

Appendix C

Project Priority System

State of Kansas
Kansas Department of Health and Environment
Division of Environment
Bureau of Water

State Fiscal Year 2024
Kansas Public Water Supply Loan
Fund Project Priority System

July 1, 2023

**Kansas Department of Health and
Environment Kansas Public Water
Supply Loan Fund Project Priority
System
FY 2024**

I. INTRODUCTION

The SDWA and Kansas Statutes establishing the public water supply loan fund require KDHE to develop a project priority system; including ranking criteria to determine which projects should receive loans. The ranking criteria found in previous Intended Use Plans evaluated different types of projects and benefits realized for those project types. Because the Infrastructure Investment and Jobs Act provides federal funds reserved for specific project types, separate ranking criteria is needed to be able to rank projects of the same type adequately. This priority system will have different criteria established for base program projects, emerging contaminant projects, and lead service line replacement projects. In preparing a priority list, the Secretary is required to exclude projects from applicants who have not adopted and implemented water conservation plans consistent with Kansas Water Office guidelines. KDHE is also required to ensure that at least 20% of loan fund monies are made available to communities of less than 5,000 people.

II. PRIORITY RATING CRITERIA FOR BASE PROGRAM PROJECTS

The priority rating criteria for base program projects are used to numerically rank projects for potential funding assistance from the Kansas Public Water Supply Loan Fund. State law and the SDWA both provide guidance on factors to be considered when ranking projects.

The SDWA requires priority be given to projects that address the most serious risks to human health, that are necessary to assure compliance with requirements of the SDWA (national primary drinking water regulations) and to assist public water supplies most in need, on a per household basis according to state affordability criteria. The priority ranking process is weighted regarding the health benefits related to project types, however, projects can be comprised of multiple project types that have different levels of benefits. Project ranking will only reflect the ranking points for the project type that ranks the highest. For example, a project that adds a treatment process to reduce a contaminant that is above the Maximum Contaminant Level (MCL) will have high ranking points, but a project that replaces aging waterlines will have lower ranking points. A project that includes both an MCL resolving treatment process and an aging waterline replacement project, will only be ranked according the treatment scope of the project. Note, that for systems with MCL violations that submit a pre-application for a project with multiple types, KDHE cannot provide loan funds for other types of the project until the MCL violations have been resolved.

Kansas statutes require KDHE to give consideration to projects consistent with the public water supply regionalization strategies developed in the Kansas Water Plan. Since no regionalization strategies have been proposed, the rating criteria cannot address this issue. However, the rating criteria do award points for system consolidation.

The Bureau of Water will consider the following factors in determining the numerical scores of each project:

- 1) Water quality issues, including compliance with maximum contaminant levels, treatment techniques, aesthetic factors, and unregulated contaminants.
- 2) Consolidation of systems;
- 3) Improvements to reliability;
- 4) State median and applicant household income levels;
- 5) Special categories; and
- 6) KDHE adjustment

III. PRIORITY RATING CRITERIA FOR EMERGING CONTAMINANT PROJECTS

The priority rating criteria for emerging contaminant projects are used to numerically rank projects for potential funding assistance from the Kansas Public Water Supply Loan Fund. Because the projects in this category will have similar health related benefits, ranking criteria will evaluate system specific conditions to differentiate between projects adequately.

The Bureau of Water will consider the following factors in determining the numerical scores of each project:

- 1) Whether contaminant levels exceed EPA Health Advisory levels;
- 2) If the contaminant is a cyanotoxin, whether the system's source water has reported Harmful Algal Blooms;
- 3) Projects that reduce PFAS contaminants;
- 4) If the System serves census tracts that have been determined to be Disadvantaged Communities by EPAs [Climate and Economic Justice Screening Tool](#);
- 5) If the system serves a population of 25,000 or less;
- 6) If the project will use treatment or replacement to address the contaminant.

IV. PRIORITY RATING CRITERIA FOR LEAD SERVICE LINE REPLACEMENTS

The priority rating criteria for lead service line replacement projects are used to numerically rank projects for potential funding assistance from the Kansas Public Water Supply Loan Fund. Because the projects in this category will have similar health related benefits, ranking criteria will evaluate system specific conditions to differentiate between projects adequately.

The Bureau of Water will consider the following factors in determining the numerical

scores of each project:

- 1) Lead service line replacements or galvanized service lines considered lead service lines;
- 2) If the system has had a lead action limit exceedance;
- 3) If the system has completed the service line inventory at the time the SRF pre-application was submitted;
- 4) If the System serves census tracts or the project location has census tracts that have been determined to be Disadvantaged Communities by the Council on Environmental Quality's [Climate and Economic Justice Screening Tool](#);
- 5) If the system serves a population of 10,000 or less;
- 6) If the system will replace the private side of lead service lines without any additional cost to the user;
- 7) The degree of poverty for the system.

V. IDENTIFICATION OF POTENTIAL PROJECTS

Potential projects for inclusion on the project priority list may be identified by public water supply officials, by KDHE, through participation in national needs surveys, through routine inspection and special studies; or by federal, state, or local agencies.

Projects may also be identified by the Secretary of KDHE as necessary for correction of an emergency condition.

VI. ADMINISTRATIVE PROCEDURES

KDHE will use the following procedures in administering the priority system.

1. The Bureau of Water will prepare annually, a priority list of all projects to be included in the Intended Use Plan for possible funding during the state fiscal year. The Project Priority List (PPL) will include the rank for each project.
2. The Bureau of Water will give public notice of the Intended Use Plan and hold a minimum of one public hearing to receive comments. The Bureau of Water will provide information upon request, on the detailed calculation of the priority rank of a project.
3. If the PPL includes a funding line based on estimated money available, the highest ranking projects equal to the funds available will be given the first opportunity to apply for funding. If there is no funding line in the PPL, all projects will have an opportunity to apply for funding.
4. The Secretary of KDHE may amend the PPL and the Intended Use Plan to include a project requested by the Bureau of Water as needed to protect public health, or to meet emergency needs.
5. A project must be listed in the PPL prepared by KDHE to receive a loan; unless

funded under the emergency provision or bypass provision.

6. If projects above the funding line (if there is a funding line) in the PPL fail to apply for or execute loans, those funds will be made available to the highest ranked projects ready to proceed that are below the funding line. This ability to bypass projects is necessary to assure available funds are obligated on a timely basis.
7. Kansas law requires 20% of available loan funds to be made available to public water suppliers that serve less than 5,000 people. If available, projects serving less than 5,000 people, totaling at least 30% of available loan funds, will be included above the funding line in the PPL to assure sufficient projects to meet the 20% requirement. Projects from public water suppliers serving less than 5,000 population will be indicated on the Project Priority List and may be placed above the funding line (if a funding line exists) regardless of priority ranking, if necessary to meet the 20% requirement.
8. Projects with identical ranking scores will be listed and prioritized according to the system population with lower population ranked above higher populations.

VII. PROJECT RATING PROCEDURE FOR BASE PROGRAM PROJECTS

Projects identified as Base Program Projects, will be ranked by the rating system set forth below. The highest point total denotes the highest priority for funding. A separate ranking will be prepared for each project. Projects will receive points for each applicable category.

1. Water quality issues:

Acute MCL or treatment technique violation corrected	35 points
Chronic MCL or treatment technique violation corrected	30 points
Impending MCL violation corrected	20 points
Intermittent MCL violation corrected	15 points
Compliance with administrative order/Significant Deficiency	13 points
Unregulated contaminant reduction	12 points

2. Consolidation:

System consolidation of two or more water systems	10 points each
Source consolidation by system interconnection	5 points

3. Reliability improvement:

Second source for single source systems	15 points
Low water pressure (less than 20 psi)	13 points
Treatment Plant rehabilitation	10 points
Additional Storage (if current is less than 24 hours)	10 points
Connecting to an additional source	9 points
Correct excessive water loss (over 20%)	9 points
Replace inoperable/failing well	8 points

Storage Rehab/Replacement	7 points
Aging Pipe Replacement	7 points
Rehab Pumpstation	6 points
Distribution system looping	5 points
Replace meters/upgrade to AMI	5 points
Water restrictions in last 3 years	5 points
Emergency Power	5 points

4. Beneficiary Measures:

Poverty % over 30%	4 points
< 80% of State Median Household Income (SMHI)	3 points
Poverty % over 20%	2 points
Population less than 1,000	2 points
> 80% of SMHI but < SMHI	1 point
Population between 5,000 and 1,000	1 point

5. Special categories:

Extend distribution system to unserved area	15 points
Upgrade to meet future regulations	10 points
Plant expansion	10 points
Water treatment waste discharges	5 points

6. KDHE point adjustment (case by case special circumstances) Up to 35 points

System implements an Asset Management Program	10 points
System received Congressionally Directed Spending that came from the national SRF Appropriation within the last 3 years. This will remove ranking points.	-10 points

BACKGROUND

The following background is provided to explain the factors KDHE will consider when awarding points under the project rating criteria.

1. Water Quality Issues

This group considers a project’s ability to correct violations of drinking water standards. Acute MCL and treatment technique violations are those violations which may have an immediate public health impact, or which require public notices to be given under the acute MCL violation provision of the public notification regulations. Only nitrate MCL violations and acute coliform MCL violations are covered by this provision at the present time. Violations of surface water treatment requirements will be included as an acute violation. Chronic MCL violations are those MCL violations which have health impacts over a longer period of time. Projects to provide treatment for an impending violation will also be considered in this category. Generally, an impending violation would be scored if an identifiable plume of contamination was threatening a water source. Projects to resolve intermittent MCL violations are for systems that have MCL violations within the last 3

years, but current levels of contaminants are within limits due to operation improvements or natural variation of contaminants in the source water. Existence of an administrative order to correct a non MCL violation, or a significant deficiency from a KDHE Sanitary Survey, will also be considered in this category. KDHE will also consider projects providing treatment for unregulated contaminants which may have health impacts under this category. Extensions of distribution systems to areas with documented water quality problems may also receive points under this section.

2. Consolidation

Kansas law requires the department to encourage regional cooperative projects. Ten points will be added for each system to be consolidated by a project. (Two systems that consolidate into 1 system would receive 20 points; 3 systems that consolidate into 1 system would receive 30 points). Five points will be added for projects in which systems remain separate but purchase water with a permanent interconnection.

3. Reliability Issues

Projects which add supplemental sources of water to systems with single sources are important to assure the reliability of a system and will receive points under this category. KDHE will consider the level of water restriction imposed when awarding points under this category. Restrictions on domestic consumption will receive ranking points but outdoor restrictions will not. KDHE will also consider efforts made by an applicant to locate and reduce water losses and promote water conservation. Projects which rehabilitate treatment plants, add storage to meet peak needs, and loop dead end lines are also considered to improve reliability. KDHE will give greater weight to projects which correct low pressure problems, when the problems are documented by field measurements.

4. Beneficiaries Income

This section allows additional points to be awarded based on the applicant's median household income compared to the state median household income. Points will also be awarded for high percentages of poverty found on the U.S. Census Bureau web site, using the most current American Community Survey data.

5. Special Categories

Projects can receive additional ranking points if they meet any of these special categories.

6. KDHE point adjustment

This category allows KDHE to award a maximum of 35 discretionary points when circumstances exist which are not adequately accommodated by the categories described above. These circumstances can include but are not limited to extra points for systems that utilize asset management programs, completing KanCap board member training classes, or adding treatment for unregulated contaminants that are covered by an EPA health advisory. This category will also be used to remove ranking points for systems that have received Congressionally Directed Spending grants (earmarks) in the last 3 years, the source of which came from the national SRF appropriation amount. The grants that have been

funded in this manner reduce the funds allocated to SRF programs. Kansas as seen a 50% reduction in the annual DW SRF capitalization grant because of Congressionally Directed Spending grants. The reduction in SRF ranking points will provide other systems that did not receive such grants an advantage in receiving SRF funding.

VIII. PROJECT RATING PROCEDURE FOR EMERGING CONTAMINANTS PROJECTS

Projects identified as Emerging Contaminants Projects will be ranked by the rating system set forth below. The highest point total denotes the highest priority for funding. A separate ranking will be prepared for each project. Projects will receive points for each applicable category.

1. EPA Health Advisories:

Concentration above an EPA health advisory value	15 points
Concentration below an EPA Health advisory value	5 points

2. Cyanobacterial Toxin contaminants:

Source has reported at least 1 HAB for 3 consecutive yrs.	15 points
Source has reported at least 1 HAB for 2 consecutive yrs.	10 points
Source Water has reported a HAB in last 3 years	5 points

3. PFAS Contaminants:

PFAS contaminant issue	20 points
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4. Climate and Economic Justice Screening Tool designated Disadvantaged Community:

Threshold exceeded for each category	5 points each
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5. Population:

System serves population 1,000 or less	10 points
System serves population 3,000 or less	8 points
System serves population 10,000 or less	6 points
System serves population 20,000 or less	4 points
System served population 25,000 or less	2 points

6. Treatment and replacement:

Project will use treatment to reduce contaminant	10 points
Project will replace infrastructure to reduce contaminant	5 points

BACKGROUND

The following background is provided to explain the factors KDHE will consider when

awarding points under the project rating criteria for Emerging Contaminants.

1. EPA Health Advisories

EPA publishes health advisories for many contaminants that are not regulated. These advisories are based on health risks that may be increased due to consumption of a specific contaminant. These risks are calculated at different levels based on one day, ten day, or lifetime exposure. If the levels of the contaminant in finished water are higher than the lifetime exposure in an EPA health advisory, more points will be awarded to the project. Health advisories for Cyanotoxins will use the 10-day adult exposure since short term exposure is more consistent with cyclical sources of cyanotoxins. Projects that do not have documented contaminant levels of finished water above zero will not get ranking points in this category.

2. Cyanobacterial Toxin Contaminants

If the project will resolve an issue with cyanobacterial toxins, it can receive extra ranking points based on the system's source water history of having harmful algal blooms (HAB). If the source has had consistent HABs over 3 years it will receive more ranking points than sources with less frequent HABs.

3. PFAS Contaminants

Because the law that created this special funding category also indicated a priority for addressing PFAS contaminants, all projects that addresses a PFAS contaminant with documented levels in finished water (above method detection limits) will receive extra ranking points.

4. Climate and Economic Justice Screening Tool designated Disadvantaged Community

The Council on Environmental Quality (CEQ) created a [Climate and Economic Justice Screening Tool](#) as directed by Executive Order 14008 to help identify disadvantaged communities. The determination of a disadvantaged community by this tool is not related to KDHE's determination of a disadvantaged community through the affordability criteria described in the Intended Use Plan. However, if a system or part of a system is located in one of the census tracts that the screening tool has determined is a disadvantaged community, the project will receive additional ranking points. Ranking points will be awarded based on how many categories exceeded the disadvantaged community threshold for the qualifying census tract.

5. Population

The law that created this special funding category requires that 25% of the funds be directed to disadvantaged communities as determined by the Intended Use Plan, or public water systems serving fewer than 25,000 persons. Extra ranking points are provided based on population of the system to help meet this requirement.

6. Treatment and Replacement

Addressing an emerging contaminant issue can be accomplished by either removing the contaminant with treatment of the source water, changing source infrastructure that does not contain the contaminant, or replacing contaminated infrastructure. More ranking points will be awarded for projects that use treatment to remove contaminants than projects that change source water infrastructure or replace contaminated infrastructure. Projects that replace existing treatment systems that currently addresses an emerging contaminant will be considered replacement of infrastructure instead of using treatment to remove contaminants. This will reflect that reducing contaminant levels through treatment where there is currently no treatment is a higher priority than replacing treatment infrastructure that currently reduces contaminant levels for its users.

IX. PROJECT RATING PROCEDURE FOR LEAD SERVICE LINE REPLACEMENT PROJECTS

Projects identified as lead service line replacement Projects, will be ranked by the rating system set forth below. The highest point total denotes the highest priority for funding. A separate ranking will be prepared for each project. Projects will receive points for each applicable category.

1. Lead Service Lines (LSL):

Actual LSL replacement	15 points
Projects for completing inventories	10 points
Galvanized service line replacement	5 points

2. Lead Action Limit:

Lead Action Limit Exceedance in last 3 years	5 points
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3. Service Line Inventory:

If the system has completed the inventory	15 points
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4. Climate and Economic Justice Screening Tool designated Disadvantaged Community:

Threshold exceeded for each category in highest DC census tract for project area	5 points each
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5. Population:

System serves population 500 or less	10 points
System serves population 1,000 or less	8 points
System serves population 3,000 or less	6 points
System serves population 5,000 or less	4 points
System serves population 10,000 or less	2 points

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| 6. | Cost of Private LSL: | |
| | No charge for private LSL costs | 10 points |
| 7. | Degree of Poverty: | |
| | Poverty % over 30% | 4 points |
| | Poverty % over 20% | 2 points |

BACKGROUND

The following background is provided to explain the factors KDHE will consider when awarding points under the project rating criteria for lead service line replacement projects.

1. Lead Service Lines (LSL)

Projects for the replacement of lead service lines, replacement galvanized service lines that were ever downstream of any lead service line or service line of unknown material, or for activities to complete service line inventories are eligible to use these special funds. Actual lead service line replacement will have the most priority, inventory activities will have the next priority, and replacing eligible galvanized lines will have the least priority.

2. Lead Action Limit Exceedance

If the system has exceeded a lead action limit in the previous 3 years.

3. Service Line Inventory Completion

Having a completed service line inventory for the system at the time of pre-application submittal is a clear indication that the system is ready to proceed with a project. This category is for systems that have the inventory completed and submitted using the required KDHE template.

4. Climate and Economic Justice Screening Tool designated Disadvantaged Community

The Council on Environmental Quality (CEQ) created a [Climate and Economic Justice Screening Tool](#) as directed by Executive Order 14008 to help identify disadvantaged communities. The determination of a disadvantaged community by this tool is not related to KDHE’s determination of a disadvantaged community through the affordability criteria described in the Intended Use Plan. However, if the project area is known and is located in one of the census tracts that the screening tool has determined is a disadvantaged community, the project will receive additional ranking points. Ranking points will be awarded based on how many categories exceeded the disadvantaged community threshold for the highest qualifying census tract in the project.

5. Population

Smaller populations will likely have a larger burden in planning and executing lead service line replacement projects. Systems serving a population of 10,000 or less will be prioritized.

6. Private Side Replacement Costs to Owner

To address household affordability concerns and to minimize adverse public health effects, points will be awarded to LSL replacement projects that do not charge any additional costs to the owner for construction activities of the private side replacement of the service line.

7. Degree of Poverty

The degree of poverty of disadvantaged communities will be considered if the percentage of the population in poverty is over 20% and 30%.