

**North Carolina
Bipartisan Infrastructure Law
Clean Water State Revolving Fund
Emerging Contaminants Funds
Intended Use Plan
Fiscal Years 2022 and 2023**

Draft for Public Review

Division of Water Infrastructure

North Carolina Department of Environmental Quality

Table of Contents

1. Introduction	Page 2
2. Financial History	Page 2
3. Programmatic Goals	Page 2
4. Information on Activities to be Supported	Page 4
5. Criteria and Methods for Distributing Funds	Page 6
6. Programmatic Conditions	Page 10
7. Public Review and Comment	Page 11
8. Budget and Project Periods	Page 11

Appendices

Appendix A – Intended Use Plan Project Priority List

Appendix B – FY 2021 -2022 and FY 2022-2023 (Cap Grant) Proposed Payment Schedule

Appendix C – Priority Rating System

Appendix D – Grant Percentage Matrix

1. Introduction

This Intended Use Plan (IUP) addresses the FY2022 and FY2023 Clean Water State Revolving Fund Emerging Contaminants (CWSRF-EC) funding made available through the Bipartisan Infrastructure Law (BIL).

The Division of Water Infrastructure (Division) is part of the North Carolina Department of Environmental Quality (NCDEQ). The Division administers financial assistance programs to assist local government units (LGUs) and non-profit water/wastewater utilities¹ in constructing projects that both benefit water quality and improve the human environment.

In 2013 the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to determine the eligibility of projects for certain water infrastructure funding programs, including the Clean Water State Revolving Fund (CWSRF), consistent with federal law. The priorities reflected in this document have been approved by the Authority.

Specific to this document, the Division administers the federal-state CWSRF program as established by Title VI of the Federal Water Pollution Control Act (a.k.a. Clean Water Act) as amended in 1987. The CWSRF program offers loans to LGUs at interest rates lower than market rates for clean water infrastructure. As a LGU repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments must go back into the CWSRF. The CWSRF-EC funds will, however, be offered entirely as principal forgiveness loans, meaning that the eligible recipients of the funds would not need to repay these loans. This Intended Use Plan explains how the FY2022 and FY2023 Bipartisan Infrastructure Law CWSRF Emerging Contaminants capitalization grants will be used and how the CWSRF-EC will operate.

The IUP is incorporated into the capitalization grant agreement and becomes the grant work plan. Combined, the operating agreement, grant agreement, IUP, Clean Water Act, Code of Federal Regulations, and state statutes set the program requirements for the BIL CWSRF-EC funds. The IUP identifies anticipated projects scheduled for funding commitments from the CWSRF-EC. It also explains how the BIL CWSRF-EC funds will utilize a priority rating system to identify those projects that will address the greatest need and/or provide the greatest positive environmental impact on the water resources in North Carolina.

2. Financial History

Congress appropriated funds to the CWSRF in the Infrastructure Investment and Jobs Act of 2021, commonly referred to as the Bipartisan Infrastructure Law (BIL). The BIL appropriated additional funds for five fiscal years (FY2022-FY2026) to address Emerging Contaminants (BIL CWSRF-EC Funds). The BIL also appropriated funds specifically to supplement the CWSRF funds, which is described in a separate IUP. This IUP will discuss the workplan for the BIL CWSRF-EC funds for the Fiscal Years 2022 and 2023.

3. Programmatic Goals

Pursuant to the Clean Water Act, the State must identify the goals and objectives of its water

¹ For brevity, "LGUs" in this IUP refers to eligible entities, including local government units and non-profit utilities.

pollution control revolving fund (i.e., the CWSRF). The State has the following goals for its CWSRF program:

3.1. Overall CWSRF Program Goal

Provide funding for clean water infrastructure while advancing the NCDEQ's mission to provide science-based environmental stewardship for the health and prosperity of ALL North Carolinians and to advance the water quality goals of the Clean Water Act while targeting the systems with greatest needs.

3.2. Emerging Contaminants Funding Program Short-Term Goals

Goal #1: Inform local governments and non-profit wastewater utilities of the availability of funds, benefits of the CWSRF-EC program, and funding process.

Goal #2: Work closely with local governments and non-profit wastewater utilities to address contamination of the environment with PFAS (per- and poly fluoroalkyl substances).

3.3. Long -Term Goals

Goal #1: Support North Carolina Department of Environmental Quality's Strategic Goal to strengthen North Carolina's infrastructure through thoughtful, strategic, and equitable investments in communities.

Goal #2: Support North Carolina Department of Environmental Quality's Strategic Goal to protect North Carolinians from exposures to emerging compounds using a transparent and science-based decision-making process, with special emphasis on reducing health risks associated with PFAS.

Goal #3: Support North Carolina Department of Environmental Quality's Strategic Objective to ensure funding processes include equitable access for underserved communities.

Goal #4: Support U.S. Environmental Protection Agency's Strategic Goal 5 of ensuring clean and safe water for all communities.

Goal #5: Integrate the funding process with other CWSRF funding processes and continue to streamline them to ensure the funds are used in an expeditious and timely manner in accordance with §602(b)(4) of the Clean Water Act.

Goal #6: Ensure the technical integrity of CWSRF projects through diligent and effective planning, design, and construction management.

Goal #7: Ensure the Priority Rating System reflects NCDEQ's and the Authority's goals.

Goal #8: Aid compliance with state and federal water quality standards by all funded publicly-owned wastewater treatment works.

4. Information on Activities to be Supported

North Carolina's CWSRF program will continue to be one of low-interest loans, supplemented with principal forgiveness as allowed by §603(i)(3) of the Clean Water Act. The CWSRF-EC funds will be entirely funded as principal forgiveness loans. The State intends to access 4% of the capitalization grants (\$67,520 for FY2022 and \$153,520 for FY2023) for the administrative costs associated with running the program. These costs include application preparations and outreach, application review, engineering report and environmental document review, design review, loan processing, construction inspection, and disbursement processing and accounting for funded projects.

In addition to funding infrastructure projects, the CWSRF also allows the use of 2% of the capitalization grant funds for technical assistance. The Division does not intend to use technical assistance set-asides from the BIL CWSRF-EC funds. Funding for technical assistance on emerging contaminants can be covered by set-asides from the base CWSRF and BIL CWSRF General Supplemental capitalization grants, as described in a separate Intended Use Plan. The Division reserves the right to use unused portions of the technical assistance set aside at a later date.

The Division reserves the authority to transfer BIL Emerging Contaminants funds between the DWSRF-EC and CWSRF-EC from these years' capitalization grants at a later date and apply it to a future year's capitalization grant.

The following table provides a summary of the projected funds available as a result of the Federal capitalization grant.

BIL CWSRF-Emerging Contaminants Funding Sources and Uses for the Life of the Program

Projected Sources and Uses for FY2023		(From DWNIMS)							
FY	Revenues					Expenditures		Net For FY	Cumulative Net
	Federal Cap	State Match	Repayments Principal	Repayments Interest	Interest Earned	Project Disbursements	Set Asides		
2022	\$1,688,000	\$0	N/A	N/A	N/A		\$67,520		
2023	\$3,838,000	\$0	N/A	N/A	N/A		\$153,520		
Totals	\$5,526,000	\$0	\$0	\$0	\$0		\$221,040	\$5,304,960	
Projected Uses beyond FY2023					(Based on Availability Model)				
						\$5,304,960		\$0	

Values in RED as approximate values.

5. Criteria and Methods for Distributing Funds

5.1. Eligible Projects

For FY2022 and FY2023 CWSRF-EC capitalization grants, eligible projects must address any perfluoroalkyl and polyfluoroalkyl substances (PFAS) contaminants in publicly owned treatment works and/or publicly owned landfills.

5.2. Project List and Prioritization

The Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as a part of future funding cycles (see 5.3 below). Applications that are received in one funding cycle and are not selected for funding will be reconsidered in one more cycle (the next one) for funding.

Projects eligible for CWSRF-EC funds will be prioritized using a Priority Rating System consisting of elements of the Priority Rating System as approved by the State Water Infrastructure Authority for the base and BIL CWSRF General Supplemental funds. The State Water Infrastructure Authority approved the same, full Priority Rating System for public review for the CWSRF-EC funding. In addition, the Division is seeking public comments on an alternative where only specific line items of the Priority Rating System that are relevant to Emerging Contaminants and are more consistent with the Drinking Water State Revolving Fund – Emerging Contaminants Priority Rating System are considered in scoring and prioritizing the applications that are eligible for CWSRF-EC funds, thus narrowing the prioritization to PFAS-related characteristics of the project and applicant. See Appendix C for the proposed full Priority Rating System and the alternative option of an Emerging Contaminants-specific Priority Rating System. Public comments will be shared with the State Water Infrastructure Authority to make a final decision on the Priority Rating System that will be used to prioritize CWSRF-EC funding.

The Priority Rating System considers four elements of a project: (1) project purpose, (2) project benefit, (3) system management, and (4) affordability.

For project purpose, the full Priority Rating System for all wastewater projects provides points for project purposes by which projects that are not CWSRF-EC eligible may be scored. The alternative CWSRF-EC specific Priority Rating System that is more consistent with the DWSRF-EC Priority Rating System places higher priority on construction projects over evaluation and assessment projects, and on projects with greater proportions of costs dedicated to addressing PFAS contamination. Only one project purpose may be claimed per application.

For project benefits, the full Priority Rating System for all wastewater projects provides points for project benefits by which projects that are not CWSRF-EC eligible may be scored. The alternative CWSRF-EC specific Priority Rating System that is more consistent with the DWSRF-EC Priority Rating System places higher priority on projects that address contamination exceeding proposed MCL and Hazard Index for drinking water standards. Additional prioritization is provided to regionalization projects to incentivize regional approaches to addressing PFAS.

In addition to correcting water quality issues, the Priority Rating System supports those LGU systems that seek to be proactive in their system management, including prioritization points for having implemented asset management plans and appropriate operating ratios.

The Priority Rating System also takes into account the ability of the applicant to afford projects. For example, those applicants who have a high poverty rate, high utility bills, lower population growth, lower median household incomes, and higher unemployment receive higher priority. Projects that primarily benefit disadvantaged areas also receive additional priority points.

The State Water Infrastructure Authority may adjust the rank of any application based on its analysis of a proposed project's value that is consistent with, but not evident in, the Priority Rating System, provided it is consistent with federal law.

5.3. Application and Project Deadlines

The CWSRF program operates on a priority basis and accepts funding applications semi-annually. Projects are allocated funding in priority order (as noted above) and within special reserve requirements (e.g. Emerging Contaminants, etc. as described herein) until available funds are exhausted. Funding availability is determined based on the capitalization grants. Results will be posted on the Division's website.

Project funding for construction projects is contingent on adherence to the schedule below in accordance with §159G-41 (times listed are measured from Letter of Intent to Fund except as noted otherwise):

- 5.3.1. Funding application and supporting information must be received by the application deadline to be considered for any given funding cycle.
- 5.3.2. After the Authority provides final project rank eligibilities, the CWSRF program will issue Letters of Intent to Fund (LOIF) based on the projects' prioritization and the amount of funds being made available in the cycle.
- 5.3.3. Within four months of the issuance of the LOIF, a complete Engineering Report / Environmental Information Document must be submitted to the CWSRF program.
- 5.3.4. Within nine months, the Engineering Report / Environmental Information Document must be approved.
- 5.3.5. Within 15 months, complete plans and specifications must be submitted with copies of all required permits, encroachments, etc., or evidence that applications for

remaining required permits have been submitted to the respective permitting agency. Complete Operations and Maintenance (O&M) Plan must be submitted.

5.3.6. Within 19 months, the plans/specifications and all required permits must be approved/issued.

5.3.7. Within 23 months, the following events/items must be completed/received:

5.3.7.1. Advertise the project for bids

5.3.7.2. Receive bids

5.3.7.3. Submit bid information to CWSRF staff

5.3.7.4. Obtain the Division's Authority to Award Construction Contracts.

5.3.8. Within 24 months, construction contracts must be executed.

The milestones in the timeline above are absolute for all projects in a particular cycle and will not be extended except based upon a demonstrated need for extension by the LGU. Projects may be able to meet these milestones ahead of schedule. However, in the event that any milestone noted above is not met, work by the CWSRF staff may be suspended and all documents returned to the Applicant until the proposed project is resubmitted for consideration during a future cycle.

If an Applicant desires CWSRF funding and the Applicant's project requires an Environmental Impact Statement (EIS), Division staff will manage the environmental review process. However, a funding application for the project will not be accepted in any funding cycle until a draft EIS has been sent to the State Clearinghouse (SCH). In the event that a fundable project is in process and the environmental review completed within the timeline results in the conclusion that an EIS is required, then the milestone deadlines for the project will be suspended until a draft EIS has been sent to the SCH. After the draft EIS is sent to the SCH, the project must adhere to the same time frames specified above.

5.4. Detailed Project Funding Criteria

5.4.1. General

- 5.4.1.1. To be eligible for CWSRF-EC funding, a project must be on the Intended Use Plan Project List.
- 5.4.1.2. Funding can be provided for any eligible projects (that address PFAS) as provided for in the Clean Water Act and NCGS 159G, including wastewater treatment facilities, collection systems, landfill leachate treatment, etc. that improve water quality.
- 5.4.1.3. Funding will be provided in priority order based on project score, Authority determination, and the amount of funds made available. Projects cannot be substantively changed once funding is allocated.
- 5.4.1.4. CWSRF-EC funds will be offered as 100% principal forgiveness.

5.4.2. Principal Forgiveness

CWSRF-EC funding will be provided with 100% principal forgiveness for the entire FY2022 and FY2023 capitalization grants, less the amounts used for set-asides and administrative costs. Total amounts available for principal forgiveness is estimated to be \$1,620,480 for FY2022 and \$3,684,480 for FY2023.

5.4.3. Green Projects

- 5.4.3.1. Not less than 10% of the CWSRF capitalization grants (\$168,800 of FY2022 and \$383,800 of FY2023) will be provided for green projects, provided there are sufficient applications to utilize this reserve. Funding may bypass a higher priority project to satisfy the Green Project Reserve. Any such bypassing will be shown in the Intended Use Plan Project Priority List. If sufficient applications are not received to utilize this reserve after two cycles of funding applications, funds may be utilized for non-green projects. However, the State will continue to conduct outreach to promote green project funding opportunities. Green projects funded through the Green Project Reserve will receive targeted interest rates.
- 5.4.3.2. Notwithstanding the above paragraph, the State will offer targeted interest rates to green projects beyond the requirements of the capitalization grant consistent with the Priority Rating System.
- 5.4.3.3. A green project will be eligible for a one-percentage point reduction from the targeted interest rate (but not less than zero percent).
- 5.4.3.4. Principal forgiveness is not available for green projects.

5.4.4. Miscellaneous Criteria/Provisions:

- 5.4.4.1. Davis-Bacon prevailing wage rates apply to loans as required by funding agreements/conditions.
- 5.4.4.2. American Iron and Steel provisions will apply to loans as required by Federal mandates.
- 5.4.4.3. Build America, Buy America requirements will apply to loans as required by US EPA and by Federal mandates.
- 5.4.4.4. Brooks Act requirements will be applied to projects in a dollar amount equal to or exceeding the capitalization grant.
- 5.4.4.5. Funding conditions for projects with capital improvements will include the requirement to develop an Operations and Maintenance (O&M) Plan to plan for adequate long-term operations of the assets, including plans for covering the operating costs and technical capacity of staff to operate and maintain the assets.
- 5.4.4.6. Funding conditions will specify that project costs that are paid by an identified Responsible Party are not eligible for CWSRF-EC funds and will be refunded to the Department.
- 5.4.4.7. Approval of a repayable loan (not principal forgiveness) that may supplement a CWSRF-EC award is contingent on approval by the Local Government Commission (LGC).
- 5.4.4.8. A 2% fee is required. The fee cannot be financed by the CWSRF-EC fund.

6. Programmatic Conditions

6.1. Assurances and Specific Proposals

Pursuant to §606(c)(4) of the Clean Water Act, the State of North Carolina certifies that:

- 6.1.1. The State will enter into binding commitments for 100% of the amount of each payment received under the capitalization grant within one year after receipt of each payment.
- 6.1.2. The State will expend all funds in the CWSRF-EC in an expeditious and timely manner.
- 6.1.3. The State will conduct environmental reviews of treatment works projects according to procedures set forth in its Operating Agreement between the State and US Environmental Protection Agency.

6.2. Federal Requirements

- 6.2.1. The State will ensure that all federal requirements are met as noted in the CWSRF Operating Agreement between the State and US Environmental Protection Agency and the Grant Agreement, including Single Audit, Disadvantaged Business Enterprise compliance, federal environmental crosscutters, and Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.
 - 6.2.2. The State will enter all required reporting information at least quarterly into respective federal databases including FFATA, CWSRF National Information Management System (NIMS), and the CWSRF Benefits Reporting (CBR) system.
 - 6.2.3. The State will ensure that all applicants to the CWSRF program certify that they meet the fiscal sustainability planning requirements. Such certifications will be received by the time of loan offer.
- 6.3. Transfer between CWSRF-EC and Drinking Water State Revolving Fund-EC
- Transfer of funds between the CWSRF-EC and the BIL Drinking Water State Revolving Fund Emerging Contaminants funding are authorized by federal statutes. This IUP does not propose any such transfer of funds. However, the Division reserves the ability to make transfers in managing cash flow. If such transfer takes place, a subsequent transfer will be made by transferring that amount back from the receiving fund to the providing fund (i.e., no permanent transfers) as soon as possible.

7. Public Review and Comment

This section will be completed after the public review period is concluded. Public comments are sought for the draft IUP, including the draft Priority Rating Systems shown in Appendix C.

8. Budget and Project Periods

- 8.1. The budget and project periods being requested for the capitalization grants is shown in Appendix B and on EPA Form SF 424.
- 8.2. Loan fees (2% of loan) on loans from the grant will be deposited into separate account centers. Fees will be used to administer the program. In addition, fees considered non-program income will also be used for other water quality purposes within the Divisions of Water Resources and Water Infrastructure, including funding for positions.

Appendix A

Draft - Intended Use Plan Project Priority List for BIL CWSRF-EC Funds

The Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as a part of future funding cycles.

Fall 2023 and Spring 2024 Application Rounds – TBD.

Fall 2022 Application Round – Demand for Wastewater Project addressing Emerging Contaminants (PFAS) – Not Funded Using Other Sources – This is not a funded project. The Authority will make its selection in July 2023.

Applicant Name	Project Name	NPDES Permit Number	County	Total Funding Request	Notes	CWSRF-EC Funding	Priority Points	Estimated Binding Commitment
Cumberland County	Landfill Leachate Treatment and PFAS Removal	N/A	Cumberland	\$15,303,886		TBD	52	
Total				\$15,303,886				

TOTALS

	FY2022 CWSRF-EC	FY2023 CWSRF-EC	Total Over Two Cap Grants
Total	TBD	TBD	Demand (\$15,303,886) exceeds availability
Availability (excl. set-asides)	\$1,620,480	\$3,684,480	\$5,304,960

Appendix B
2022 CWSRF Proposed Payment Schedule

(Dependent on timing of state match and award of federal grant)

<u>Payment Quarter</u>	<u>2022 EC Payment Amount</u>	<u>2023 EC Payment Amount</u>
April 1, 2023 – June 30, 2023		
July 1, 2023 - September 30, 2023		
October 1, 2023 - December 31, 2023	\$1,688,000	\$3,838,000
January 1, 2024 - March 31, 2024		
April 1, 2024 - June 30, 2024		
July 1, 2024 - September 30, 2024		
October 1, 2024 - December 31, 2024		
Total	\$1,688,000	\$3,838,000

Appendix C

PRIORITY RATING SYSTEM

Projects eligible for CWSRF-EC funds will be prioritized using a Priority Rating System (PRS). In this public comment period, the Division is seeking comments on a proposal to use a PRS that only contains CWSRF-EC relevant line items to focus scoring of applications only on items that are relevant to PFAS projects (see first table below, titled “Proposed 2023 PRIORITY RATING SYSTEM for CWSRF-EC Projects Only”) versus using the full Priority Rating System that applies to all wastewater projects (see second table below, titled “Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects”). Public comments will be shared with the State Water Infrastructure Authority to make a final decision on the Priority Rating System that will be used to prioritize CWSRF-EC funding.

Proposed 2023 PRIORITY RATING SYSTEM for CWSRF-EC Projects Only			
<p><u>Instructions:</u> For each line item, mark “X” to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.</p>			
Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A- 1.E	Reserved for other wastewater projects (not to be used for CWSRF-EC funds)		
1.F	Reserved for other programs		
1.G – 1.I	Reserved for other wastewater projects (not to be used for CWSRF-EC funds)		
1.J.1	Main purpose of the project is to address Emerging Contaminants ² (construction projects) where 100% of the costs are associated with this purpose OR		20
1.J.2	At least 75% of the project costs are to address Emerging Contaminants (construction projects) OR		15

² For CWSRF-EC funding, “Emerging Contaminants” in line items 1.J.1, 1.J.2, and 1.J.3 are limited to what is eligible for CWSRF-EC funding (i.e. PFAS). Line items 1.J.1, 1.J.2, 1.J.3 would make the Priority Rating System for CWSRF-EC funding consistent with DWSRF-EC Priority Rating System.

Proposed 2023 PRIORITY RATING SYSTEM for CWSRF-EC Projects Only			
1.J.3	Main purpose of the project is to evaluate alternatives to address Emerging Contaminants (may include pilot scale treatment study)		2 ³
Maximum points for Category 1 – Project Purpose			20
Subtotal claimed for Category 1 – Project Purpose			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B	Reserved for other programs		
2.C – 2.F.1	Reserved for other wastewater projects (not to be used for CWSRF-EC funds)		
2.F.2	Project includes system regionalization and/or system partnerships		5
2.G – 2.H.2	Reserved for other programs		
2.H	Project addresses contamination ⁴		
2.H.3 ⁵	Project addresses any PFAS compounds exceeding 10 ppt OR		2 ⁶
2.H.4	Project addresses PFOA and/or PFOS compounds exceeding proposed MCL of 4 ppt OR		10
2.H.5	Project addresses Hazard Index exceeding 1.0 for an individual or combination of GenX, PFBS, PFNA, PFHxS		10

³ The Division is seeking comments on whether to propose increasing the points for line item 1.J.3 to 5 points.

⁴ For line items 2.H.3, 2.H.4, and 2.H.5, levels must be determined using Methods 1633 or 8327, or an equivalent Method as determined by the Division of Water Resources.

⁵ Line Items 2.H.3, 2.H.4, and 2.H.5 in this alternative to the Priority Rating System would make the Priority Rating System for CWSRF-EC funding consistent with DWSRF-EC Priority Rating System.

⁶ The Division is seeking comments on whether to propose increasing the points for line item 2.H.3 to 5 points.

Proposed 2023 PRIORITY RATING SYSTEM for CWSRF-EC Projects Only			
2.I	Reserved for other wastewater projects (not to be used for CWSRF-EC funds)		
2.J – 2.M	Reserved for other programs		
2.N – 2.R	Reserved for other wastewater projects (not to be used for CWSRF-EC funds)		
2.S	Reserved for other programs		
Maximum points for Category 2 – Project Benefits			15
Subtotal claimed for Category 2 – Project Benefits			
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
3.A	Capital Planning Activities		
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application OR		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan		2
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
3.C – 3.E	Reserved for other programs		
Maximum points for Category 3 – System Management			15
Subtotal claimed for Category 3 – System Management			
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Residential Connections		

Proposed 2023 PRIORITY RATING SYSTEM for CWSRF-EC Projects Only			
4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
4.B	Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$79 OR		4
4.B.2	Greater than \$90 OR		6
4.B.3	Greater than \$107 OR		8
4.B.4	Greater than \$129		10
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark OR		7
4.C.4	Project benefits disadvantaged areas		5
4.D – 4.G	Reserved for other programs		
Maximum points for Category 4 – Affordability			25
Subtotal claimed for Category 4 – Affordability			
Total of Points for All Categories			

The full Priority Rating System for all wastewater projects that was approved by the State Water Infrastructure Authority for public review (including additional line items not included above) is as follows.

Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects			
<p>Instructions: For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each category, provide the total points claimed for each program in the subtotal row for that category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some categories have a maximum allowed points that may be less than the total of individual line items.</p>			
Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve failed or failing infrastructure issues		20
1.C	Project will rehabilitate or replace infrastructure, including replacement by a regionalization projects		12
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, or tanks to be rehabilitated or replaced are greater than 40 years old		8
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, OR lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E	Project will provide service to disadvantaged areas		20
1.F	Reserved for other programs		

Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects			
1.G	Project will provide stream/wetland/buffer restoration		10
1.G.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration SCMs		5
1.G.2	Restoration project that includes restoration and/or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.H	Project will provide SCMs to treat existing sources of pollution		10
1.H.1	Project that includes SCMs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.I	Project will provide reclaimed water/usage or rainwater harvesting/usage		10
Place-holder 7			
Maximum points for Category 1 – Project Purpose			25
Subtotal claimed for Category 1 – Project Purpose			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A – 2.B	Reserved for other programs		
2.C	Project provides a specific environmental benefit		

⁷ The Division is seeking comments on whether to propose adding line items 1.J.1, 1.J.2, and/or 1.J.3 to the Priority Rating System if the full PRS for all wastewater projects is adopted for the CWSRF-EC funds.

Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects			
2.C.1	Project replaces or repairs certain sewer lines, eliminates failed onsite wastewater system or non-discharge system, or resolves managerial, technical & financial issues		15
2.C.2	Project eliminates malfunctioning onsite wastewater systems		10
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, OR		5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger or regionalization		
2.F.1	Project includes system merger OR		10
2.F.2	Project includes system regionalization and/or system partnerships		5
2.G – 2.H.2	Reserved for other programs		
2.H.3 ⁸	Project addresses an emerging contaminant without an MCL		10
2.I	Project improves treated water quality by adding or upgrading a unit process		3
2.J – 2.M	Reserved for other programs		

⁸ The Division is seeking comments on whether to propose changing 2.H.3 to be consistent with the 2.H.3, 2.H.4 and 2.H.5 proposed in the PRS for CWSRF-EC Projects Only table.

Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects			
2.N	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure from inside 100-year floodplain to outside 500-year floodplain OR		8
2.N.2	Project relocates infrastructure out of a 100-year floodplain OR		5
2.N.3	Project relocates infrastructure from between the 100-year and 500-year floodplains to outside the 500-year floodplain OR		3
2.N.4	Project fortifies or elevates infrastructure within floodplain OR		4
2.N.5	Project improves ability to assure continued operation during flood events OR		4
2.N.6	Project reduces the size of infrastructure as a result of a buyout or other abrupt loss of population OR		4
2.N.7	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including cybersecurity and/or backup electrical power source		3
2.O	Project <u>directly benefits</u> subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20
2.P	Project <u>directly benefits</u> specific classified waters		10
2.Q	Project will result in elimination of an NPDES discharge		3
2.R	Primary purpose of the project is to achieve at least 20% reduction in energy use		5
2.S	Reserved for other programs		

Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects			
Maximum points for Category 2 – Project Benefits			35
Subtotal claimed for Category 2 – Project Benefits			
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
3.A	Capital Planning Activities		
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application OR		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and proposed project is included in the plan		2
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
3.C – 3.E	Reserved for other programs		
Maximum points for Category 3 – System Management			15
Subtotal claimed for Category 3 – System Management			
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Residential Connections		
4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
4.B	Current Monthly Combined Utility Rates at 5,000 Usage		
4.B.1	Greater than \$79 OR		4

Proposed 2023 PRIORITY RATING SYSTEM for All Wastewater Projects			
4.B.2	Greater than \$90 OR		6
4.B.3	Greater than \$107 OR		8
4.B.4	Greater than \$129		10
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark OR		7
4.C.4	Project benefits disadvantaged areas		5
4.D – 4.G	Reserved for other programs		
Maximum points for Category 4 – Affordability			25
Subtotal claimed for Category 4 – Affordability			
Total of Points for All Categories			

Appendix D Grant Percentage Matrix

Table 4. Proposed Step 4 (Affordability Matrix)				
Percentile Ranges for grant eligibility categories	Combined Monthly Bills¹ based on 2020 data (\$/5000 gallons)	% Grant or PF	Combined Monthly Bills + Project cost per customer per month² based on 2020 data (\$/5000 gallons)	% Grant or PF
> 99 Percentile	> \$148	100%	> \$148	100%
95 - 99 Percentile	\$129 - \$148	100%	\$129 - \$148	75%
85 - 95 Percentile	\$107 - \$129	75%	\$107 - \$129	50%
70 - 85 Percentile	\$90 - \$107	50%	\$90 - \$107	25%
50 - 70 Percentile	\$79 - \$90	25%	\$79 - \$90	0%
0 - 50 Percentile	\$0 - \$79	0%	\$0 - \$79	0%
<p>¹ Single utility providers may divide by 0.4 for water or 0.6 for sewer applicant for calculating a combined monthly bill.</p> <p>² Project cost per customer per month calculated assuming 0% interest financing for 20 years.</p>				