

## APPENDIX A1

### CWSRF Project priority ranking system

The State is responsible for the determination of priority given to the construction of publicly owned treatment works and preparation of a State Project Priority List under Title II, Section 216 of the federal CWA.

The Priority Ranking System shall be used to rank the projects on the State Project Priority List. Priority ranking for the projects utilizes the following eight categories to determine total points awarded. The greater the total number of points, the higher the ranking. When necessary, a tiebreaker as described later, is used. Communities that were in mid-process will be automatically carried forward from the prior year. Although ranked with zero priority points, all late survey submissions may still be eligible for funding after the bypass date. The ranking of all municipality projects will be conducted in even numbered fiscal years, with only ranking of unique discovered needs in odd fiscal years.

#### **CATEGORY 1. PROJECT BENEFIT**

This category incorporates several factors, including the type of project and the relative level of the impact on the environment. Points for only one benefit are awarded. When a project has more than one significant benefit, the benefit with the highest point value is used. In addition to the priority points awarded according to the following schedule, projects receive five supplemental benefit priority points for regionalization if the project includes the consolidation of wastewater collection and treatment systems owned and operated by two or more communities.

<b>Benefit:</b>	<b>System Code:</b>	<b>Priority Points:</b>
Elimination of raw or primary waste discharge	A	35
Separation of combined sewers	B	35
Public health benefit by elimination of frequent sewer backups or septic tank system – drinking water well spacing conflicts	C	35
Municipal wastewater collection and treatment system to replace on-site treatment systems	D	30
Remediation or protection of drinking water supply in zone of influence of municipal well field	E	30
Replacement or upgrade of wastewater treatment system to assure compliance with secondary treatment standards (Total Suspended Solids (TSS) and Biological Oxygen Demand (BOD))	F	30
Disinfection of wastewater effluent	G	25
Replacement or upgrade of wastewater treatment system to meet water quality-based permit limits (Ammonia, E-coli & PH)	H	25
Remediation of ground water at landfill site	I	25
Sludge stabilization	J	25
Storm water management	K	20
Addition or repair of wastewater collection system or lift station	L	20
Beneficial reuse (Gray water reuse, land apply line, & equipment, etc...)	M	20
Water quality enhancement for a Nonpoint Source project	N	20
Water conservation	O	15
Other benefits	P	5

## CATEGORY 2. BENEFICIAL USE AND CLASSIFICATION OF RECEIVING WATERS

This category addresses receiving water that is currently impacted or has the potential to be impacted by existing situations, and that would be enhanced or protected by the proposed project. Points for only one beneficial use or one ground water classification are awarded. The applicable use or classification with the highest point value is utilized. Some projects may impact both surface water and ground water, but only the primary receiving waters are considered. Wastewater treatment and collection systems to replace existing septic tank systems, will use the ground water classification for point allocation, unless there is documentation of extensive discharges to surface waters. Improvements to existing complete retention lagoons will use the assigned use of the stream that is being protected for point allocation, unless the problem is excessive seepage rather than inadequate capacity. Sludge stabilization, sewer, and lift station project point allocation is based on the assigned use of the stream that receives or could receive the effluent discharge. Sewer projects that eliminate the need for septic tanks are allocated points based on the ground water classification.

<b>Assigned Beneficial Use of Surface Water:</b>	<b>System Code:</b>	<b>Priority Points:</b>
Class A and Class B State Resource Waters	Q	25
Public Drinking Water	R	25
Recreation	S	20
Class A – Cold Water Aquatic Life (Flows all year)	T	10
Class B – Cold Water Aquatic Life (Seasonal flow)	U	10
Class A – Warm Water Aquatic Life	V	10
Class B – Warm Water Aquatic Life	W	5
<b>Ground Water Classification:</b>		
GA (public system)	X	25
GB (individual system)	Y	15

Classifications come from definitions in Nebraska Titles 117 and 118.

## CATEGORY 3. WATER QUALITY OF RECEIVING WATERS

The quality of water in the receiving stream or aquifer is another factor in project prioritization. Priority is given to projects potentially impacting bodies of water that have been degraded by pollutants and are impaired for one or more assigned beneficial uses. Neither the specific source of these pollutants causing the impairment, nor the specific impact of the potential project is considered in this assessment.

Some projects may impact both surface water and ground water, but only the primary receiving waters shall be considered. The projects that primarily impact surface waters are those projects that received priority points for Assigned Beneficial Use of Surface Water in Category 2. The projects that primarily impact ground water are those projects that received priority points for Ground Water Classification in Category 2.

An assessment of the quality of water in surface water bodies to support assigned beneficial uses is presented in the current Surface Water Quality Integrated Report. This report includes a list of water bodies that are not supporting assigned beneficial uses due to impacts of one or more pollutants, commonly referred to as the Section 303(d) List. Projects that primarily impact surface waters are awarded priority points if the water body that receives or could receive the wastewater discharge is listed in the report as having one or more beneficial uses impaired by one or more pollutants. Water bodies impaired by natural causes or conditions are not awarded priority points.

Pollution can also impact ground water and make it unfit for some uses. Watersheds were evaluated for ground water quality impairment for the Nebraska Unified Watershed Assessment. This evaluation considered contamination by nitrate and pesticides and administrative orders and notice of violations for public drinking water supplies issued by the Department. The SRF program will utilize information obtained from the Nebraska Water Quality Management Report, as prepared in accordance with Neb. Rev. State Statute 46-1304, and use the information to award additional points using the following assessment:

<b>Indication of Water Quality Impairment</b>	<b>System Code</b>	<b>Priority Points</b>
<b>Water Body Assessment Category Listed in Surface Water Quality Integrated Report</b>		
Category 4A or 4B	Z	20
Category 5	AA	20
<b>Nebraska Unified Watershed Assessment, Ground Water Quality Resource Component Weighted Value</b>		
100 Points	BB	20
50 Points	CC	10

#### **CATEGORY 4. ENFORCEMENT ACTIONS**

This category addresses enforcement actions initiated by the Department of Environment and Energy to address violations of the Environmental Protection Act and other related acts. Points are awarded for a project if the project can reduce or prevent future violations and essentially satisfy the enforcement action.

<b>Enforcement Action</b>	<b>System Code</b>	<b>Priority Points</b>
Consent Order	DD	25
Administrative Order or EPA Orders	EE	25
Referral to Attorney General	FF	25
Compliance Schedule in NPDES Permit	GG	20
Notice of Violation or EPA 308 Letter	HH	15

#### **CATEGORY 5. READINESS TO PROCEED**

This category addresses the status of project planning, preparation of plans and specifications, and readiness to proceed with project construction.

<b>Project Status</b>	<b>System Code</b>	<b>Priority Points</b>
Construction Permit Issued	II	60
Plans and Specifications Submitted to NDEE	JJ	50
Finding of No Significant Impact (FNSI) or Categorical Exclusion (CatEx) Issued	KK	40
Facility Plan Submitted to NDEE	LL	25

#### **CATEGORY 6. POPULATION**

This category addresses the existing populations to be served by the proposed project. The population is also an indication of the relative magnitude of the impact on the environment that is addressed by the proposed project. If the facility serves the entire community, the population shall be taken from the latest official census. If the facility serves only a part of the community, an estimate of the existing population served shall be used. Estimates of the population previously served shall be used for projects relating to facilities no longer in service, such as remediation of closed landfill sites.

Population Served	Priority Points
50,000 or Greater	10
10,000 - 49,999	8
5,000 - 9,999	6

Population Served	Priority Points
2,500 - 4,999	4
800 - 2,499	2

#### CATEGORY 7. ASSESSING WASTEWATER INFRASTRUCTURE NEEDS (AWIN)

This category addresses a community's sustainability risk to afford infrastructure projects in the future through the use of the AWIN Sustainability Model developed by NDEE. The AWIN Sustainability Model is a probability model that evaluates and scores a community based on the community's population trends, economic status, and resources. The low-risk range includes communities likely to have sustainable growth and needs little additional help. The moderate-risk range is comprised of communities with uncertain growth potential requiring further evaluation to determine the need for additional assistance. The high-risk range includes those communities that may need additional assistance to bring them into compliance without causing undesired financial stress.

Sustainability Risk:	Priority Points
High	25
Moderate	15
Low	0

#### CATEGORY 8. FINANCIAL IMPACTS

This category addresses the financial impact of the proposed project on the users that will provide the revenue to repay the loan. Priority points are awarded according to the annual cost of the loan per person as a percentage of the MHI of the community from the ACS five-year average. A 20-year loan shall be assumed with the interest rate based on the existing SRF market rate and rate system and MHI of the community.

Annual Loan Costs Per Person as a Percentage of Median Household Income	Priority Points
Greater than 0.2 Percent	10
0.05 to 0.2 Percent	6
Less than 0.05 Percent	2

#### TIEBREAKER

Two or more projects may receive the same total priority points on the IUP project list. Although communities are informed when there is doubt about funding availability, in projects with the same priority point total, ties are broken at first appearance. The priority of these projects is reviewed as they proceed to bid opening. Ties are broken by consideration of enforcement actions, specific provisions of the permit issued for the facility, and inclusion of the project as an integral part of a designated surface or ground water project established under state or federal law. The following table shall be used to break ties:

Factor	Priority
Enforcement Action	Higher
Compliance Schedule in Discharge Permit	↑
Project is Part of a Designated Water Quality Project	↓
None of the above factors	Lower

If consideration of the above factors does not break the tie, priority shall be based on the annual loan cost per person as a percentage of the MHI. The project with the higher percentage, shall have the higher priority.

## APPENDIX A2

### DWSRF PRIORITY RANKING SYSTEM

1. Scope and Purpose. The Drinking Water State Revolving Fund Act §§71-5314 to 71-5327 requires that loans shall be made to eligible public water systems (PWSs) for eligible projects. The purpose of the priority ranking system is to establish a list of eligible projects to be funded in such a manner that priority for the use of the Drinking Water Facilities Loan Fund or the Land Acquisition and Source Water Loan Fund will be given to projects that (A) address the most serious risk to human health; (B) are necessary to ensure compliance with the Title 179, Public Water Systems; and (C) assist systems most in need, on a per person basis according to the affordability criteria.

Ineligible PWSs and ineligible projects will not be evaluated for priority points. For this fiscal year, an exception was made from the policy wherein late survey submissions are typically ranked with zero priority points, as there has been an increased amount of EPA funding authorized for the program. Late surveys received before the public notification for the EQC meeting were ranked following the system below. The ranking of all PWS projects will be conducted in even numbered fiscal years, with only ranking of unique discovered needs in odd fiscal years.

2. DWSRF Priority Ranking System.

- a. Priority Ranking System for the Use of the Drinking Water Facilities Loan Fund. The following DWSRF priority ranking system, developed in coordination with the Department's Drinking Water Division, shall be used to rank the projects on the DWSRF IUP priority lists for the use of the Drinking Water Facilities Loan Fund. Priority ranking of projects will be based on total points awarded for the following three categories. Points for only one benefit in each category shall be awarded; when a project has more than one significant benefit, the benefit with the highest point value shall be used. The greater the total number of points, the higher the ranking. The ranking will be done, and the priority lists prepared annually, before IUP drafting.
  - i) Health or Capacity Development Benefit Provided by Project. This category incorporates the type of project and the level of benefit to human health, or improvement to the PWS. These projects are for the development, construction, or modification of the PWS to ensure compliance with the requirements of the NSDWA and the regulations adopted thereunder.

<u>Health or Capacity Development Benefit</u>	<u>Priority Points</u>
1. <u>Maximum Contaminant Level (MCL)/Treatment Technique Requirements.</u> Maximum allowable levels are established for those parameters which may be detrimental to public health. Detected contaminant levels in excess of 80% of the MCL within the past 4 years may qualify the project for ranking under this category.	
a. Concentration of a contaminant or duration of exposure may lead to the potential for life-threatening acute health effects (ex. high nitrates and methemoglobinemia in babies) or irreversible chronic effects (ex. high lead and neurological impairment in children). Detected concentration of a contaminant at 80% of its MCL or ACL within the past 4 years may qualify for ranking or,	130
b. The contaminant is a carcinogen and it has been detected at 80% of its MCL within the past 4 years may qualify for ranking, or	115
c. Concentration of a contaminant or duration of exposure may be associated with non-life-threatening or reversible adverse long-term health effects (ex. excess chlorine and eye/nose irritation and stomach discomfort) and it has been detected above its MCL within the past 4 years may qualify for ranking.	100
2. <u>Critical Capacity Development.</u> These projects would be for the development, construction, or modifications of the PWS to correct major deficiencies relating to the Design Standards in Title 179 NAC 2-007. Projects include: <ul style="list-style-type: none"> <li>• Backup Wells/Sources for single Well PWSs</li> </ul>	85

<ul style="list-style-type: none"> <li>Replacement of significantly aged or deteriorated major infrastructure, including Wells and Storage. The eligibility of a project for assignment of this priority point subcategory will be made at the discretion of the Division Administrator.</li> </ul>	
<p>3. <u>Sustainability Factors</u>. These projects would address upgrade to and/or the replacement of existing major infrastructure, such as:</p> <ul style="list-style-type: none"> <li>Supply Wells, Ground or Elevated Storage</li> <li>Major Treatment Plant Renovations</li> <li>Major Distribution System Replacement projects (Replacement project phases are at least a minimum of 50% of the overall project cost)</li> </ul>	55
<p>4. <u>Secondary Contaminant Level (SMCL)</u>. Recommended maximum levels are set for parameters which are not harmful to health but make the water undesirable for use. Project would enhance water quality and include disinfection.</p>	40
<p>5. <u>System Design Deficiencies</u>. These projects would be for the development, construction, or modifications of the PWS to or prevent deficiencies relating to the Design Standards in Title 179 NAC 7. Projects would address:</p> <ul style="list-style-type: none"> <li>Inadequate source capacity</li> <li>Inadequate distribution pressure/storage</li> </ul>	25
<p>6. <u>Other Factors</u>. These projects would address other water supply system concerns such as:</p> <ul style="list-style-type: none"> <li>Replacement or rehabilitation of other minor system components that are aged and/or have exceeded design life</li> <li>Controls/automation to improve operational efficiency</li> <li>Security measures and/or Standby Power</li> <li>Chlorine and/or Fluoride Feed Systems</li> </ul>	10

- ii) Financial Impacts. This category addresses the financial impact of the proposed project on the users that will provide the revenue to repay the loan. Priority points are awarded according to the annual cost of the loan per person as a percentage of the MHI. A 20-year loan shall be assumed with the interest rate based on the minimum effective interest rate of the DWSRF Program.

<b>Annual Loan Costs Per Person as a Percentage of Median Household Income</b>	<b>Priority Points</b>
Greater than 0.8 Percent	45
Greater than 0.6 to 0.8 Percent	35
Greater than 0.4 to 0.6 Percent	25
Greater than 0.2 to 0.4 Percent	15
Less than or equal to 0.2 Percent	5

- iii) Enforcement Action. This category addresses compliance with Title 179 drinking water standards and/or the enforcement actions taken requiring the system to address the deficiencies/water quality concerns that contribute to noncompliance, or any drinking water project needed as a result of an NDEE enforcement action.

<b>Enforcement Action</b>	<b>Priority Points</b>
Administrative order issued/other enforcement action taken relating to design/infrastructure deficiencies/water quality or discharge concerns/etc. addressed by the proposed project.	25

- iv) Readiness to Proceed. This section addresses establishing the Priority Funding List per the status of a PWSs project, assessing the readiness to proceed within SFY 2024. The criteria that were utilized in establishing the Priority Funding List are as follows:

- (1) PWS with a Finding of No Significant Impact (FNSI) or Categorical Exclusion (CatEx) issued by the program; with priority over,
- (2) Status of Plans and Specifications (P&Ss) – P&Ss for Ranked Project prepared or under contract for design; with priority over,

- (3) Status of Engineering Report with Test Hole – Report for Ranked Project has been prepared and, if applicable, a Test Hole has been completed; with priority over,
- (4) Status of Engineering Report – Report for Ranked Project has been prepared, first and/or where additional ranking preference may be given to those projects with demonstrated readiness to proceed.

In the above-listed order, preference shall be first given to placing those High Priority PWSs/projects in ranked order on the Priority Funding List. Where such projects in a sufficient number do not exist, readiness to proceed criteria 2 through 4 shall be repeated for Low Priority PWSs/projects. Where ties in ranking points occur, the projects are ranked in descending order per the established tiebreaking criteria in Section 4 below. The intent of the Readiness to Proceed criteria is to identify those projects most likely to receive funding in the coming fiscal year based upon the information provided by the PWSs (or their Engineers). A limited comprehensive bypass may also be developed using the above-listed criteria, should additional funds become available during the fiscal year.

Two exceptions are made to the above-listed criteria. First, those projects that have been obligated or offered better funding through another Federal (USDA-Rural Development) or State (NDED-CDBG) infrastructure funding program will not be included on the Priority Funding List. Second, those PWSs that have turned down or passed on better funding offers from the DWSRF for the listed project in past fiscal years. During the public participation process (i.e., EQC IUP approval), those systems will still be included on the Priority Planning List, and can request in writing placement on the Priority Funding List at any time, should that PWS disagree with NDEE proposed ranking.

- b. Priority Ranking System for the Use of the Land Acquisition and Source Water Loan Fund. The following priority ranking system shall be used to rank the projects on the DWSRF IUP project list for the use of the Land Acquisition and Source Water Loan Fund. Priority ranking for the projects is based on total points awarded for the following three categories. Points for only one benefit in each category shall be awarded; when a project has more than one significant benefit, the benefit with the highest point value shall be used. The greater the total number of points, the higher the ranking.
  - i) Health Benefit Provided by Project. This category incorporates the type of project and the level of benefit to human health. These projects are for the acquisition of land or a conservation easement to protect the source water of the system from contamination and to ensure compliance with the NSDWA and Title 179.

<b>Health Benefit</b>	<b>Priority Points</b>
1. <u>Acquisition of Land or a Conservation Easement to Protect the Source Water of the System from Contamination.</u>	
a. Acute Health Effects	
i) Microbiological/Nitrate	40
b. Chronic Health Effects	35
2. <u>Community Water System Implementing Voluntary Incentive Based Source Water Protection Measures.</u>	
a. Acute Health Effects	
i) Microbiological/Nitrate	40
b. Chronic Health Effects	35

- ii) Financial Impacts. This category addresses the financial impact of the proposed project on the users that will provide the revenue to repay the loan. Priority points are awarded according to the annual cost of the loan per person as a percentage of the MHI. A 20-year loan shall be assumed with the interest rate based on the minimum effective interest rate of the DWSRF Program.

<b>Annual Loan Costs Per Person as a Percentage of Median Household Income</b>	<b>Priority Points</b>
Greater than 0.4 Percent	25
0.2 to 0.4 Percent	15
Less than 0.2 Percent	5

- iii) Enforcement Action. This category addresses compliance with Title 179 drinking water standards and/or the enforcement actions requiring the system to address the issues that contribute to noncompliance.

<b>Enforcement Action</b>	<b>Priority Points</b>
Administrative order issued/other enforcement action taken relating to source water protection addressed by the proposed project.	25

3. Service Meters. Water service meters will be required as a part of the project, if the water system does not have service connections individually metered.
4. Tiebreaker. Two or more projects may receive the same total number of priority points on the IUP project list. Ties shall be broken only when (A) two or more projects receive the same total of priority points based on the above three categories, (B) the environmental reviews have been completed, (C) the systems are ready to sign the loan contracts, and/or (D) adequate funding for all these projects is not available. The status of the plans and specifications will be considered first in breaking the tie. Projects with plans and specifications approved by the Department shall have a higher priority than those projects with plans and specifications currently in the Department's review and approval process. For projects with a similar status of plans and specifications, as approved, the project with a higher annual loan cost per person as a percentage of the MHI shall have the higher priority. This last tiebreaking criterion is critical in establishing the projects to be included on the prioritized Funding Program Lists.
5. Small System Priority. Fifteen percent of the total funds available for the loans shall be earmarked for systems serving fewer than 10,000 persons except for LSL replacement projects which will rely on the program's historical bank of excess assistance to small systems, which vastly exceeds the 15% requirement.
6. Disadvantaged Community Definition. The purpose of the affordability criteria is to determine which of the projects receiving funds from the DWSRF may also qualify for financial assistance beyond the ordinary benefits available through the DWSRF. Eligible PWS may qualify for additional financial assistance if their population is equal to or less than 10,000 people with an MHI less than 120 (one hundred twenty) percent of the state MHI. See Appendix E.