

6. Criteria and Method of Distribution of Funds

The criteria and method for the distribution of Project Funds, depends on the demand for the funds relative to the funds available. For the Base, Supplemental and Redistribution of the 2020 DWSRF Base Capitalization Grants the demand exceeds the available funds. But, in contrast, the Emerging Contaminants and Lead Service Line Replacement Capitalization Grants have more funds available than the existing demand for project funds. In this case, projects are accepted on the Primary Project List until the funds have been allocated.

When the requests for project funds exceeds the available funds, the selection process is described below.

6A. Description of Selection Process for Projects to Receive Assistance. Each year all DWSRF eligible PWSs will be asked to submit information about projects (submission of a project information application form provided by the Program) for which they are seeking DWSRF monies for the designated year. This project information will be reviewed for accuracy and eligibility, and then given a priority ranking score based on the system designated in Section 6F below. The availability of funds for projects from other agencies may be investigated and discussed with the PWS. The DWSRF eligible projects and their respective information will then be listed in order of priority, highest to lowest, in a master list of all projects (Comprehensive Project Priority List). The Program will create the Primary Project List utilizing the provisions in this Section and the amount of available funds. The Primary Project List can be found in Attachment F. A Back-up Project List, Attachment G, consists of projects that did not make the Primary Project List, but are next in line to receive assistance based on their priority ranking. Projects on the Back-up Project List will be offered funds in the order of their priority ranking based on the amount of funds freed up by projects on the Primary Project List that either decline the funds or are by-passed in accordance with the procedures stated in Section 6B. Both lists include the following information.

- Priority Point Score,
- DWSRF Project Number,
- Public Water System Identification Number,
- Population Served,
- Public Water System Name,
- Project Type,
- Project Name,
- Funds Requested,
- Principal Forgiveness Ratio and
- Principal Forgiveness Amount.

The Program will contact all PWSs with projects listed on the Primary Project List after the IUP is finalized to inform them of submittal, review and approval, and application requirements.

6B. By-Pass Provision. Each PWS on the Primary Project List must demonstrate progress toward project completion by October 20, 2022. A project on the Primary Project List may be by-passed if the PWS has not entered into a loan agreement (or construction contract) or made reasonable progress towards starting construction by December 31, 2022. To enter into a loan agreement a PWS must submit and receive approval of engineering and construction documents, complete an environmental review, and complete a capacity review.

Funds made available when a project is by-passed will be offered to PWSs with projects on the Back-Up Project List. Assistance will be offered to the PWSs with the highest priority ranked projects that

have requested an amount of assistance less than or equal to the by-passed project's requested funding. On December 31, 2022, all uncommitted funds will be carried forward into the 2023 IUP.

6C. By-Pass for Small Water PWS Assistance. A minimum of 15% of the monies available for funding projects each year must go to PWSs that serve a population of less than 10,000 (small PWSs). The lowest priority project or projects for PWSs that serve 10,000 or more people may be by-passed in any given year to achieve this goal of 15% assistance to small PWSs. As necessary, the highest priority small PWS projects will be selected to satisfy the minimum 15% level. Of the 31 projects on the 2022 Primary Project List, 23 are PWSs with populations of less than 10,000. Total project funding offered for these PWSs is \$12,855,000 or 89% of the funds on the Primary Project List, greatly exceeding the 15% requirement.

6D. By-Pass for Consolidation Grant Assistance. The Program will by-pass consolidation grant projects that do not meet the deadlines established at the time of application. If a project does not meet the established deadlines, the PWS may reapply for the consolidation grant. Original applications must be submitted before construction occurs. Resubmitted applications cannot be submitted more than a year after construction started.

6E. Emergency Construction Fund. The Emergency Construction Fund provides loans to PWSs that have experienced a recent unexpected event that poses a serious threat to public health and welfare. This may include a severe weather event, accident or sabotage that results in infrastructure damage, or other event that causes a sudden and dramatic impact to drinking water quality and/or available quantity.

These projects must meet the eligibility criteria for DWSRF projects, but do not need to be on the Priority Project List. Emergency Construction Fund projects are not eligible for principal forgiveness. The DWP has the discretion to determine what constitutes an emergency. The DWP will also determine which provisions of the standard loan process (competitive bidding, environmental reviews, capacity reviews, plans and specifications, etc.) must be met. The Program has budgeted up to \$250,000 from repayment funds for the 2021 calendar year. Additional funds if available at the time of the emergency application can also be made available. Funds that are not committed by the end of 2021 will be returned to the pool of funds for standard construction projects.

6F. Very Small PWS Compliance Loan Fund (VSPWSCL). This fund allows qualifying PWSs to receive up to \$60,000 loans for infrastructure projects that are needed to achieve compliance with a current or future standard of the SDWA excluding the Revised Total Coliform Rule. Individual loans will be awarded up to \$60,000. Of the \$60,000 awarded \$10,000 will be for services of a professional engineer. For a project estimate that exceeds \$60,000, the owner is responsible for paying costs more than \$60,000 first, before VSPWSCL funds are provided, ensuring the completion of the compliance related project. For projects that will exceed \$60,000 in total cost, if the final project cost is less than expected after the owner has paid funds up-front, and as a result, VSPWSCL expenditures will total less than \$60,000, then initial costs paid by the owner may be reimbursable, enabling reimbursement of costs up to the full \$60,000 grant to be provided toward project costs.

If more requests for money are received than we have allocated for the Very Small System Compliance Loan Program, funds will be made available on a first come first served basis and the ability of the applicant to implement the improvements on a timely basis. The loans would need to meet all requirements for a standard construction loan including contract document, environmental review, capacity review, Davis-Bacon wage rates and other applicable requirements. The loan term would be set at 100 percent principal forgiveness. A balance of \$120,000 will be reserved from the 2022 DWSRF to be available for 2022 applicants.

Qualifying PWSs include all community PWSs (except those regulated by the Public Utilities Commission) with a population of 100 or less and all not-for-profit, non-transient, non-community PWSs. All PWSs that meet these basic eligibility criteria, and are therefore potentially eligible for a project under the VSPWSCL Fund, are identified on Attached Appendix L. In exceptional circumstances, not-for-profit, transient, non-community PWSs may also be granted financial assistance through the VSPWSCL Fund at the discretion of the Program.

All qualified project applications received are deemed to have a project eligibility ranking above 100 points as projects needed to achieve compliance with current or future SDWA standards. The Standard Project Ranking criteria is detailed in Section 6H. Since a ranking above 95 points exceeds the lowest ranked funded project in Attachment F, these projects are eligible for placement on the project Priority List.

Please note that projects cannot be the result of a failure to maintain an existing treatment system. Projects can consist of developing a new well or the installation of treatment. Consolidation with another PWS could be funded with a consolidation grant.

6G. PWSs in Priority Status on EPA’s ETT. PWSs that score 11 or higher on EPA’s Enforcement Targeting Tool (ETT) due to current and outstanding violations will not be eligible for DWSRF financial assistance unless/until: a) they resolve all violations to the satisfaction of the Program; b) the project(s) for which they are applying for DWSRF monies resolve all ETT violations; or c) they enter into, and comply with, an Administrative Consent Agreement with the Program that addresses the violations. If the PWS resolves its violations by one of these methods, then its DWSRF eligible project(s) will be prioritized and provided financial assistance in the same manner as all other DWSRF eligible projects. If a PWS is not a priority PWS on the ETT at the time that they receive a loan agreement but become a Priority PWS on the ETT during the construction of the project, then the DWSRF construction reimbursement process will be stopped until those violations are resolved by one of the methods mentioned above.

6H. Project Priority Ranking System. Planning and engineering costs (Engineering Study, Pilot Plant Study, Environmental Study, project design, etc.) can be separately funded from a project if associated with a future DWSRF eligible project. If construction is not occurring during the 2021 construction season, only preliminary costs will be allocated on the 2021 IUP. These activities will be prioritized based on the future DWSRF eligible project for which they are associated. Financial assistance to acquire land integral to a DWSRF eligible project and the guarantee or purchase of insurance for local debt obligation is both DWSRF eligible expenses. Projects submitted for these activities will be prioritized based on the project type with which they are associated. Example: A DWSRF project submission for land acquisition necessary for construction of a planned pump station or treatment facility will be priority ranked the same as the future facility.

The scoring system that will be used for ranking requests for DWSRF funding for this funding period is as follows:

I. Standard Projects (only one priority point score to apply to each project)

a. <u>Type of Project</u>	<u>Priority Points</u>
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1) Projects to address compliance and public health issues:

Installation of treatment or connection to a new supply for:

Acute Contaminant

99

Non-Acute Contaminant	80
Emerging Contaminant	100

Replacement of a contaminated source with uncontaminated source.

If the existing source is:

River/Stream	95
Lake/Pond/Impoundment	90
GWUDI	85
Dug Well	77
Spring	75
Filtered Surface Water	69

Replacement of aging infrastructure at risk of causing contamination.

Uncovered Finish Water Storage	60
Treatment Facility	55
Floating Cover Storage	49
Source-Intake Structure	45
Primary Pump Station	44
Booster Station	42
Storage	40
River Crossing	37
Transmission Mains	35
Distribution Mains	33
Instrumentation/Controls	30
Backwash Lagoons	30
Roughing Filters	30

Rehabilitation of aging infrastructure or upgrade of existing facilities at risk of contamination.

Treatment Facility	44
Source-Intake Structure	26
Primary Pump Station	25
Booster Station	23
Storage (Inside Painting)	20
Transmission Mains	18
Distribution Mains	17
Instrumentation/Controls	15
Backwash Lagoons	15
Roughing Filters	15

2) Installation of facilities to address low system pressure problems:

Backflow Prevention Devices	43
Storage	32
Booster Pump Station	24
Larger Mains	22

3) Projects for compliance with future promulgated SDWA

<u>regulations:</u>	60
4) <u>Projects to address aesthetics: taste, color, odor, etc.</u>	8
5) <u>Construction of facilities around a PWS's source to address a health threat or documented contamination threat to a source of supply: *</u>	
Unfiltered Surface Water W/Filtration Waiver	72
Filtered Surface Water	62
Groundwater	52

*Source water protection activities are not eligible for funding with Project Funds, but may be eligible for Other Non-Project Activity set-aside funds.

6) Installation of facilities to provide redundant facilities:

Supply (present peak day supply problems)	68
Disinfection Equipment	56
Treatment Train	50
Supply Source	40
Source-Intake Structure	32
River Crossing	29
Pump Station	21
Storage	19
Transmission Main	25

7) Other Eligible Projects:

Catastrophic Failure of Critical Infrastructure	70
PWS Viability: Facility Consolidation	65
Install Backup Power Source	48
Tank Mixing & Re-Chlorination	35
Resolution of Dead-End Water Quality Problems	34
PWS Interconnection	32
PWS Expansion to Address Public Health Issues	31
Installation of Meters	16
Construction of Office, Garage, or Equipment Storage	10

b. Priority Point Add-ons: (only one priority point score for each category applies and is to be added with each category's score including project points to produce the final project priority rank)

Priority points

1) PWS compliance/enforcement status*

Court Action or Civil Penalty Assessment	30
Assessed Administrative Penalty	25
Active Administrative Compliance/Consent Order	20
Loss of Filtration Avoidance/Exemption	18
Long-term Boil Water Order or Do Not Drink Order (>1 year)	16
In Significant Non-Compliance	14
Outstanding Notice of Non-Compliance	12
Outstanding Treatment Technique Violation	10

Active Bi-lateral Compliance Agreement	8
Recommendation from a Sanitary Survey	5

* These priority points are only added if proposed project addresses the compliance/enforcement issue in question.

2) Percentage of annual residential water bill of median household income.

Greater than 2.25%	18
between 2.01% and 2.25%	15
between 1.76% and 2.00%	12
between 1.51% and 1.75%	9
between 1.26% and 1.50%	6
between 1% and 1.25%	3
less than 1%	0

3) Population served.

100,000 people or more	1
between 10,000 and 99,999	2
between 3,300 and 9,999	8
between 500 and 3,299	6
less than 500 people	4

4) Public Water System Type.

Community	6
Non-Transient	3
Transient	1

5) Project in accordance with Completed System Master Plan. 5

6) Stated Project Completion and Drawdown.

Prior to August 31, 2023	5
Prior to September 30, 2023	4
Prior to October 31, 2023	3
Prior to November 30, 2023	2
Prior to December 31, 2023	1

7) Plans and Specifications. up to 10

1 point for each 10 percent completed, maximum 10 points
DWP may request copy of plans and specifications

8) Project in conjunction with road reconstruction project DWP may request documentation of planned road project. 10

9) Demonstration Permitting & Environmental Review is Complete: 10

10) Discretionary Points based upon public health risk: Associated only with aging infrastructure. The facility expected useful life is compared to the facilities age.

If the ratio is greater than 50% and less than 75%	5
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If the ratio is greater than 75% and less than 90%	8
If the ratio is greater than 90% and less than 100%	12
If the ratio is greater than 100% and less than 125%	16
If the ratio is greater than 125%	20

Note: The following Expected Useful Life values shall be used:

Pipe (Iron/HDPE)	100 Years
Pipe (Asbestos Cement/PVC/Copper)	75 Years
Pipe (Galvanized)	50 Years
Finished Water Storage Facilities	75 Years
Buildings Structures	50 Years
Groundwater Wells	40 Years
Electrical & Mechanical Equipment including pumps	20 Years
Steel Coating Systems	20 Years
Meters	15 Years
Chemical Feed & Storage Equipment	15 Years
Instrumentation	10 Years

- 11) Projects related to Lead Service Line Removal – 10 Points. For a project or activity to be eligible for funding under this appropriation, it must be otherwise DWSRF eligible and be a lead service line replacement (LSLR) project or associated activity *directly connected* to the identification, planning, design, and replacement of lead service lines. Any project funded under this appropriation involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source. To address household affordability concerns and to minimize adverse public health effects, we encourage states to fund the private portion of service line replacements at no additional cost to the homeowner.
- 12) Projects to Treat Water Supplies due to Emerging Contaminants - 30 Points. For a project or activity to be eligible for funding under this appropriation, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. Given the clear Congressional intent that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (hereinafter PFAS), EPA expects states to actively solicit and prioritize PFAS-focused projects. States, however, have the flexibility to fund projects for any contaminant in any of EPA’s Contaminant Candidate Lists. For example, EPA also encourages states to consider using these funds to address perchlorate as well as contaminants that have higher levels of occurrence or health concerns.

c. Additional priority points for projects being co-funded with other agencies: PWSs should inform the Program of financing they are attempting to secure or have secured from other agencies (U.S.D.A. Rural Development (RD), Department of Economic and Community Development (DECD), etc.) for projects they are also attempting to finance with DWSRF funds. The Program will work to inform PWSs of their eligibility for funds from other agencies and will promote the application for these funds when the other agency presents a better financing package for the PWS or has available funds for which their project is eligible. The Program will consider the combined use of DWSRF funds and funds from other agencies or another funding source if the DWSRF

funds are necessary to complete the financing of the project. Another source of funds could include the PWS’s own financial contribution as match to the total project cost. These projects will receive additional priority points as follows:

- 10 points - DWSRF co-funding with one other agency or source of funds, either a DECD Community Development Block Grant or 25% of project cost funded from another agency or source.
- 15 points – DWSRF co-funding with two or more other agencies or sources of funds where a minimum of \$600,000 is being provided toward the total project cost from the other agencies or sources.

These other funds must be committed to the project before the PWS can enter into a loan agreement to receive DWSRF funding. The Program will not authorize funds that will replace loan commitments already secured from another lending agency unless approval to do so has been obtained from that agency.

USDA-RD and DECD, the two primary agencies with funds available to finance drinking water facilities in Maine, have goals like those of the Program. They both consider a project’s ability to address a public health issue when prioritizing the projects eligible for their funds.

d. Additional Priority Points for Compliant PWSs:

DWSRF eligible PWSs that have been in compliance with the SDWA for the last five calendar years (2017, 2018, 2019, 2020 and 2021), will receive extra priority points for each of the five years. The points for each year will be based on the following:

- 2 points - no compliance violations on record with the Program for that calendar year.
- 1 point - violation(s) but all have been addressed and resolved with the Program.
- 0 points – outstanding violation(s) that have not been resolved.

The priority points will be totaled (maximum of 10 points) and added to each project that PWS submitted requesting DWSRF financial assistance.

Total Project Priority Point Score: (a+b1+b2+b3+b4+b5+b6+b7+b8+b9+b10+c+d)

II. Other Projects - 15% Set-Aside. The types of activities to be funded with this non-project set-aside and the percentage and dollar amount of monies to be allocated to each activity are listed in Section 4C.

Priority ranking system for the 15% set-aside funds. Priority ranking for each set-aside activity will be based on the scoring system listed below. References to **b1, b2, b3**, etc., refer to the add-on points defined in the previous section.

a. Land Acquisition/Conservation Easements:

In the unusual case of multiple applications submitted at the same time, the following ranking criteria shall be used.

<u>Type of Source</u>	<u>Priority Points</u>
Unfiltered surface water with filtration waiver	50
Filtered surface water source	40
Groundwater under the direct influence of surface water	30
Groundwater	20

(Total Priority Ranking Score = Type of Source+b1+b2+b3+b4+c+d)

b. Wellhead Protection:

- 0 – 5 points Demonstrated need for the project. How will the project help protect your groundwater source?
- 0 – 3 points Previous wellhead protection work. Has your PWS demonstrated a commitment to source water protection by dedicating time or financial resources to source protection? What other projects have you completed or are in the process of completing that identify, evaluate, manage, or eliminate threats to your groundwater supply?
- 0 – 3 points Community Involvement. Protecting drinking water sources is a community effort. Explain how you have included, or plan to include, local partners to work with you to enhance efforts to protect your groundwater source. Have you engaged your neighbors, your customers, and/or your local government in protecting your source?
- 0 - 1 points Implementation of a Wellhead Protection Plan. Projects which will implement recommendations or reduce the risk of contamination identified from an existing Wellhead or Source Water Protection Plan, or from recommendations made by the Program, Maine Rural Water Association, or other qualified professional will receive one point.
- 0 - 1 point Creation of a Wellhead Protection Plan. Projects that include the development or improvement of a Wellhead or Source Water Protection Plan will receive one point.
- 0 - 1 point Cost Sharing. PWSs which contribute money or in-kind services to help fund or complete a portion of the project will receive one point. For example, PWSs that contribute \$100 toward the replacement of each home heating oil tank within their wellhead protection zone will receive this point.
- 0 - 1 point Previous grant awards. PWSs which have never received a Wellhead Protection Grant will receive one point.

(Total Priority Ranking Score = Need + Previous Work + Community Involvement + Implementation of Wellhead Protection Plan + Creation of a Wellhead Protection Plan + Cost Sharing + Previous Grant Work)

c. Source Water Surface Water Protection:

- 0 – 5 points Demonstrated need for the project. How will the project help protect your surface water source?
- 0 – 2 points Previous source water protection work. Has your PWS demonstrated a commitment to source water protection by dedicating time or financial resources to source protection? What other projects have you completed that evaluate or manage threats to your surface water supply?
- 0 – 5 points Community involvement. Protecting drinking water sources is a community effort. Explain how local partners will work with you to enhance efforts to protect your groundwater source. Will this project benefit another public or private drinking

water source? Projects demonstrating value from other sources, financial or in-kind, will receive a higher score.

0 – 3 points Describe how the project will address an identified risk. Will the project reduce the risk of contamination identified by a Watershed Management Plan, Source Water Assessment Report, or another priority system?

0 or 1 point Implementation of a Watershed Management Plan. Projects which will implement recommendations from an existing Watershed Management or Source Water Protection Plan will receive one point.

0 or 1 point Cost Sharing. PWSs which contribute money or in-kind services up front to fund a portion of the project costs will receive one point.

Priority will be given to projects that exceed the \$5,000 grant maximum and which will be funded in part by funds from other sources.

(Total Priority Ranking Score = Need + Previous Work + Community Involvement + Identified Risk + Implementation of Wellhead Protection Plan + Cost Sharing + Previous Grant Work)

d. PWS Consolidation:

The purpose of this program is to provide partial funding to PWSs to allow consolidation with another PWS to enhance system capacity. PWSs with a technical, managerial, or financial capacity issue can receive partial funding to consolidate with a more viable PWS to enhance system capacity and de-regulate an existing PWS. The PWS Consolidation Grant will fund no more than 50 percent of the cost of the PWS consolidation for for-profit facilities and no more than 75 percent of the cost of the PWS consolidation for not-for-profit facilities. Grant awards may not exceed \$100,000. Payment shall be made on a one-time reimbursement basis. Consideration for greater than a single reimbursement will be made on a case-by-case basis determined by the financial need of the applying PWS. Community PWSs and non-profit, non-community PWSs are eligible for the PWS Consolidation program. For-profit non-community PWSs and federally owned PWSs are not eligible. Each eligible PWS (PWS to be eliminated) may only receive one grant award for any consolidation effort.

Qualifying Criteria:

- The PWS applying for consolidation must have a technical, managerial, or financial capacity issue that will be addressed by the consolidation with the more viable PWS.
- The more viable, receiving PWS must neither exhibit technical, managerial, or financial capacity issues nor result in PWS capacity issues.
- Plans and specifications for the consolidation must be reviewed and approved by the Program.
- The project must complete the environmental review process that is currently part of the DWSRF construction loan program.

Ranking Criteria:

Because limited funding is provided for this Set-aside, grant awards will be determined by time of application, anticipated construction date, and risk to public health.

6I. Relationship to Meeting DWSRF Goals and Objectives. The criteria and method used to distribute project funds, as stated in this section, satisfies all the goals and objectives of the DWSRF. It also satisfies the DWSRF priority requirements of the SDWA. It gives PWSs with the greatest need for

obtaining financial assistance to construct projects that address imminent and long-term threats to public health, pending enforcement actions and compliance issues with the SDWA, the ability to receive funding by giving their projects the highest priority ranking. It provides for assistance to small PWSs and Disadvantaged Community PWSs. Affordability will be factored into the priority ranking of projects. The method of distributing project funds also provides for the funding of preventive measures such as source water protection, replacement of aging infrastructure, operator certification and capacity development.

6J. Impact on Long-Term Financial Status of the DWSRF. The proposed method and financial terms for distributing project funds presented in this IUP should have negligible impact on the long-term financial status of the DWSRF. Principal payments on loans plus all interest earnings will be deposited to the DWSRF and made available for future PWS capital improvements. The only funds lost for revolving are those used for:

- DWSRF Administration,
- Technical assistance to small PWSs set-aside,
- PWSS program functions set-aside,
- Grants to PWSs to establish and implement Wellhead and Source Water Protection Programs,
- Costs for services rendered for source water delineations and assessments of potential sources of contamination, and
- Principal forgiveness funds to Disadvantaged Community PWSs.