all public water systems appearing on the final state  
18 fiscal year 2018 fundable project priority list. In the  
19 event that unanticipated delays are encountered in the  
20 progression of a project or the execution of a funding  
21 agreement, the Department may elect to bypass a project  
22 and offer those funds to the next highest ranked project  
23 on the draft comprehensive project list that is ready to  
24 proceed.

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1                   The Department's draft comprehensive  
2 project list is provided in alphabetical order by town in  
3 Attachment C and in priority ranking order in Attachment  
4 D to the Department's draft IUP. The bypass procedures  
5 and other program elements are detailed in the  
6 Department's draft IUP.

7                   The Department's federal fiscal year 2017  
8 federal capitalization grant requires the Department to  
9 use 20 percent of the grant to subsidize drinking water  
10 projects. The Department intends to utilize 20 percent  
11 of the federal fiscal year 2017 capitalization grant for  
12 project subsidization during state fiscal year 2018.  
13 Subsidization will be provided to qualifying loan  
14 recipients in the form of loan principal forgiveness.

15                   The Department intends to provide partial  
16 subsidization to certain qualifying projects. Projects  
17 that are eligible for partial subsidization include the  
18 following:

19                   Emergency power generation program  
20 projects; projects undertaken by small systems that have  
21 asset management plans or agree to prepare and implement  
22 an asset management plan as part of their DWSRF financial  
23 assistant agreement; and, large system projects located  
24 in communities that have been determined by the

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1 Connecticut Department of Economic and Community  
2 Development to be distressed communities. Details on  
3 subsidization eligibility and distribution are provided  
4 in Section 4f of the draft IUP. This funding is expected  
5 to be distributed by the Department on a first come first  
6 serve basis until all available funding has been awarded  
7 based on the readiness of a project to proceed and  
8 execute a funding agreement.

9 The Department is required by state and  
10 federal law to seek meaningful public review and comment  
11 on the draft IUP including the draft project priority  
12 list. The Commissioner of Public Health is required to  
13 consider any written and oral testimony regarding the  
14 draft IUP that the Department receives and may elect to  
15 modify the draft IUP on the basis of such testimony.

16 On September 25, 2017, the Department  
17 provided legal notice of today's public hearing in the  
18 Hartford Courant, New Haven Register, and the Waterbury  
19 Republican American. It provided legal notice of today's  
20 hearing on September 28, 2017 in the La Voz Hispana and  
21 on October 5, 2017 in the Northeast Minority News. These  
22 notices included an announcement of the availability of  
23 the draft IUP for public review and comment as well as an  
24 announcement of today's hearing.

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1                   Today's public hearing is intended to  
2 allow for oral testimony on the draft IUP. You may also  
3 submit written testimony on the draft IUP at today's  
4 hearing as well as after. Following the conclusion of  
5 the public hearing, all oral and written testimony will  
6 be reviewed and taken into consideration in preparing a  
7 final project priority list and final IUP. Once  
8 completed, a hearing report will be published --  
9 published and made available on the Department's website.  
10 The departments listed on the agenda for today's public  
11 hearing comprise the record to date. Any documents  
12 received today will also be added to the record. It is  
13 important to note that we are keeping the record open to  
14 receive additional written testimony until 4:30 p.m. on  
15 Monday, October 30, 2017. Nothing will be added to the  
16 record after that time.

17                   If you wish to provide oral testimony  
18 today, there's a signup sheet up here for providing  
19 testimony. I will call persons who wish to provide  
20 testimony up to the podium in the order that they appear  
21 on this list. Questions will not be entertained during  
22 the public hearing. After the hearing has been  
23 concluded, there will be an open forum where you may ask  
24 questions directly to the DWSRF program staff.



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1                   The first person on the list is Robert  
2 Peter from the Meriden Water Department.

3                   MR. ROBERT PETER: Up there?

4                   HEARING OFFICER KEENAN: Yes, please.  
5 Thank you. Good morning.

6                   MR. PETER: Good morning, everybody.  
7 Thank you very much for inviting me. Sorry, I'm a little  
8 late, but I guess I made it right on time.

9                   As I said, I'm Robert Peter. I work for  
10 the City of Meriden. I'm the superintendent of Water and  
11 Sewer. And, I can't tell you enough that this program of  
12 drinking water -- drinking water circulating fund --  
13 funds is very important to Dennis Waz, the City of  
14 Meriden, and myself, and we promote the value of this  
15 program and we can't promote it enough.

16                   With it, the City was able to improve its  
17 largest water quality -- its -- improve our water quality  
18 by rebuilding our largest producing Broad Brook five  
19 million gallons a day facility. Without it, I don't  
20 think it would have happened.

21                   I'd like to thank some of the DPH staff --  
22 Raul, Cameron, Lori and all the others who made this a  
23 very positive experience. The City of Meriden, as a  
24 distressed city, realized the benefits of this low

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1 interest loan and partial grants and besides the Fleming  
2 Road tank that we already have in the pipeline, we'd like  
3 to take advantage of, again, improving our second largest  
4 water treatment plant, 1960's vintage Elmere Water  
5 Treatment Plant. It's a great program and we'll stick  
6 with it, very helpful to us and let us get things going  
7 in the city. Appreciate it. Thank you.

8 HEARING OFFICER KEENAN: Thank you very  
9 much.

10 Josh Cansler, Southeastern Connecticut  
11 Water Authority.

12 MR. JOHN CANSLER: Thanks. I'd like to  
13 start out by saying that as somebody who's worked in  
14 federal government for many years, it is a well written  
15 document for -- for a government document. And, I was --  
16 it was easy to read.

17 And, I think this is a great program to  
18 echo what the person before me said. I'm new to the  
19 area. I got here. We already had some generator projects  
20 that were in the program, and it's worked well for us on  
21 those projects. And, I'm still on a learning curve.  
22 Florin will testify I'm not the easiest person to work  
23 with on that, but it is a great program. I appreciate  
24 it.

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1                   The primary reason I'm here today though  
2                   is just to challenge the -- the document on one issue.  
3                   And, that's in Attachment B, Paragraph D, I believe,  
4                   where it talks about how small systems are evaluated  
5                   compared to large systems. Southeastern Connecticut  
6                   Water Authority, as many of you know, we're actually made  
7                   up of 14 different systems and each one of those systems  
8                   is pretty much a separate entity.

9                   For the purposes of this document  
10                   apparently, we've been combined into one system and  
11                   somehow we made the threshold over 10,000, and we're  
12                   considered a large system. I would like for you guys to  
13                   reevaluate this.

14                   Number one, I'd rather each one of our  
15                   systems be evaluated separately since they are separate  
16                   systems and are tied together. Secondly, if you can't do  
17                   that, look at how small systems are evaluated right now.  
18                   I think the threshold is -- is 10,000 people served. We  
19                   have 2800 customers. I'm not sure how you got to 10,000  
20                   with 2800 customers using the latest census data from New  
21                   London County. It shows an average of 2.5 people per  
22                   household. Obviously, again, I'm new to this area. I'm  
23                   sure there's some kind of formula you use. I'd like to  
24                   see it.

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1                   But, either way, I would appreciate it if  
2 you would reevaluate how small systems are determined in  
3 this document because obviously it affects how we're  
4 funded and needless to say, we don't have the same  
5 funding with 2800 customers as some of the larger  
6 utilities in the state. And that's all I've got to say.  
7 Thanks.

8                   HEARING OFFICER KEENAN: Thank you.

9                   Rick Stevens, Groton Utilities.

10                  MR. RICHARD STEVENS: Good morning,  
11 everybody. I'm Rick Stevens. I'm the manager of Groton  
12 Utilities Water Division. I'm here with Ray Valentini  
13 who's our project engineer on the project and Mike Weber  
14 who's our project manager for the project.

15                  So, this letter was written to Lori  
16 Mathieu, chief, and Cameron Walden, supervisory sanitary  
17 engineer with State Revolved Funded, Raul Tejada, and it  
18 serves as written testimony as well.

19                  So, Groton Utilities wants to acknowledge  
20 the professional and dedicated efforts of the Department  
21 of Public Health as administrator of the DWSRF program  
22 for the State of Connecticut. GU, Groton Utilities, has  
23 direct involvement with the state program having  
24 submitted an application for the 2015 program. GU's

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1 project to rebuild our 1939 water treatment plant -- that  
2 is '39 -- received the number one priority from the state  
3 in that -- in that particular year. GU invested  
4 resources in this project starting in 2008 with pilot  
5 work and performing our concept design report. Following  
6 that work, GU committed funds for design work funded via  
7 water rates. GU working very closely with DPH staff to  
8 get the entire process including the request for  
9 qualification process, capacity assessments through asset  
10 management, value engineering and financial management  
11 planning.

12 GU has experienced DPH staff to be  
13 extremely knowledgeable and professional. DPH staff has  
14 been thoroughly involved with this project for the last  
15 eight years. We actually have ground breaking happening  
16 now providing guidance through the established documents  
17 and on site engineering review.

18 GU supports the capitalization grant  
19 program funded by the Environmental Protection Agency to  
20 ensure the rebuilding of the aging infrastructure and  
21 protect the water quality delivered to our state  
22 residents. As a very important regional provider, GU  
23 appreciates the funding matrix of the loan program  
24 allowing for interest rates of a lower level to

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1 ameliorate rate increases.

2                   Recent water concerns nationally,  
3 Washington, Michigan, etcetera, only serve to demonstrate  
4 the need for rebuilding and/or replacing aging  
5 infrastructure. The public should be made aware that the  
6 DWSRF program is not an entitlement program. Under this  
7 program with DPH, a project actually receives a high  
8 degree of scrutiny which, again, provides protection to  
9 the public which accordingly builds trust. GU realizes  
10 consideration for subsidy in the Intended Use Plan 2017  
11 evaluates a public water system being positioned to  
12 assist in the consolidation of small systems and allows  
13 for assistance for regional interconnections. By  
14 hardening our water treatment plant with the latest  
15 technology and hydraulic capabilities, GU is well  
16 positioned to assist in small system consolidation. An  
17 example of this is the extension of water mains to  
18 acquire the eastern division of SCWA successfully.

19                   As the hub of the southeastern regional  
20 water system, GU has both the capacity and with this  
21 project the treatment and hydraulic capabilities to  
22 ensure that the regional system is robust with redundancy  
23 and inner connections. This project will provide for  
24 water needs well into the future. GU experienced working

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1 with DPH as a partnership with a shared goal of supply,  
2 with a shared goal to supply the state with a suitable  
3 quality and quantity of water for health and welfare of  
4 the customers that we serve. GU appreciates the state  
5 subsidy for the project which enables the water treatment  
6 plant rebuilding to be completed in entirety as designed.

7 HEARING OFFICER KEENAN: Thank you.

8 Next on the list is Brad Kargi, East Lyme  
9 Water and Sewer.

10 MR. BRAD KARGI: Good morning, Brad Kargi,  
11 East Lyme Water and Sewer.

12 East Lyme has completed two water  
13 improvement projects under the DWSRF program. We're  
14 currently working with the Department of Public Health  
15 staff on a third program or on a third project. These  
16 projects have improved overall water quality, reliability  
17 supply for our town. And, I want to say that East Lyme  
18 is appreciative of what the program's been able to  
19 provide and I hope that it continues -- that we can  
20 continue with the relationship. It's been integral to  
21 our planning and financing over the years for these  
22 improvements.

23 On the Intended Use Plan for 2018, East  
24 Lyme is being considered for an AMI project, Advanced

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1 Metering Infrastructure. This, again, is also a project  
2 and key overall to our strategy designed to improve  
3 supply and demand management. We hope that this project  
4 can move forward with the support of the DWSRF program.

5 Thank you.

6 HEARING OFFICER KEENAN: Thank you.

7 Next on the list is Beth Nesteriak,  
8 Regional Water Authority.

9 MS. BETH NESTERIAK: Good morning. I'm  
10 Beth Nesteriak with the South Central Connecticut  
11 Regional Water Authority. We serve approximately 400,000  
12 people in the Greater New Haven area.

13 At RWA, we address our massive  
14 infrastructure system of pumps, plants and pipes every  
15 year, and we make investments into those systems so we  
16 can provide high quality water to our customers. We do  
17 that by investing in approximately 27 million dollars  
18 annually in our infrastructure improvements mostly by  
19 using bonds. The Drinking Water State Revolving Fund  
20 program is a great alternative to traditional financing  
21 of our capital program. DWSRF helps us manage our  
22 operational costs by offering lower financing costs as  
23 well as available subsidies. The savings that RWA can  
24 achieve by taking advantage of this program ultimately



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1 helps lower our costs and benefits all of our customers.  
2 RWA appreciates the opportunity to participate in the  
3 current and future funding cycles and we look forward to  
4 working with the Department and staff on the goals as  
5 well as demonstrating the savings realized through the  
6 DWSRF program to both our boards and our customers.

7 Thank you.

8 HEARING OFFICER KEENAN: Thank you.

9 Mark Decker, Norwich Public Utilities.

10 MR. MARK DECKER: Good morning. My name  
11 is Mark Decker, Norwich Public Utilities. Just before I  
12 get started with some testimony, I'd just like to echo  
13 some of the comments that were made earlier about the  
14 assistance that's provided by the Drinking Water staff  
15 associated with this program. And, I'd also like to echo  
16 Rick Stevens' comments from Groton Utilities, excuse me,  
17 about the -- the benefits that are being made available  
18 to us for regional opportunities.

19 Norwich Utilities currently has six  
20 projects in various stages of design and construction,  
21 and we have participated in Drinking Water State  
22 Revolving Fund programs in the past. We view the  
23 Drinking Water program a necessity for us to complete  
24 these projects in an economically efficient and prudent

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1 fashion. All of the benefits and array of projects  
2 available for funding through this program -- of all of  
3 the benefits available through this program, we strongly  
4 encourage the Drinking -- the Department of Public  
5 Health to continue to pursue opportunities to increase  
6 the subsidy portion of the program. With increased costs  
7 of capital projects and aging infrastructure, the need  
8 for financial support is critical. Above and beyond  
9 that, we've routinely heard from consultants that the  
10 cost for the drinking water compliant projects are ten to  
11 15 percent higher than they would be just to meet the  
12 requirements. Subsidies of less than that amount still  
13 end up costing us a little bit more than they would if we  
14 were to find funding through another program.

15 The 20 year repayment plan is still  
16 beneficial. But, the additional subsidies would make the  
17 program even more attractive.

18 Thank you.

19 HEARING OFFICER KEENAN: Thank you.

20 Next is Ray Esponda, New Britain Water  
21 Department.

22 MR. RAY ESPONDA: I want to thank the DPH  
23 for having DWSRF. The City of New Britain has depended  
24 on it immensely over the 20 years that I've been working

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1 there. To date, the DWSRF funded the replacement of a  
2 1938 water treatment plant with a state of the art water  
3 treatment plant. The water quality has been incredible  
4 and that was all due to the funding from DPH.

5 We've also replaced a 1939 -- the second  
6 standpipe ever built in the Northeast was replaced  
7 through DWSRF funding. We also recently just replaced a  
8 four million gallon storage tank, again, due to DWSRF  
9 funding.

10 We've upgraded our distribution system,  
11 our pump stations. We're looking forward to redeveloping  
12 our well field that will serve as an alternative source  
13 of water for the people of New Britain. New Britain  
14 serves about 74,000 people. But, we also serve outlier  
15 areas of other towns. So, we're close to 100,000 people  
16 being served. If we didn't have this funding, we would  
17 not believe those projects would have taken place.

18 While we do get a subsidy, the fact that  
19 the loan money is there is the most important thing. We  
20 come from a -- I don't like to use the term "distressed  
21 cities," but it is a distressed city. Our financial base  
22 has changed dramatically. New Britain was once a huge  
23 manufacturing hub in the country. That's all gone. We  
24 need this program to continue. The people of New

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1 Britain, the people of the area, all of them just  
2 together. So, I encourage that this program not only  
3 continue but expand.

4 I also want to thank the people that I've  
5 worked with personally over the years. Some of the best  
6 staff I've ever worked with, very patient, very  
7 understanding, very experts, very heavy large wealth of  
8 expertise in the field. That includes Lori Mathieu, Cam  
9 Walden, Raul Tejada and Ted Dunn. I've worked with these  
10 people for a number of years and they are some of the  
11 best people I've ever seen in the business. I consider  
12 this not an investment in New Britain but an investment  
13 in the state of Connecticut, and a partnership between  
14 the municipality and the state.

15 So, again, I encourage this program not  
16 only continue but expand.

17 Thank you.

18 HEARING OFFICER KEENAN: Thank you.

19 Douglas Arndt, Town of Bethel.

20 MR. DOUGLAS ARNDT: Good morning. I'm  
21 Doug Arndt. I'm the Public Works director for the Town  
22 of Bethel. I've been with the Town about three years  
23 now, and I inherited a situation where the Town through  
24 deferred maintenance was in a need for some major

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1 upgrades and fortunately, the Town had the foresight to  
2 put the financial gears in motion prior to some, you  
3 know, the Town having to address some serious issues.

4 We've been gratefully -- grateful being  
5 able to take care of the -- to take care of and  
6 assistance with some of the -- along with Town funding,  
7 the DWSRF funds that help us do a number of critical  
8 projects within town. Eureka storage tank was 750,000  
9 gallon tank that prior to that being constructed, a large  
10 portion of town did not have the fire capacity to -- to  
11 really fight anything substantial. That is now in place  
12 and unfortunately, we had a fire this summer in our Main  
13 Street areas and for the first time in anyone's memory,  
14 we did not have -- suffer any low pressure alarms  
15 throughout the system. So, thanks to this funding, we're  
16 able to really secure the quality of life and life safety  
17 in the Town of Bethel, grateful to that.

18 To this day, we've done three -- three  
19 significant projects, one being the water tank, Hoyt's  
20 Hill Pump Station, a booster station, and Maple Avenue  
21 Well Fields. At present, we have five applications that  
22 -- that are in. These are going to help us evaluate and  
23 upgrade our SKID abilities on our systems for better  
24 communication and hopefully avoidance of any potential

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1 issues that arrive. Presently we have systems that --  
2 that, you know, would benefit from such an upgrade.

3 We have a section of town that's got a low  
4 pressure -- requiring some low pressure upgrades. We've  
5 been working very closely with the Department, you know,  
6 many -- many of the folks that have in the room now have  
7 been very, very helpful throughout this process of  
8 dealing with some of the system upgrades. I see Cam's  
9 face. I see John, Florin. Raul's in the room someplace,  
10 and of course, Lori Mathieu has been very, very helpful  
11 in helping the Town navigate some serious issues but  
12 we've been very grateful for everybody's been a very  
13 tight team partner. We approached this as a -- in a team  
14 aspect which has been very beneficial from all aspects,  
15 all stakeholders, so we sincerely appreciate that the  
16 Department of Health has been really very instrumental in  
17 helping guide the direction where the Town needs to go  
18 forward. And thankfully, you know, we've been able to  
19 accomplish quite a bit in a short period of time.

20 Before us, we have those five  
21 applications. I mentioned the (indiscernible) that we  
22 have the Briar Cliff Booster Station which handles a low  
23 pressure area in town that needs to be upgraded. We have  
24 a -- in addition to the Eureka storage tank, a Chestnut

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1 Ridge storage tank which is -- could be -- right now  
2 we're evaluating what size. We're thinking it's a half  
3 million gallon water capacity. That, again, will help the  
4 other half our distribution system with the level of  
5 capacity that -- that it currently needs.

6 And, the -- we have a water main  
7 replacement application that is being considered and also  
8 a East Swamp wellfield aquifer. This will help the town  
9 get completely -- once it's complete, it will help the  
10 town get completely off of our two surface water  
11 reservoirs for water -- water source. And we're looking  
12 in an area that we believe has more than enough water to  
13 sustain the Town into the distant future. And, again,  
14 these funds are playing a very instrumental part in  
15 allowing the Town which is very -- very anxious to get  
16 all these upgrades in place done in a very, very timely  
17 fashion.

18 So, again, I can't say enough for the  
19 program as it stands and the staff that are willing to  
20 help the Town move forward and upgrade our water  
21 facilities which as the gentleman from New Britain had  
22 mentioned that at the end of the day really goes to  
23 support the citizens of -- of our communities many of  
24 which have changed throughout our towns' histories and at

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1 the end of the day, we really need to build this critical  
2 infrastructure that everybody takes for granted because  
3 it is the cornerstone of where we all need to grow  
4 economically, socially, and as communities moving  
5 forward.

6 So, in that again, I represent the Town of  
7 Bethel stand highly in support of the -- of the program  
8 as it stands.

9 Thank you very much.

10 HEARING OFFICER KEENAN: Thank you.

11 Is there anyone else here today that would  
12 like to provide testimony? Please.

13 I'm sorry. I checked you and didn't call  
14 you. I apologize.

15 MR. DON CARVER: No problem. Don Carver,  
16 City of Waterbury, Water Superintendent.

17 I'd also like to echo everybody else's  
18 comments that were up -- that were speaking this morning.  
19 We all face the same challenge, aging infrastructure, and  
20 how to finance that, how to fund all these projects. You  
21 know, it's not like wine where it gets better as it ages.  
22 It's the opposite and that's what we're faced with these  
23 days. So, you know, it's a Catch 22. Unfortunately,  
24 there's a lot of attention that's needed for all our



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1 system. Fortunately, we do have a vehicle now that helps  
2 us address those issues.

3 We're fortunate that we've been dealing  
4 with this program for a couple of years now and, I think,  
5 we're over that hurdle of the bureaucracy of it. When we  
6 first started, it was quite cumbersome and it was a big  
7 learning curve. But, through Cam and Florin and coming  
8 down to our department any time we needed to help to get  
9 over something, you know, they're a phone call away and  
10 we, you know, truly appreciate it.

11 So, it is more of a partnership and I  
12 think it's getting better and also Desiree May -- I don't  
13 know if any of you have dealt with her -- she's been  
14 fantastic to deal with on the financing side. So, it's  
15 been a very worthwhile experience for us from what I'm  
16 hearing from everybody in the room.

17 Just a couple of highlights that we've  
18 been doing is cement cleaning and lining. We've had many  
19 miles -- a couple million dollars in projects along those  
20 lines. We have several projects in the pipeline.  
21 Generators for our pump stations, water treatment plant  
22 generator, water treatment plant sludge removal project,  
23 all in all to the tune of around \$8 million dollars is  
24 what we're looking at right now in projects.

HEARING RE: DPH DRINKING WATER SECTION (DWSRF)  
OCTOBER 25, 2017

1                   So, we truly appreciate the effort that  
2                   the State is making. We could not probably do these  
3                   projects without them. Again, it's a matter of the aging  
4                   infrastructure, how do you finance that? And, who  
5                   benefits in the end? It's -- you know, it's our  
6                   customers and our future generations because if we don't  
7                   maintain our infrastructure, you know, water is critical  
8                   and we can't live without it. So, we truly appreciate  
9                   it.

10                   So, thank you.

11                   HEARING OFFICER KEENAN: Thank you. Sorry  
12                   about that.

13                   MR. CARVER: No problem.

14                   HEARING OFFICER KEENAN: Is there anyone  
15                   else that would like to provide testimony?

16                   Before we end today's proceeding, I would  
17                   just like to remind everyone that additional evidence may  
18                   be submitted to the Department until 4:30 p.m. on Monday  
19                   October 30 at which point the record will close, and no  
20                   additional evidence will be added to the record.

21                   I'd like to thank you all for coming today  
22                   and providing comments. And, at this point, I will  
23                   declare the morning's proceedings concluded and just  
24                   remind you that the DWSRF drinking water section is

HEARING RE: DPH DRINKING WATER SECTION (DWSRF)  
OCTOBER 25, 2017

1       hosting an open forum following this hearing where you  
2       may ask questions directly to DWSRF program staff.

3

4                               (Whereupon, the hearing was adjourned at  
5       10:39 a.m.)

Attachment A.6.

Written testimony received  
at or before 4:30 PM  
on October 30, 2017



# Woodlake

## Woodlake Tax District

October 24, 2017

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

Re: Woodlake Tax District – Comments to the Draft DWSRF IUP

Dear Mr. Walden,

We are writing to document our support of the DWSRF Loan Program and to stress the importance of the program for small municipal water utilities. The Woodlake Tax District (WTD) as you know is a municipality in Litchfield County consisting of 400 condominium units with our own water, wastewater, and public works utilities.

WTD applied for our first DWSRF loan in 2005 with preliminary discussions in 2004. Without DWSRF funding and associated principle forgiveness or subsidy the WTD would not be able to make the improvements necessary to maintain our infrastructure, some of which was constructed in the early 1970s. The DWSRF program has made it possible to construct an additional well field to augment our existing water supply, make improvements to our atmospheric storage tank, add emergency power for our wells and booster pumping stations plus begin the process of updating our system controls.

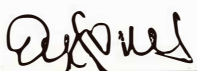
We went through a Qualifications Based Selection (QBS) process for consultant selection and are now positioned to move forward on future projects and include engineering in our DWSRF applications. Prior to completing the QBS process and selecting Woodard & Curran as our consultant WTD would fund our design engineering from our capital budget.

WTD is committed to utilize DWSRF funding for future projects and we are in the process of developing an asset management plan with RCAP solutions. We are committed to maintaining our asset management plan going forward.

In closing, we would like to take this opportunity to stress once again the importance of subsidies to small water utilities. The low interest loans are certainly a benefit but coupled with the subsidies the utility is able complete improvements and upgrades in a planned fashion rather as a response to a failure or emergency.

WTD is committed to continuing to make improvements to our infrastructure and look forward to working with the CT Department of Public Health and the US EPA through the DWSRF loan program and the completion of many more successful projects.

Sincerely,

  
Evan K. Jones  
President, Woodlake Tax District

  
Jeff Burmeister  
Operations Manager, Woodlake Tax District



At Your Service

October 24, 2017

Lori Mathieu  
Chief, Drinking Water Division  
Department of Public Health

Cameron Walden  
Supervisory Sanitary Engineer  
Department of Public Health

Raul Tejada  
Sanitary Engineer  
Department of Public Health  
410 Capitol Avenue, MS #51WAT  
P. O. Box 340308  
Hartford, CT 06134

Re: Written Testimonial  
Drinking Water State Revolving Fund (DWSRF)  
Draft Intended Use Plan  
Public Hearing, October 25, 2017

Dear Ms. Mathieu:  
Mr. Walden  
Mr. Tejada

Groton Utilities (GU) wants to acknowledge the professional and dedicated efforts of Department of Public Health (DPH) as administrator of the DWSRF program for the State of Connecticut.

GU has direct involvement with the DWSRF program having submitted an application for 2015 program. GU's project to rebuild our 1939 Water Treatment Plant (WTP) received the #1 priority from the State.



GU invested resources in this project starting in 2008 with "pilot" work and performing a concept design report. Following that work, GU committed funds for design work funded via water rates.

GU working very closely with DPH staff to vet the entire process including the Request for Qualification process, Capacity Assessments through Asset Management, Value Engineering, and Financial Management Planning.

GU has experienced DPH staff to be extremely knowledgeable and professional. DPH staff has been thoroughly involved with this project for the last eight years providing guidance through established documents and on-site engineering review.

GU supports the Capitalization Grant Program funded by the Environmental Protection Agency to insure the rebuilding of aging infrastructure and protect the water quality delivered to our State residents.

As a very important regional provider, GU appreciates the funding matrix of the loan program allowing for lower interest loans to ameliorate rate increases.

Recent water concerns nationally, (Washington, Michigan, etc.) only serve to demonstrate the need for rebuilding and/or replacing aging infrastructure. The public should be made aware that the DWSRF program is not an entitlement program. Under this program with DPH, a project actually receives a high degree of scrutiny which again provides protection to the public which accordingly builds trust.

GU realizes consideration for subsidy in the intended use plan 2017 evaluates a public water system being positioned to assist in the consolidation of small systems and allows for assistance for regional interconnections.

By hardening our WTP with the latest technology and hydraulic capabilities, GU is well positioned to assist in small system consolidation. An example of this is the extension of water mains to acquire the Eastern Division of Southeast Connecticut Water Authority successfully.



Mathieu, Walden, Tejada  
Written Testimony DWSRF  
October 24, 2017  
Page 3 of 3

As the hub of the southeastern regional water system, GU has both the capacity and, with this project, the treatment and hydraulic capabilities to insure that the regional system is robust with redundancy and interconnections. This project will provide for water needs well into the future.

GU experiences working with DPH as a Partnership with a shared goal to supply the state with a suitable quantity and excellent quality of water for health and welfare of the customers we serve.

GU appreciates the State's subsidy for the project which enables the WTP rebuilding to be completed in entirety as designed.

GROTON UTILITIES

Richard M. Stevens  
Manager, Water Division & PAF

Copy:  
Keith Hedrick, Mayor – City of Groton  
Ronald Gaudet, Director of Utilities



*South Central Connecticut Regional Water Authority*  
90 Sargent Drive, New Haven, Connecticut 06511-5966 203.562.4020  
<http://www.rwater.com>

October 25, 2017

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 2018 - Public Hearing Comments  
Department of Public Health - Drinking Water State Revolving Fund  
South Central Connecticut Regional Water Authority  
New Haven, Connecticut

Dear Mr. Walden:

At the RWA, we address our massive infrastructure system of pumps, plants and pipes each year by preparing a prioritized list of improvements, additions and renovations to the water system for projects that are needed to provide for present and future water supply requirements, the protection of the existing water supply, and to meet the water quality standards of the Safe Drinking Water Act. We invest approximately \$27 million annually in infrastructure improvements; financed by bonds.

The Drinking Water State Revolving Fund (DWSRF) program is a great alternative to traditional financing of our capital program. DWSRF helps us manage our operational costs by offering lower financing costs, as well as available subsidy monies. The savings that RWA can achieve by taking advantage of this program, ultimately helps lower costs, and is a benefits to our customers.

RWA appreciates the opportunity to participate in the current and future funding cycles. We look forward to working with you and your staff towards our goals, as well as demonstrating the savings realized through the DWSRF program to both our Boards and our customers.

Very truly yours,  
REGIONAL WATER AUTHORITY

*Beth Nesteriak*

Beth Nesteriak, P.E.  
Director of Business Strategy

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



The Metropolitan District  
water supply • environmental services • geographic information

October 25, 2017

Mr. Cameron Walden  
Supervising Sanitary Engineer  
CT Department of Public Health  
Drinking Water Section  
410 Capitol Avenue, MS #12DWS  
P.O. Box 340308  
Hartford, CT 06134-0308

RE: Draft Intended Use Plan for SFY 2018

Dear Mr. Walden:

In response to the Department of Public Health's public hearing on the draft Intended Use Plan for SFY 2018, the Metropolitan District would like to provide the following comments in support of state funding for the DWSRF program. The MDC prides itself on maintaining affordable drinking water for our ratepayers and funding assistance from the DWSRF program is an important component in providing safe, sustainable and affordable drinking water for the future.

Currently the District serves over 96,000 water customers in eight member towns, including two distressed municipalities and portions of five additional communities in our surrounding towns service area. The District treats over 49 million gallons of water per day collectively at three water treatment plants in Bloomfield, West Hartford and Collinsville.

The District owns and operates a water distribution system of 1,550 miles of water mains and 18 water pump stations. The 1,550 miles of water main infrastructure are an average of 61 years old; approximately 139 miles of water mains are over 100 years old (some dating back to 1854). During the ten year period from 2007 to 2016 the District experienced over 2,273 water main breaks and leaks.

The District has developed a Water Distribution System Asset Management Project which includes a comprehensive capital improvement master plan for the replacement /rehabilitation of the District's potable and raw water distribution system (linear assets) as well as the replacement and rehabilitation of the point assets that includes gate valves, pumping stations and water tanks to maintain water services to a population of over 443,000 in perpetuity. The District routinely updates the Water Asset Management Process and is in the process of expanding the program to include sewer and other assets.



The Metropolitan District

water supply • environmental services • geographic information

The MDC's 2017 approved Capital Improvement Program budget for water projects was \$21.7 million. The proposed 2018 Capital Improvement Plan is \$26.2 million which includes \$17.0 million for water main replacements and \$2.2 million various water treatment facility upgrades. Additionally, the District's 2017 water debt service was \$21.2 million.

The challenge to maintain and upgrade the District's capital assets is consistent with drinking water infrastructure nationally. The MDC and all utilities need funding assistance to replace aging underground infrastructure at an improved pace to limit breaks and enhance the distribution to customers.

The MDC looks forward to being a continued partner with the DPH and would like to thank the Department of Public Health staff for its support of the MDC in our efforts to provide our customers the best water possible at the most affordable cost. We look forward to maintaining our strong relationship with DPH and working with all of you on our future projects.

Very truly yours,

Susan Negrelli, P.E.  
Director of Engineering

Via Electronic Mail

October 26, 2017



Cameron Walden  
Supervising Sanitary Engineer  
Department of Public Health  
Drinking Water Section  
410 Capitol Avenue  
MS #12DWS  
P.O Box 340308  
Hartford, CT 06134-0308

Re: Sound View Beach Water Main Improvements, Hawk's Nest Beach Water Main Improvements –  
Comments to the Draft DWSRF IUP

Dear Mr. Walden,

The Town of Old Lyme has applied for funding for two projects – Hawk's Nest Beach Water Main Improvements, and Sound View Beach Water Main Improvements. The Town is pleased that the preliminary engineering and design phases of this project are on the State Fiscal Year 2018 Fundable Project Priority List (2018 fundable list), and will likely receive funding for the construction portion in future fiscal years.

This partnership between the Town of Old Lyme, the beach communities, Connecticut Water Company, and the Drinking Water State Revolving Fund (DWSRF) is essential to alleviating several public health issues for many homeowners within these communities. Citizens within these communities on private wells are drawing groundwater polluted by excessive nutrient loading from septic systems. Several homeowners are also on wells without appropriate setbacks from septic systems. Significant storm events, such as Hurricane Sandy of 2012, have revealed the necessity for more resilient infrastructure, where exposed or damaged by storm surge. The full extent of this pollution is unknown, but the benefit is clear. Thank you to the Department of Public Health and the DWSRF Program for joining us in helping to protect our citizens.

We would like to take this opportunity to thank the DWSRF for promoting funding for small communities; it makes projects such as these possible. Not only does these communities' water infrastructure need replacement, but often the sewer systems do as well. This large undertaking is at a significant cost to our communities, and footing this cost over a couple years is difficult for many homeowners to bear. The 20-year repayment schedule allows us to better support water and sewer users' finances.

We would also like to make two requests of the DWSRF Program. The first is to consider providing subsidies to partnerships such as ours, where the costs of the project will be incurred by, and the project will directly benefit citizens in small communities. The DWSRF Program provides subsidies to small public water systems, as it sees the benefit of supporting these small communities. As we are partnered with Connecticut Water, one of the State's larger utilities, it is our understanding that we may not receive subsidy. We are excited to work with a large utility with a rich history within our State, so we ask that this partnership for the Town not be an impediment to obtaining subsidy that will directly assist the water users.



The second request is for consideration of additional points for our projects. Woodard & Curran requests that points be awarded for a Nitrate MCL Violation (Activity #3 of the Priority Ranking Criteria). As shown in the Hawks Nest Application Attachment 4, Coastal Wastewater Management Plan excerpts, Table 2-7 summarizes MCL exceedances for nitrogen species. The MCL of 10 mg/L established by the EPA for drinking water was exceeded 4 times during the sampling period between several wells within Hawks Nest Beach.

Thank you again for your support of our projects. We look forward to the opportunity to work with the Connecticut Department of Health to improve the drinking water quality within the Town of Old Lyme.

Sincerely,

WOODARD & CURRAN

A handwritten signature in blue ink that reads "J. G. Sheehan". The signature is written in a cursive style and is underlined with a blue line.

Jay Sheehan  
Senior Vice President

PN: P226617

# Attachment B

DWSRF Final SFY 2018

Intended Use Plan

# Drinking Water State Revolving Fund Intended Use Plan SFY 2018

State Of Connecticut  
Department Of Public Health  
Drinking Water Section



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  - I. February 14, 2017 DWS Circular Letter 2017-03 – Revised Priority Ranking System
  - J. February 14, 2017 DWS Circular Letter 2017-04 – Eligibility Applications for Funding May be Submitted at Any Time

## 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. Each state annually receives a minimum of 1% of the funds available for the total allotment. From the inception of Connecticut's DWSRF program to Federal Fiscal Year (FFY) 2013, Connecticut's annual allocation has been 1% of the national allotment. Our participation in the 2011 Drinking Water Infrastructure Needs Survey and Assessment (DWINSA) identified increased need from the state's public water systems (PWS) for infrastructure improvement projects, which resulted in an increase in the annual allocation. Starting with the FFY 2014 DWSRF Capitalization Grant and ending with FFY 2017 grant, Connecticut's allocation increased from 1% to 1.01%. The 2015 DWINSA will determine the allocation after FFY 2017. Connecticut is eligible to receive \$8,351,000 from the \$848,255,000 appropriated by Congress for FFY 2017.

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 2017 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 2017 funds, state legislative funding authorizations, and unobligated project funds carried forward from previous IUPs during the State Fiscal Year (SFY) 2018 time period (July 1, 2017 – June 30, 2018). 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 2018, 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.

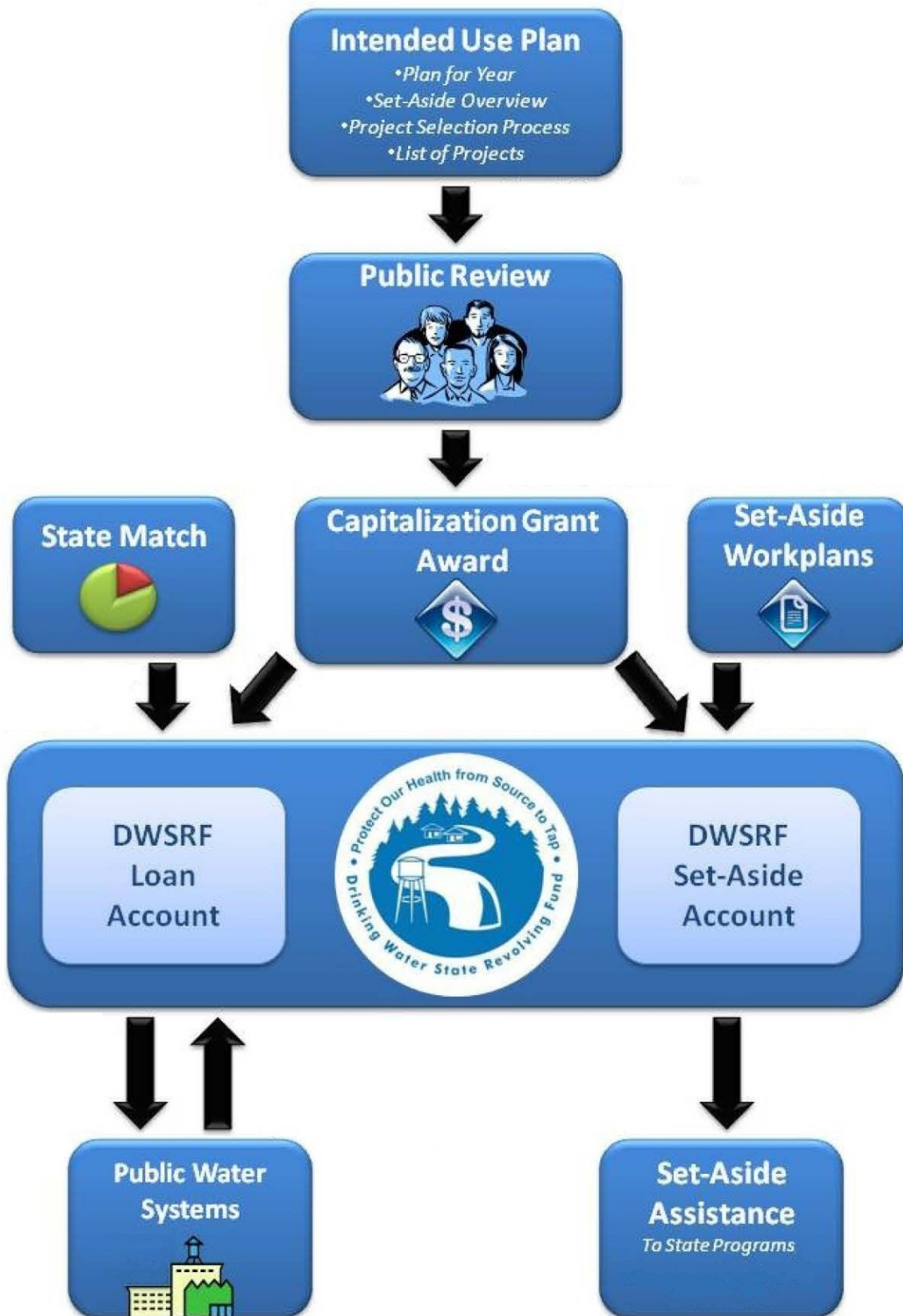
Figure 1 on page 3 displays the role the IUP plays in the DWSRF funding process.

## **B. What's New for SFY 2018?**

The Priority Ranking System (PRS) was significantly updated and revised. The criteria had not undergone any major revisions since it was first developed. These revisions address the current drinking water infrastructure challenges and priorities facing the State of Connecticut and our Public Water System clients, including sustainability, resiliency, water conservation, lead in drinking water, and unregulated and emerging contaminants. Circular Letter 2017-03 (Attachment I) was sent to all Community and Non-Profit Non-Community PWSs, as well as other interested parties, to announce and explain the changes. More information on the PRS is included in Section IV. A of this document.

The window of time to submit a project Eligibility Application has changed and they are now being accepted at any time during the year, beginning with this annual IUP and funding for SFY 2018. Circular Letter 2017-04 (Attachment J) was sent to all Community and Non-Profit Non-Community PWSs, as well as other interested parties, to announce and explain this change. More information can be found in Section IV. E.

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 2016.
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 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. Allow for 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.

## 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 for SFY 2018. Circular Letter 2017-03 (Attachment I) 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 exceedences, and new activities have been added to award point for projects the 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 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 an asset management plan in order to be eligible for additional subsidy. Beginning in SFY 2015, qualified applicants of all sizes that wish to qualify to receive state subsidy must 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.

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 SFY 2018 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 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 SFY 2018 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 2018. The SFY 2018 Fundable PPL identifies projects, or portions of projects, that can reasonably be expected to proceed during SFY 2018 based on project readiness information provided by the applicants and the criteria explained in Section IV.G of this IUP.

Funding for new projects is limited to eligible PWSs that submitted DWSRF Eligibility Applications by the April 28, 2017 due date announced in the DPH's SFY 2018 Call for Projects. As of the due date, the DPH received 48 applications totaling approximately \$75.4 million, of which 47 projects were eligible totaling approximately \$75.2 million. 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 SFY 2018 Fundable PPL.

The Comprehensive Project List includes all eligible projects submitted in response to SFY 2018 Call For Projects, or those phases of projects from the Carryover List which have been determined to not be sufficiently ready to proceed. Due to the changes to the PRS, any PWS that had submitted and Eligibility Application under a prior Call For Projects was requested to submit a new Eligibility Application in order to accurately rank their project using the new PRS. PWSs that failed to submit a new Eligibility Application are no longer being considered for funding. This Comprehensive Project List includes 47 projects for a total of approximately \$75.2 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 SFY 2018 Fundable PPL (Attachment F) was developed based on the total amount of funding made available for SFY 2018 and the expected readiness of a project to proceed. Projects that are determined by the DPH as not ready to proceed during SFY 2018 were not considered in preparing the SFY 2018 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 list and will be considered for funding during SFY 2018, if they subsequently become ready to proceed, according to the bypass procedure explained in Section IV.H. or if sufficient funding is available for them.

The SFY 2018 Fundable PPL includes those projects, or phases of a project, expected to move forward during the SFY ranked by priority points awarded, and for which sufficient funds are expected to be available. The SFY 2018 Fundable PPL includes 39 projects totaling approximately \$43.7 million.

The DPH reserves the right to make changes to the Fundable PPL, using by-pass procedures explained in Section IV.H., 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 2018 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 April 28, 2017 due date 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 due date. 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 SFY 2018 Fundable PPL does not achieve the EPA goal of dedicating at least 15% of the available DWSRF funding, or approximately \$12.8 million, to small PWSs. This was due to a lack of sufficient funding requests for projects ready to proceed during SFY 2018. In response to the Call for Projects, the DPH received applications for 23 eligible small system projects, including 10 EPGP projects, totaling approximately \$9.2 million in eligible project costs. Of these 23 projects, only 22 projects totaling \$7.8 million were determined to be ready to proceed in SFY 2018 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. 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 2017 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 \$1,670,200 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 SFY 2018 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, the DPH will continue to provide onsite technical assistance via a Technical Assistance Provider, as needed, using funding from the Small Systems Technical Assistance set-aside at no cost to the DWSRF applicant.
- 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 SFY 2018 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 2018 will be committed in an executed financial assistance agreement no later than September 30, 2018. 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, 2018, then the DPH will expand the eligibility to any applicant with a project on the SFY 2018 Fundable PPL. These 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.

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 Conservation 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, with the exception of projects for PWSs serving more than 10,000 persons funded through the EPGP. Projects that are eligible to receive federal subsidization based on available funding are identified on the SFY 2018 Fundable PPL.

Currently the entire \$20 million available funding under this program has been allocated by the SBC for two specific projects on the Carryover List (Attachment E) for Groton Utilities and Norwich Public Utilities that have been determined to satisfy the eligibility criteria.

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.

### **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 2017 capitalization grant. Connecticut has met the requirements for FFY 2010, 2011, and 2012. The status of the commitment and disbursement for the FFY 2013 through FFY 2016 grants are individually identified below, along with a table summarizing the amounts. The actual projects and individual subsidy amounts as of June 30, 2017, will be identified in the 2017 Annual Report, along with the status of meeting the disbursement requirement.

**FFY 2013**

The minimum required subsidization has not yet been committed for FFY 2013. As of June 30, 2017, \$1,587,343 has been committed under executed funding agreements and \$984,451 has been disbursed. The funding agreements that will commit the required funds are pending, with the goal for them to be executed by 6/30/2018, and complete the minimum required disbursements by 12/31/2018. 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 2014**

The minimum required subsidization has not yet been committed for FFY 2014. As of June 30, 2017, \$421,951 has been committed and 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 6/30/2018, and complete the minimum required disbursements by 12/31/2018. 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 June 30, 2017, \$1,968,293 has been committed under executed funding agreements and \$428,774 disbursed. It is expected that we will meet the minimum required disbursements by 12/31/2017. The funding agreements that will commit the remaining expected subsidy funds are pending, with the goal for them to be executed by 9/30/2017, and complete the all disbursements by 12/31/2018.

**FFY 2016**

The required subsidization has not yet been committed for FFY 2016. As of June 30, 2017, 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 6/30/2018, and complete all disbursements by 9/30/2019.

The table below 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, 2017	Additional Federal Subsidy Expected to be Committed	Federal Subsidy Amount Disbursed as of June 30, 2017	Remaining Federal Subsidy Amount Expected to be Disbursed	Estimated Month for Full Disbursement of Federal Subsidy	Estimated Month for Disbursement of Minimum Federal Subsidy
2010	\$4,071,900	N/A	\$4,723,405	\$0	\$4,723,405	\$0	May 2016	Achieved
2011	\$2,825,400	N/A	\$2,990,646	\$0	\$2,990,646	\$0	September 2016	Achieved
2012	\$1,795,000	\$2,692,500	\$2,203,031	\$0	\$2,203,031	\$0	February 2017	Achieved
2013	\$1,684,200	\$2,526,300	\$1,587,343	\$500,403	\$984,451	\$1,103,295	December 2019	December 2018
2014	\$1,792,400	\$2,688,600	\$421,951	\$1,912,150	\$421,951	\$1,912,150	December 2019	December 2018
2015	\$1,778,600	\$2,667,900	\$1,968,293	\$198,828	\$428,774	\$1,738,347	December 2018	December 2017
2016	\$1,684,600	\$1,684,600	\$0	\$1,684,600	\$0	\$1,684,600	December 2019	December 2019

**G. 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 2018 are considered for inclusion

on the SFY 2018 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 for SFY 2018 was generated based on the readiness of one or more elements of a project to proceed to a loan agreement during SFY 2018, 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 2018. 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.

## H. 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 SFY 2018 Fundable PPL.

## I. 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, including the project signage requirement that began with the FFY 2015 capitalization grant award. 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 2018 Potential Projects to be Used for FFATA Reporting**

Project #	PWSID	PWS	Town of PWS	Project Name	Amount Requested
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	\$2,600,000
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	\$1,300,000
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
SFY18-24	CT0450011	East Lyme Water Dept	East Lyme	AMI	\$3,413,575
SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	\$4,000,000
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacement Phase 1 - Hartford	\$4,700,000
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	\$2,680,000
SFY18-25	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
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	\$1,000,000
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	AMI - 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 2017 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 2017 (September 30, 2017). 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.

**J. 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 2018 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 in order to keep a project eligible. 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 criteria are identified on the SFY 2018 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, including any subsidy.

#### **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 and to 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 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 PPL for the next 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 include these projects on a Fundable PPL provided that all of the following conditions are met:

- The PWS has submitted a DWSRF Eligibility Application to the DPH during the Call for Projects for the SFY
- The funding agreement will be drafted during the SFY under which the project is listed on the Comprehensive Project List
- The project cannot 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

If the DWS includes such a project, it will be included on the Comprehensive Project List and ranked as outlined in this IUP. 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 makes it onto the Fundable PPL
- A 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
- A DWSRF funding agreement cannot be executed until after Fundable PPL 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. A PWS will be notified if their application is withdrawn by the DPH.

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. A PWS will be notified if their application is withdrawn by the DPH.

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 will be notified in writing and required to resubmit a new DWSRF Eligibility Application if they desire to further pursue DWSRF funding.

## 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 uses 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 uses 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 will 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 2018 is expected to be approximately \$236,592,093, including the funds under PA 14-98. This amount is contingent upon legislative approval of DPH's requested revenue bond authorization for SFY 2018 in the amount of \$55.2 million. 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 2017 capitalization grant application.

### Uses

Projects that are currently anticipated to be funded during SFY 2018 include all projects that are being carried forward from the previous IUP and projects appearing on the SFY 2018 Fundable PPL. The Carryover Project List identifies 35 projects for a total of \$130,799,722. It is expected that several projects will be executing funding agreements over the next few months which will significantly reduce this amount. The SFY 2018 Fundable PPL identifies 39 projects for a total of \$43,740,341. 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 2018 is anticipated to be approximately \$85.8 million. This is approximately \$42 million more in available funding than project costs shown on the SFY 2018 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 2018 after the finalization of this IUP. The anticipated \$85.8 million in available funds is contingent upon legislative approval of the DPH's \$55.2 million capital budget request for new revenue bond authorization in SFY 2018.

The ULO balance of capitalization grant funds designated for DWSRF projects is \$6,478,338 as of July 1, 2017. 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 currently under funding agreements and those for which funds are being carried over. The ULO set-aside balance is \$3,465,626. In April 2014, EPA established national objectives for states to fully expend their capitalization grants within two years of their award date.

The set-aside portion of the capitalization grants are described in Section VII. These set-asides are primarily used to support adequate levels of DWS staffing to implement the DWSRF, Source Water Protection, Capacity Development and Public Water System Supervision Programs with limited outside contractual support. 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. As part of this management effort, the DPH requested and received a 12-month extension from the EPA to fully draw down the FFY 2014 set-aside portions of the capitalization grant.

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

The DWSRF financing plan is similar to the plan for the State's CWF program. This plan includes leveraging, when appropriate, where project funding comes from the proceeds of revenue bonds supported by the capitalization grants. A more detail financial analysis of the DWSRF program can be found in the [DWSRF Annual Reports](#), which are available on the OTT's website.

States may issue bonds through the DWSRF program using the federal capitalization grant as security to provide for higher funding levels in the current year of the program. Leveraging of federal funds is a useful financial 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 leveraged financing. Since 2001, with the EPAs approval, bonds have been issued on an as-needed basis to fund DWSRF projects. Leveraged financing allows the DWSRF to maximize the available project funding because the revenue bond proceeds can be two to three times the amount of the available capitalization grants and state match contributions. This strategy also allows the State to provide more loans with a lower interest rate at favorable terms to more of the PWS applicants.

Connecticut's program is a leveraged program and has established itself as a highly rated (AAA) borrower in the bond market. We have used capitalization grants to leverage multiple series of bonds, aggregating over \$68.4 million in outstanding principal for the DWSRF program as of March 31, 2017 to fund loans.

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 has 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. Over \$8.0 million in DWSRF funds was used to cover the cost for design and construction of the East Lyme Sewer and Water Regional Interconnection project. This project is critical for East Lyme to meet its summertime peak demands, address other public health and water system operational needs, and provide fire protection for enhanced public safety. A major project that is expected to receive DWSRF funding during SFY 2018 is the Water Treatment Plant upgrade of Groton Utilities. Groton will make 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. Approximately \$54.0 million in DWSRF funding is expected to be used to cover the construction and project oversight. Without leveraging, the DPH would not be able to fund larger projects like these.

In June 2017 bonds were issued for the CWSRF and the DWSRF in anticipation of several significant projects moving forward over the next two years, including the Groton Utilities Water Treatment Plant upgrade project.

#### **D. State Matching Requirement**

The required 20% state match for the FFY 2017 capitalization grant is \$1,670,200. 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 2017 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 April 30, 2017, the DWSRF has received and deposited \$40.4 for the required match, including those for the FFY 2017 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, and 2011 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 2011 DWINSA assessed the cost and types of drinking water needs throughout the nation for the period January 1, 2011 to December 31, 2030. The results of the survey were used to determine the DWSRF allocation for FFYs 2014 through 2017. The results of the 2011 survey, which were released in June 2013, showed that the State of Connecticut's estimated need had grown from \$1.394 billion in 2007 to \$3.587 billion in 2011. Starting with the FFY 2014 capitalization grant, the state's allotment has increased from 1% to 1.01%. The breakdown was as follows:

Transmission and Distribution	\$2.584 billion
Treatment	\$545.1 million
Storage	\$267.3 million
Source	\$146.6 million
Other	\$35.0 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. For SFY 2018, the DPH received requests for loans for 47 infrastructure projects totaling approximately \$75.2 million in eligible costs. This eligible amount includes 22 applications from small systems, of which 10 applications are EPGP projects.

Data collection for the 2015 DWINSA was completed in February 2016. Based on this information, the DPH expects the overall need to have increased since 2011. The official report from EPA is expected to be released during 2017.

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 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 following pages provide anticipated set-aside activities during the time period covered in this IUP. Prior to requesting disbursement of these funds, the DPH submits work plans to EPA Region 1 as part of the FFY 2017 capitalization grant application, which provides specific details for each set-aside fund request. At any time in which a modification is necessary, the DPH contacts EPA Region 1 to discuss, submit an amendment if deemed necessary, and seek approval. The DPH DWS expects to meet all set-aside reporting requirements as detailed in the capitalization grant award conditions.

**A. DWSRF Administrative Funds**

**Maximum Allowed:** \$400,000 of the Capitalization Grant  
**Taking from FFY 2017 Grant:** \$400,000

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 January 2013 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. Pursuant to the WIIN Act of 2017, §2103, the DPH has chosen to take the maximum option of \$400,000 for this set-aside.

**B. State Program Management**

**Maximum Percentage Allowed:** 10% of the Capitalization Grant  
**Taking from FFY 2017 Grant:** 10% (\$835,100)

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 2017 Grant:** 2% (\$167,020)

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
- Contracting with Technical Assistance Provider to provide training and direct one-on-one assistance to teach small system trustees, operators, and municipal officials the value and method of asset management to improve technical, financial and managerial capacity of those involved in managing the utility.

#### D. Local Assistance

<b>Maximum Percentage Allowed:</b>	15% of the Capitalization Grant
<b>Taking from FFY 2017 Grant:</b>	5% (\$417,550) – Wellhead Protection
	10% (\$835,100) – 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.
- A consultant will be hired to complete the Water Utility Coordination Committee (WUCC) planning process. The process will include stakeholder involvement, system partnerships, public outreach, regionalization, consolidation, and identification of major facilities in need of replacement or construction.
- 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](http://www.ct.gov/dph/dwsrf)). DWSRF Annual Reports are posted on the OTT website ([http://www.ott.ct.gov/debt\\_drinkingwaterfund.html](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 900 PWSs. This pool consists 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 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 2018 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 was formally advertised in the Hartford Courant, New Haven Register and Waterbury Republican-American on September 25, 2017, the La Voz Hispana on September 28, 2017 and Northeast Minority News on October 5, 2017. The Draft IUP and Notice of Hearing were also sent to all DWSRF applicants with projects appearing on the Comprehensive Project List on September 21, 2017. Interested persons were invited to provide oral or written testimony at the public hearing and to submit written comments.

The public hearing was held on October 25, 2017 in Conference Room A/B at 470 Capitol Avenue 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 during 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 2018 Comprehensive Project List – Alphabetical Order
- D. SFY 2018 Comprehensive Project List – By Points
- E. SFY 2018 Carryover Project List
- F. SFY 2018 Fundable Project Priority List
- G. Asset Management Plan Checklist
- H. Fiscal Management Plan Checklist
- I. February 14, 2017 DWS Circular Letter 2017-03 – Revised Priority Ranking System
- J. February 14, 2017 DWS Circular Letter 2017-04 – Eligibility Applications for Funding May be Submitted at Any Time

	Cumulative Total through 6/30/17	7/1/17 - 6/30/18 (This IUP)	Cumulative Total Through 6/30/18
<b><u>SOURCES</u></b>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
Federal Capitalization Grant Set-Asides	\$ 56,583,729	\$ 2,654,770	\$ 59,238,499
Previous Bond Authorization Committed to Projects <sup>1</sup>	\$ 140,682,906	-	\$ 140,682,906
Previous Bond Authorization Available for Projects <sup>2</sup>		\$ 161,362,093	\$ 161,362,093
SFY 2018 State Revenue Bond Authorization <sup>3</sup>		\$ 55,230,000	\$ 55,230,000
PWS Improvement Program Authorized by Public Act 14-98		\$ 20,000,000	\$ 20,000,000
<b>Sources Total</b>	<b>\$ 197,266,635</b>	<b>\$ 239,246,863</b>	<b>\$ 436,513,498</b>
<b><u>USES</u></b>			
Funds Transferred From (to) CWSRF	\$ -	\$ -	\$ -
<b><u>Set-Asides</u></b>			
Administrative	\$ 7,609,836	\$ 400,000	\$ 8,009,836
State Program Management	\$ 18,889,590	\$ 167,020	\$ 19,056,610
Small System Technical Assistance	\$ 3,797,418	\$ 835,100	\$ 4,632,518
Local Assistance / Other State Programs	\$ 26,286,885	\$ 1,252,650	\$ 27,539,535
<b><u>Projects</u></b>			
Previous Bond Authorization Committed to Projects	\$ 140,682,906		\$ 140,682,906
Previous Bond Authorization Used for Carryover Projects		\$ 130,799,722	\$ 130,799,722
Previous Bond Authorization Used for New Projects		\$ 30,562,371	\$ 30,562,371
SFY 2018 State Revenue Bond Authorization Used for New Projects <sup>3</sup>		\$ 13,140,970	\$ 13,140,970
SFY 2018 State Revenue Bond Authorization Available for Additional Projects <sup>3,4</sup>		\$ 42,089,030	\$ 42,089,030
PWS Improvement Program Authorized by Public Act 14-98 and Used for Projects		\$ 20,000,000	\$ 20,000,000
<b>Uses Total</b>	<b>\$ 197,266,635</b>	<b>\$ 239,246,863</b>	<b>\$ 436,513,498</b>

**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 - Funds are subject to legislative approval as part of the Capital Budget process.

4 - 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.

## Attachment B

### **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



## Attachment B

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 <sup>1</sup>
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 <sup>2</sup>	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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
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

<sup>1</sup> 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.

<sup>2</sup> 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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
29	System Capacity Deficit	20	None
Activity #	c. Source Development (Maximum 10 pts from this subcategory)	Points	Exclusions <sup>1</sup>
30	New Groundwater Well Development	10	26
31	Rehabilitation of Existing Groundwater Wells	10	27
Activity #	d. Conservation/Water Loss Reduction	Points	Exclusions <sup>1</sup>
32	Installation of Source Water Meters (previously unmetered) <sup>3</sup>	25	26-28, 30,31
33	Installation of Distribution Meters (previously unmetered) <sup>3</sup>	25	None
34	Replacement of Source or Distribution Meters <sup>3</sup>	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 <sup>1</sup>
39	Water Main Extension	30	1-21, 23

<sup>3</sup> 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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
45	Regional Interconnection with Another Community PWS	15	28
46	Relocation of Critical Facilities <sup>4</sup>	10	None
47	Redundancy of Critical Facilities <sup>4</sup>	10	None
Activity #	b. Planning (Maximum 50 pts from this subcategory) <sup>5</sup>	Points	Exclusions <sup>1</sup>
48	Climate Change/Drought Planning	50	1-47, 49-64
49	Asset Management Planning	50	1-48, 50-64
Activity #	c. Security <sup>6</sup>	Points	Exclusions <sup>1</sup>
50	Security Fencing, Alarms, Surveillance Systems or Other Security Measures	5	None
Activity #	d. Emergency Power Provisions for Existing Critical Facilities	Points	Exclusions <sup>1</sup>
51	New (does not currently exist) <sup>7</sup>	50	1-50, 52-64
52	Replacement or Upgrades <sup>7</sup>	20	1-51, 53-64
53	Included as Part of a Larger Project	5	None

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

<sup>5</sup> Points are only awarded for the creation of an initial plan.

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

<sup>7</sup> 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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>
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 <sup>1</sup>	Small System <sup>2</sup>
SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	50	\$585,000	No	Yes
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,300,000	No	Yes
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$375,000	No	Yes
SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	30	\$1,400,000	No	Yes
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,600,000	No	Yes
SFY18-01	CT0110051	Juniper Club, Inc.	Bloomfield	Emergency Power Generator Program - NEW	50	\$9,350	No	Yes
SFY18-16	CT0110051	Juniper Club, Inc.	Bloomfield	Replacement Water Tank	50	\$52,000	No	Yes
SFY18-09	CT0121051	166 & 180 Boston Turnpike	Bolton	Corrosion Control Treatment (Lead and Copper Rule)	75	\$30,000	No	Yes
SFY18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	50	\$36,144	No	Yes
SFY18-17	CT0189971	39 Hop Brook Road	Brookfield	New Well Water Supply	130	\$19,300	No	Yes
SFY18-03	CT0300071	Woodland Terrace	Columbia	Emergency Power Generator Program - NEW	50	\$13,620	No	Yes
SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	AMI	30	\$3,413,575	No	No
SFY18-25	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No
SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program - NEW	50	\$42,559	No	Yes
SFY18-48	CT0688011	Brookwoods II Association	Kent	Emergency Power Generator Program - NEW	50	\$26,000	No	Yes
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
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	Yes
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No
SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	15	\$1,200,000	No	No
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No
SFY18-08	CT0820031	Middlefield Housing Authority	Middlefield	Emergency Power Generator Program - NEW	50	\$25,000	No	Yes
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program - NEW	50	\$20,000	No	Yes
SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	\$369,050	Yes	Yes
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
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
SFY18-49	CT0920041	Little Brook Rd Property Owners Assn	New Hartford	Emergency Power Generator Program - NEW	50	\$11,500	No	Yes
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$950,000	Yes	No
SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	30	\$1,172,900	Yes	No

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points <sup>1</sup>	Small System <sup>2</sup>
SFY18-19	CT0960091	Candlewood Trails Association	New Milford	Water Main Replacement	50	\$960,000	No	Yes
SFY18-06	CT0960211	Candlewood Springs Property Owners Association, Inc.	New Milford	Emergency Power Generator Program - NEW	50	\$15,000	No	Yes
SFY18-39	CT1030011	Norwalk First Taxing District	Norwalk	AMI - Phase 1	40	\$2,000,000	No	No
SFY18-40	CT1030011	Norwalk First Taxing District	Norwalk	West Rocks High Service Area Water Service Reliability Project	50	\$6,800,000	No	No
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements <sup>3</sup>	30	\$5,945,399	No	No
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements <sup>3</sup>	30	\$3,593,616	No	No
SFY18-07	CT1099141	Arnio Drive LLC	Plainfield	Emergency Power Generator Program - NEW	50	\$4,743	No	Yes
SFY18-44	CT1310011	Southington Water Dept	Southington	AMI	25	\$3,000,000	No	No
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No
SFY18-20	CT1680031	Woodlake Tax District	Woodbury	Asset Management Plan	50	\$47,500	No	Yes
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes
<b>2018 Comprehensive list</b>						<b>\$75,217,156</b>		

**The following project was determined to be ineligible for DWSRF funding:**

SFY18-18	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	0	\$245,000		
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**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 <sup>1</sup>	Small System <sup>2</sup>
SFY18-17	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	New Well Water Supply	130	\$19,300	No	Yes
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
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
SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	\$369,050	Yes	Yes
SFY18-09	CT0121051	166 & 180 Boston Turnpike	Bolton	Corrosion Control Treatment (Lead and Copper Rule)	75	\$30,000	No	Yes
SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	\$2,600,000	No	Yes
SFY18-41	CT1040011	Norwich Public Utilities	Norwich	Deep River Sedimentation Basin Rehabilitation	60	\$3,900,000	Yes	No
SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	\$1,300,000	No	Yes
SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	\$2,680,000	No	No
SFY18-37	CT0930011	Regional Water Authority	New Haven	Brushy Plains Water System Improvements	55	\$950,000	Yes	No
SFY18-40	CT1030011	Norwalk First Taxing District	Norwalk	West Rocks High Service Area Water Service Reliability Project	50	\$6,800,000	No	No
SFY18-20	CT1680031	Woodlake Tax District	Woodbury	Asset Management Plan	50	\$47,500	No	Yes
SFY18-19	CT0960091	Candlewood Trails Association	New Milford	Water Main Replacement	50	\$960,000	No	Yes
SFY18-48	CT0688011	Brookwoods II Association	Kent	Emergency Power Generator Program - NEW	50	\$26,000	No	Yes
SFY18-01	CT0110051	Juniper Club, Inc.	Bloomfield	Emergency Power Generator Program - NEW	50	\$9,350	No	Yes
SFY18-16	CT0110051	Juniper Club, Inc.	Bloomfield	Replacement Water Tank	50	\$52,000	No	Yes
SFY18-06	CT0960211	Candlewood Springs Property Owners Association, Inc.	New Milford	Emergency Power Generator Program - NEW	50	\$15,000	No	Yes
SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	50	\$585,000	No	Yes
SFY18-49	CT0920041	Little Brook Rd Property Owners Assn	New Hartford	Emergency Power Generator Program - NEW	50	\$11,500	No	Yes
SFY18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	50	\$36,144	No	Yes
SFY18-08	CT0820031	Middlefield Housing Authority	Middlefield	Emergency Power Generator Program - NEW	50	\$25,000	No	Yes
SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program - NEW	50	\$42,559	No	Yes
SFY18-03	CT0300071	Woodland Terrace	Columbia	Emergency Power Generator Program - NEW	50	\$13,620	No	Yes
SFY18-07	CT1099141	Arnio Drive LLC	Plainfield	Emergency Power Generator Program - NEW	50	\$4,743	No	Yes
SFY18-05	CT0820501	Old Indian Trail PWS	Middlefield	Emergency Power Generator Program - NEW	50	\$20,000	No	Yes
SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	\$152,000	No	Yes
SFY18-39	CT1030011	Norwalk First Taxing District	Norwalk	AMI - Phase 1	40	\$2,000,000	No	No
SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacment - Hartford	40	\$4,000,000	Yes	No
SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacment Phase 1 - Hartford	40	\$4,700,000	Yes	No
SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	30	\$1,172,900	Yes	No
SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	AMI	30	\$3,413,575	No	No

**Attachment D**  
**Comprehensive Project List**

Project #	PWSID	Public Water System	Town of PWS	Project Name	Points	Amount Requested	Received Sustainability and Affordability Points <sup>1</sup>	Small System <sup>2</sup>
SFY18-25	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacment - Hartford	30	\$7,150,000	Yes	No
SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	30	\$1,400,000	No	Yes
SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements <sup>3</sup>	30	\$5,945,399	No	No
SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	\$265,700	No	Yes
SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements <sup>3</sup>	30	\$3,593,616	No	No
SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	\$200,000	Yes	No
SFY18-44	CT1310011	Southington Water Dept	Southington	AMI	25	\$3,000,000	No	No
SFY18-45	CT1310011	Southington Water Dept	Southington	Mill Street Tank Replacement	25	\$2,930,000	No	No
SFY18-47	CT1310011	Southington Water Dept	Southington	Water Treatment Plant Upgrades	25	\$1,500,000	No	No
SFY18-23	CT1680031	Woodlake Tax District	Woodbury	Treatment System Improvement and Water System Automation	25	\$1,320,000	No	Yes
SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	\$100,000	No	No
SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	\$375,000	No	Yes
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
SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	\$140,000	No	Yes
SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	15	\$1,200,000	No	No
SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	\$1,000,000	No	No
<b>2018 Comprehensive list</b>						<b>\$75,217,156</b>		

**The following project was determined to be ineligible for DWSRF funding:**

SFY18-18	CT0820031	Middlefield Housing Authority	Middlefield	Sugarloaf Terrace Water System Upgrades	0	\$245,000		
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**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
CT0170011	BRISTOL WATER DEPARTMENT	BRISTOL	DWSRF - Dewitt Drive Storage Tank Improvements	\$531,000
CT0279044	INDIAN RIVER RECREATIONAL COMPLEX (Town of Clinton)	CLINTON	DWSRF - Rocky Ledge Area Water Main Extension	\$3,000,000
CT0450011	EAST LYME WATER & SEWER COMMISSION	EAST LYME	DWSRF - Greensand Filtration - Wells 1A & 2A (Construction)	\$6,100,000
CT0590011	GROTON UTILITIES	GROTON	DWSRF - Water Treatment Plant Upgrade	\$54,000,000
CT0609094	BITTNER PARK (Town of Guilford)	GUILFORD	DWSRF - Mulberry Point Water Main Extension	\$2,082,954
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Water Main Replacement - Montclair & Linbrook, West Hartford	\$2,115,362
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Bloomfield Transmission Main Extension	\$8,400,000
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Garden Street Area Water Main Replacement, Wethersfield	\$1,660,442
CT0640011	METROPOLITAN DISTRICT COMMISSION	HARTFORD	DWSRF - Water Main Replace Bond Street, Hartford	\$4,725,000
CT0720041	SCWA TOWER - FERRY VIEW DIVISION	LEDYARD	Emergency Power Generator Program	\$99,735
CT0790021	HILLSIDE CORPORATION	MARLBOROUGH	Emergency Power Generator Program	\$12,000
CT0790021	HILLSIDE CORPORATION	MARLBOROUGH	DWSRF - Storage Tank & Pump House Improvements	\$137,500
CT0860011	SCWA - MONTVILLE DIVISION	MONTVILLE	Emergency Power Generator Program	\$82,090
CT0860081	SCWA - CHESTERFIELD DIVISION	MONTVILLE	Emergency Power Generator Program	\$72,600
CT0890011	NEW BRITAIN WATER DEPARTMENT	NEW BRITAIN	DWSRF - White Bridge Waterworks Facilities & WTP SCADA; Batterson Park Rd. Water Main (Planning)	\$1,054,600
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	DWSRF - Automated Meter Reading Phases III & IVa	\$8,600,000
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	DWSRF - North Sleeping Giant Well Replacement	\$1,008,900
CT0930011	REGIONAL WATER AUTHORITY	NEW HAVEN	DWSRF - Burwell Hill Tank Replacement	\$2,465,540
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	DWSRF - AMI Water Meter Replacement Program	\$3,600,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	DWSRF - Stony Brook DAF; Deep River Filters; Occum Tank; Water main to Sprague	\$13,045,000
CT1040011	NORWICH PUBLIC UTILITIES	NORWICH	DWSRF - Stony Brook Transmission Main Renewal & Micro-Turbine (North & South sections)	\$5,400,000
CT1050141	LYME REGIS, INC.	OLD LYME	DWSRF - Generator	\$20,000
CT1050732	CONNECTICUT WATER COMPANY - SHORELINE REGION - SOUND VIEW	OLD LYME	DWSRF - Old Lyme Beach Shores Association Water Main Replacement	\$812,000
CT1210011	SALEM MANOR SYSTEM #1	SALEM	Emergency Power Generator Program	\$60,000
CT1211911	SALEM MANOR SYSTEM #2	SALEM	Emergency Power Generator Program	\$60,000
CT1310011	SOUTHINGTON WATER DEPARTMENT	SOUTHINGTON	DWSRF - Well #2A Construction Project (Well #2 Back-up)	\$1,525,000
CT1420041	WOODLAND SUMMIT COMMUNITY WATER ASSN	TOLLAND	DWSRF - Infrastructure Improvements	\$300,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator North Main Street Pump Station (Construction)	\$285,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator Pierpont Road Pump Station (Construction)	\$185,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator Hamilton Avenue Pump Station (Construction)	\$140,000



PWSID	PWS Name	Town of PWS	Project Name	Amount requested
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator Rumford Street Pump Station (Construction)	\$140,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Generator at the Water Treatment Plant	\$2,250,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Water Treatment Plant Sludge Removal Equipment (Construction)	\$2,300,000
CT1510011	WATERBURY WATER DEPARTMENT	WATERBURY	DWSRF - Rehabilitations and Replacement of Water Mains (Fiscal year 2017)	\$1,600,000
CT1530021	WATERTOWN WATER & SEWER AUTHORITY	WATERTOWN	DWSRF - Bunker Hill Sewer & Water Extension	\$2,930,000
<b>Amount of Carryover Projects:</b>				<b>\$130,799,722</b>

**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 <sup>1</sup>	Small System <sup>2</sup>
1	SFY18-17	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	New Well Water Supply	130	60	\$19,300	No	Yes
2	SFY18-29	CT0720041	Southeastern CT Water Authority - Tower Ferry View Div	Ledyard	Replacement Pump Station and Storage Facilities (Design Phase)	75	2567	\$69,400	No	Yes
3	SFY18-34	CT0860011	Southeastern CT Water Authority - Montville Div	Montville	Interconnection with SCWA - Seven Oaks Division	75	2,200	\$369,050	Yes	Yes
4	SFY18-09	CT0121051	166 & 180 Boston Turnpike	Bolton	Corrosion Control Treatment (Lead and Copper Rule)	75	31	\$30,000	No	Yes
5	SFY18-15	CT0090011	Bethel Water Dept	Bethel	New East Swamp Well Field	65	9,237	\$2,600,000	No	Yes
6	SFY18-11	CT0090011	Bethel Water Dept	Bethel	Chestnut Ridge Zone Water Storage Tank	55	9,237	\$1,300,000	No	Yes
7	SFY18-28	CT0640011	Metropolitan District Commission	Hartford	Orchard St. Pump Station Rehabilitation - Glastonbury	55	4,956	\$2,680,000	No	No
8	SFY18-40	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	West Rocks High Service Area Water Service Reliability Project	50	11,125	\$6,800,000	No	No
9	SFY18-20	CT1680031	Woodlake Tax District	Woodbury	Asset Management Plan	50	912	\$47,500	No	Yes
10	SFY18-19	CT0960091	Candlewood Trails Association	New Milford	Water Main Replacement	50	300	\$960,000	No	Yes
11	SFY18-48	CT0688011	Brookwoods II Association	Kent	Emergency Power Generator Program - NEW	50	120	\$26,000	No	Yes
12	SFY18-01	CT0110051	Juniper Club, Inc.	Bloomfield	Emergency Power Generator Program - NEW	50	104	\$9,350	No	Yes
13	SFY18-16	CT0110051	Juniper Club, Inc.	Bloomfield	Replacement Water Tank	50	104	\$52,000	No	Yes
14	SFY18-06	CT0960211	Candlewood Springs Property Owners Association, Inc.	New Milford	Emergency Power Generator Program - NEW	50	95	\$15,000	No	Yes
15	SFY18-10	CT0090011	Bethel Water Dept	Bethel	Briar Cliff Pump Station	50	80	\$585,000	No	Yes
16	SFY18-49	CT0920041	Little Brook Rd Property Owners Assn	New Hartford	Emergency Power Generator Program - NEW	50	64	\$11,500	No	Yes
17	SFY18-02	CT0189971	39 Hop Brook Road - Apt. Complex	Brookfield	Emergency Power Generator Program - NEW	50	60	\$36,144	No	Yes
18	SFY18-08	CT0820031	Middlefield Housing Authority	Middlefield	Emergency Power Generator Program - NEW	50	60	\$25,000	No	Yes
19	SFY18-04	CT0660341	Garden Lane Apartments	Harwinton	Emergency Power Generator Program - NEW	50	40	\$42,559	No	Yes
20	SFY18-03	CT0300071	Woodland Terrace Association	Columbia	Emergency Power Generator Program - NEW	50	36	\$13,620	No	Yes
21	SFY18-07	CT1099141	Arnio Drive LLC	Plainfield	Emergency Power Generator Program - NEW	50	33	\$4,743	Yes	Yes
22	SFY18-05	CT0820501	Old Indian Trail	Middlefield	Emergency Power Generator Program - NEW	50	32	\$20,000	No	Yes
23	SFY18-21	CT1680031	Woodlake Tax District	Woodbury	Distribution System Improvements and Transmission Line Cleaning	45	912	\$152,000	No	Yes
24	SFY18-39	CT1030011	Norwalk First Taxing District Water Dept	Norwalk	AMI - Phase 1	40	13,300	\$2,000,000	No	No
25	SFY18-27	CT0640011	Metropolitan District Commission	Hartford	Madison Ave. Water Main Replacement - Hartford	40	604	\$4,000,000	Yes	No
26	SFY18-26	CT0640011	Metropolitan District Commission	Hartford	Church St. Water Main Replacement Phase 1 - Hartford	40	384	\$4,700,000	Yes	No
27	SFY18-38	CT0930011	Regional Water Authority	New Haven	Lake Saltonstall Water Storage Tank Improvements	30	53,000	\$1,172,900	Yes	No
28	SFY18-24	CT0450011	East Lyme Water & Sewer Commission	East Lyme	AMI	30	15,000	\$3,413,575	No	No
29	SFY18-25	CT0640011	Metropolitan District Commission	Hartford	Buckingham St. Area Water Main Replacement - Hartford	30	2,040	\$7,150,000	Yes	No
30	SFY18-14	CT0090011	Bethel Water Dept	Bethel	Water Main Replacement	30	390	\$1,400,000	No	Yes
31	SFY18-42	CT1050031	CT Water Company - Hawks Nest 3	Old Lyme	Water Main Improvements (Planning and Design Phase) <sup>3</sup>	30	250	\$464,500	No	No

**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 <sup>1</sup>	Small System <sup>2</sup>
32	SFY18-30	CT0720313	Southeastern CT Water Authority - Ledyard Center Div	Ledyard	Water Main Interconnection with Town of Ledyard	30	196	\$265,700	No	Yes
33	SFY18-43	CT1050732	CT Water Company - Sound View	Old Lyme	Water Main Improvements (Planning and Design Phase) <sup>3</sup>	30	170	\$290,500	No	No
34	SFY18-33	CT0800011	Meriden Water Division	Meriden	Fleming Road Storage Tank Design	25	60,000	\$200,000	Yes	No
35	SFY18-46	CT1310011	Southington Water Dept	Southington	Reservoir 3 Intake Study Improvements	20	35,315	\$100,000	No	No
36	SFY18-13	CT0090011	Bethel Water Dept	Bethel	SCADA Upgrades	20	9,237	\$375,000	No	Yes
37	SFY18-22	CT1680031	Woodlake Tax District	Woodbury	Replacement of Bedrock Supply Well PW-7	15	912	\$140,000	No	Yes
38	SFY18-32	CT0770021	Manchester Water Dept	Manchester	Stove Pipe Replacements - Misc. Areas	15	350	\$1,200,000	No	No
39	SFY18-31	CT0770021	Manchester Water Dept	Manchester	Infrastructure Replacement Valley St. Area	15	300	\$1,000,000	No	No
<b>2018 Fundable PPL</b>								<b>\$43,740,341</b>		

**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

**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	<a href="#">Strategic Planning STEP</a>
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	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Asset Management Best Practices Guide</a>
3	Description of the state of each asset, including age and condition, and any conditions that may affect the life of the asset	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a>
4	A description of the service history of each asset including routine maintenance, repairs and rehabilitations	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Distribution Systems Best Practices Guide</a>
5	The adjusted useful service life and remaining useful service life of each asset	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a>
6	Description of the intended Level of Service to be provided to customers/consumers	<a href="#">Taking Stock STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Asset Management Best Practices Guide</a> <a href="#">Asset Management for Local Officials</a>
7	Evaluation of the operation of the system, including available supply vs. demand	<a href="#">Strategic Planning STEP</a> <a href="#">Distribution Systems Best Practices Guide</a> <a href="#">Water System Operator Best Practices Guide</a>
8	Identification of critical assets, including discussion of how they were determined	<a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a>
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	<a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a>
10	List of capital improvements needed over the next five years (i.e. Capital Improvement Plan), including expected costs for each improvement.	<a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a> <a href="#">Asset Management Best Practices Guide</a>
11	Explanation of how decisions for water system maintenance and repairs are made	<a href="#">Water System Operator Best Practices Guide</a> <a href="#">Distribution Systems Best Practices Guide</a>
12	Description of the water system maintenance plan	<a href="#">Strategic Planning STEP</a> <a href="#">Distribution Systems Best Practices Guide</a>
13	Discussion of members of the Asset Management Team, including responsibilities with respect to oversight of the AM Plan, reviewing and updating	<a href="#">Strategic Planning STEP</a> <a href="#">Building an Asset Management Team</a> <a href="#">Water System Operator Best Practices Guide</a>

*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	<a href="#">Strategic Planning STEP</a>
2	Discussion of how the water system budget is determined and funded; including a copy of the current budget	<a href="#">Water System Owner Best Practices Guide</a> <a href="#">Talking to Your Decision Makers Best Practices Guide</a> <a href="#">Asset Management for Local Officials</a> <a href="#">Asset Management Best Practices Guide</a> <a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a>
3	Discussion of how customers are charged for water, including billing practices and how unpaid accounts are resolved	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Rural and Small System Guide to Sustainable Utility Management</a>
4	Discussion of how the funding for capital improvement funding needs (based on the Asset Management Plan) of the water system are budgeted	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Taking Stock STEP</a>
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	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a>
6	How often are the water system revenues and expenses reviewed?	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a>
7	Are the water system revenues sufficient to meet expenses, including reserving funds for needed future capital improvements and other expenses?	<a href="#">Setting Small System Rates for a Sustainable Future STEP</a> <a href="#">Asset Management STEP</a> <a href="#">Water System Owner Best Practices Guide</a> <a href="#">Talking to Your Decision Makers Best Practices Guide</a>
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.*

**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 #2017-03**

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

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

DATE: February 14, 2017

RE: Changes to the Priority Ranking System for the Drinking Water State Revolving Fund

The Drinking Water Section has made changes to the [Priority Ranking System](#) (PRS) which provides the basis for the Department of Public Health (DPH) to prioritize drinking water projects funded under the Drinking Water State Revolving Fund (DWSRF). The PRS was originally developed in 1997 and has had only minor updates incorporated since that time. Twenty years later, this document needed a thorough reevaluation to determine if it meets the current drinking water infrastructure challenges and priorities facing the State of Connecticut and our Public Water System clients. While the entire PRS was reevaluated, several key areas were focused on:

- Infrastructure Sustainability
- Infrastructure Resiliency
- Water Conservation
- Lead in Drinking Water
- Proactively addressing Unregulated and Emerging Contaminants

These key areas have recently become focal points faced by the drinking water industry. The revisions to the PRS remain consistent with the DPH's existing statutory priorities while recognizing the additional value of well-coordinated infrastructure sustainability and resiliency planning, the importance of water conservation and the additional risks that elevated lead levels place on our youngest population. Each of these areas and the related changes that were incorporated into the PRS are further explained below.

**Infrastructure Sustainability**

The intent of the DWSRF is to provide a low-cost financing alternative for improving the nation's existing drinking water infrastructure. It is expected that this infrastructure will be well managed and maintained to provide long-term high quality drinking water to Connecticut's residents and commercial customers. The PRS recognizes the critical role that asset management (AM) planning has in achieving a public water system's (PWS) long term sustainability. AM plans provide the foundation for preparing capital improvement plans, prioritizing capital improvement projects and establishing water rates that ensure revenues are sufficient to support undertaking these projects at the appropriate time. For several



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years, this recognition was provided in the form of adding an additional 10 priority points to projects prioritized through AM planning or if a project was identified within a DPH required Water Supply Plan. The DPH believes that AM planning provides information that is essential in prioritizing capital improvement projects included in Water Supply Plans. The revised PRS continues to provide 10 priority points for projects prioritized through AM planning but only provides 5 points for projects identified only in Water Supply Plans.

The revised PRS also provides significant priority points to planning projects including AM and climate change planning due to their significance towards long term infrastructure sustainability.

### **Infrastructure Resiliency**

The revised PRS includes a new category, Infrastructure Resiliency, which provides priority points for projects that increase a PWSs ability to withstand and recover from natural or man-made disasters including drought. This category includes regional interconnections which provides for the rapid transfer of water between PWSs during emergencies. It also includes priority points for projects involving the relocation or redundancy of critical and vulnerable infrastructure that are supported by climate change studies. As previously mentioned, the revised PRS also prioritizes climate change and asset management planning for their importance in helping water systems identify and prioritize future projects that address vulnerable and critical infrastructure. Points are also provided for security enhancements to infrastructure facilities.

### **Water Conservation**

The revised PRS recognizes the importance of water conservation by providing additional priority points to projects that will result in significant “unaccounted for” or “non-revenue” water loss reductions. It also increases the point values for water metering projects which are critical to providing accurate monitoring of water supply and consumer water use. Priority points were also increased for water main rehabilitation or replacement projects to recognize the important role of these projects to reduce water main breaks and leaks. In addition, the revisions require that water audits be performed prior to receiving priority points for projects that are needed to increase the available supply of water due to consumer demands.

### **Lead in Drinking Water**

The revised PRS increases the priority points awarded to projects that are necessary to resolve lead action level exceedances. It also provides priority points for projects that proactively reduce lead levels at public schools and other child care facilities when lead levels are approaching the action level. In 2016, the federal Environmental Protection Agency clarified that PWS customer service line replacements located on private property are eligible for DWSRF funding. With this clarification, priority points were added for projects that include complete lead service line replacements. Points were also added to projects that replace the internal piping of buildings owned by a PWS when such projects are part of a lead remediation strategy.

### **Proactively Addressing Unregulated and Emerging Contaminants**

The old PRS did not provide any incentive, via priority points, for PWSs to undertake proactive projects that address unregulated contaminants or contaminants of emerging concern. These contaminants currently do not have Maximum Contaminant Levels established at the federal or state level and many of them are not currently mandated in Connecticut for water quality testing. The DPH believes that proactively reducing the public’s exposure to these contaminants should be encouraged through the DWSRF and will reduce public health risk. The revised PRS added a category for “Advanced Surface

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Water Treatment”. This category provides additional priority points to projects that incorporate changes in treatment technologies to proactively address the treatment of these contaminants in advance of anticipated future regulatory requirements.

### **Other Changes**

- An “Exclusion” column was added to Appendix A of the PRS to clarify the process of DPH assigning priority points to a project. Where two or more activities in Appendix A have the potential to conflict, the conflicting activity will be shown for the lower point value activity in the Exclusion column. Where conflicts occur, points will be assigned for the higher point value activity.
- Under the old PRS, projects that received priority points under the Water Quality category did not receive an additional points for the project undertaken to correct the water quality impairment (such as points for treatment system upgrades). Under the revised PRS, projects receiving priority points under the Water Quality category will not be excluded from receiving additional priority points under other categories.

The revised PRS is available for viewing or download on our DWSRF webpage. It will be used to rank new DWSRF Eligibility Applications beginning in SFY2018. If you have any questions on these changes or the DWSRF Program please do not hesitate to contact Cameron Walden from our DWSRF Program at (860) 509-7333.



# STATE OF CONNECTICUT

## DEPARTMENT OF PUBLIC HEALTH




Raul Pino, M.D., M.P.H.  
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Lt. Governor

Drinking Water Section

### DWS Circular Letter #2017-04

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

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

DATE: February 14, 2017

RE: Changes to the Drinking Water State Revolving Fund (DWSRF) – Eligibility Applications for Funding May be Submitted at Any Time

The Drinking Water Section (DWS) has made changes to the DWSRF Program that will allow eligible public water systems (PWS) to submit Eligibility Applications for DWSRF funding at any time. The “Call for Projects” that has traditionally given PWS a 2-3 month window of opportunity every 2 years to submit Eligibility Applications will now be on-going. The DPH will continue to issue a Call for Projects notice but it will be issued annually rather than every two years. The notice will provide a deadline for submitting DWSRF Eligibility Applications for projects that a PWS wishes DPH to consider for the upcoming State Fiscal Year’s (SFY) 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 recently revised [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). This change will allow PWSs with important drinking water projects that are not included on the PPL to apply for funding at any time and get on a waiting list. 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.

The Call for Projects notice for SFY 2018 is available on the [DPH website](#) with a deadline of **April 28, 2017** to submit Eligibility Applications for consideration for the SFY 2018 PPL. 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.



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