

6A. Description of Process for Selection of Eligible Systems to Receive Assistance

The state of New Hampshire utilizes a ranking system to prioritize the order in which eligible projects will be financed. Projects are ranked based upon the relative impact of the project in achieving the objectives of the Safe Drinking Water Act and, in 2018, priority will continue to be given to projects in disadvantaged communities. In general, highest priority will be given to projects in disadvantaged communities that facilitate compliance with national primary drinking water regulations applicable to the system under title 1412 or otherwise significantly further the health protection objectives of this title (1452(a)(2)). Projects in need of improved capacity will also be given priority. Although, there is not a requirement to fund “green” projects. NHDES intends to award priority points for certain types of green projects identified in a system’s energy or water use efficiency or sustainability plan.

Prior to funding any project, every effort is made to evaluate an applicant's financial, technical and managerial capacity prior to issuing a loan. This is accomplished by reviewing plans, designs, documents and compliance records, as well as completion of a capacity self-assessment form as a condition of the loan application. Loans will not be issued to those applicants lacking the necessary capacity to effectively own, operate and maintain their system(s). The priority ranking system that was used to produce the list in Section 9 is explained in the following subsections.

6A (1). Priority Ranking Formula

Project priority points (P) will be derived using the following formula:

$$P = (A+B+C+D+E+F+G+H+I+J)$$

Where:

- A** = Existing violations of drinking water standards
- B** = Existing deficiencies in the supply or storage of drinking water
- C** = Existing deficiencies in treatment or design
- D** = NHDES capacity development need
- E** = System interconnection
- F** = Affordability (ratio of annual water rate vs. median household income)
- G** = Implements “green” recommendations from energy or water use efficiency or sustainability plan.
- H** = Addresses critical infrastructure needs
- I** = Asset Management (AM) program in place and project identified in an AM plan
- J** = Lead component/service line replacement project

Eligible applicants for project funding include municipal or privately owned community water systems and non-profit organizations that operate public water systems that are non-community but serve a non-transient population such as: schools, hospitals and large work places. Seasonal or communities with less than 50% of households whose residents are permanent are not eligible for Category F and will not receive subsidization.

Description of Factors

Factors used in the formula are described and weighted below. Factors and points apply to the system applying for assistance. For projects where an interconnection is proposed, points can be awarded for the relief of problems in the satellite system(s).

A = Violations of National Drinking Water Standards		
Maximum Contaminant Levels (MCL) are established by the federal or state Safe Drinking Water Act (SDWA) for those contaminants which may be detrimental to public health. Exceedances of these levels in the last year (the last three years for secondary contaminants) at community public water systems, of contaminants that will be addressed by the project, carry the following weightings. Points are given for all of the following that apply to a system and will be addressed by the project:		
Condition		Priority Points
a. Total and fecal coliforms		
	1. No detections	0
	2. 1-2 TCR assessments	30
	3. Greater than 2 assessments	40
	4. Boil order	60
b. Nitrate or emerging contaminant with do-not-drink health advisory/AGQS		
	1. No level above 1.0 mg/L (N) or HA/AGQS	0
	2. Levels >5.0<10mg/L (N)	26
	3. MCL violations (N) or HA exceedence/AGQS	60
c. Filtration or Disinfection related Treatment Techniques		
	1. No violations	0
	2. 1-2 treatment technique violations	26
	3. Greater than 2 violations	52
d. Chemical or Disinfection Byproducts MCL violations		
	1. No MCL violations	0
	2. 1-2 MCL violations	26
	3. Greater than 2 violations	52
e. Lead and Copper (At the 90th percentile)		
	1. Lead levels above .015 mg/l	52
	2. Copper levels above 3.0 mg/l	24
	3. Copper levels between 1.3 and 3.0 mg/l	18
f. Secondary Standards		
	Any exceedance of a secondary MCL	14

B = Quantity Deficiencies or Insufficient Storage	
Quantity deficiencies are shortages due to limited water supply sources or insufficient storage within the distribution system to meet public need. The public health and compliance risks associated with quantity deficiencies include domestic need of adequate potable water for drinking and hygiene, and maintaining adequate pressure in lines to prevent back siphonage and cross-connections. The following priority points may be assigned only for current or recent (within last five years) unaddressed shortages. Projects related to future growth or expansions are not eligible for funding.	
Condition	Priority Points
Adequate quantity for the present (meets all current demand)	0
Continual shortage (daily)	22
Shortage of supply recognized by NHDES	20
Insufficient storage capacity/storage tank	20
Shortage during peak demands	20
Shortage during seasonal high use in a system with an implemented conservation plan	18
Shortage during seasonal high use in a system without an implemented conservation plan	14

C = Treatment/Design Deficiencies	
Design deficiencies are those which could be corrected by enlargement, repair, installation, or replacement of all or a portion of the system. Any combination of the following deficiencies has the potential to adversely affect a system's ability to continually provide drinking water that meets all standards.	
Condition	Priority Points
Incomplete surface water filtration or presence of groundwater under the influence of surface water	22
Confined space pumphouse/other safety issues	18
Non-optimized surface water filtration when compared with American Water Works Association composite correction criteria	18
Mandated chlorination of groundwater system	14
Distribution/plant capacity deficiencies (includes situations where current demand exceeds treatment capacity; pipe tuberculation; pressure issues; asbestos cement removal, high unaccounted for water)	18
Need to upgrade existing corrosion control treatment in order to meet action levels	17
Improper well construction	16
Inadequate water treatment wastewater disposal (backwash or sludge)	14
Other significant deficiencies (e.g. need for treatment of Arsenic, Iron, Manganese, Radon, Radionuclides; other deficiencies observed during a sanitary survey)	14
Backup power source	5

D = Capacity Development	
Public water systems in need of significant technical, managerial or financial assistance through the capacity development program are identified through a variety of mechanisms including sanitary surveys, referrals from contract operators, direct requests from the water system, customer complaints, and repeat enforcement and significant non-complier lists. Systems are notified of the recommended improvements in their sanitary survey report or technical assistance site visit reports and are entered into our capacity development tracking database. Systems on the capacity development list are typically very small systems serving less than 100 homes.	
Public water systems with capacity needs serving 1,000 people or less	20

E = Consolidation	
The project involves interconnection to a more viable public water system.	20

F = Affordability	
Affordability is an indicator of a rate payer’s ability to afford rate increases that will result from a project. Affordability is determined by a ratio that compares the average water rate to the median household income of the community that is applying for funding. Below is a table which provides points based on this ratio. Only year round communities that are considered disadvantaged will be eligible for these points. The water rates are based on the most recent information compiled by NHDES in its 2018 water rate survey report or from information provided directly by the applicant. The median household income (MHI) is the income data compiled by the U.S. Census Bureau 2012-2016 American Community Survey. The affordability ratio is calculated by dividing the water rate by the community median household income times 100%.	
Affordability Ratio (Water Rate/MHI)	Priority Points
2.00 or more	15
1.6 to 1.99	11
0.8 to 1.5	7

G = “Green”	
Projects that include energy or water efficiency improvements will be assigned points. In general, green projects include, but are not limited to, energy generation, leak repair, meter installations or upgrades, pump efficiency, water infiltration/storage projects, high efficiency pumps and motors, variable frequency drives, water main replacement or any other activities identified in a conservation plan.	15

H = Critical Infrastructure	
If the project upgrades, replaces or supplements critical infrastructure components such as sole sources of supply, storage tanks, transmission mains, river crossings, or other such infrastructure the failure of which could interrupt water service to the entire water system, or a significant portion thereof, then the project will be assigned ranking points.	15

I = Asset Management	
If the system has completed activities related to an active asset management program then the project will be assigned ranking points.	
Condition	Priority Points
Project is directly from the systems asset management plan	10
The system has implemented a complete asset management plan	5
The system has implemented some components of an asset management plan	2
The system has not completed any asset management implementation	0

J = Lead	
Any lead component or lead service line (all the way to the meter) replacement project	50

6A (2). Tie-Breaking Procedure

When two or more projects score equally under the Project Ranking Formula, tie-breaking procedures will be utilized. The first tie-breaking procedure is related to long-term financing of the projects. A project that intends to use the DWSRF for long-term financing will receive the higher ranking. If both projects are to use the DWSRF for long-term financing, in order to direct financial resources where they will benefit the greatest number of people, and because the vast majority of New Hampshire's systems are either small or very small, (statewide, only 18 systems serve greater than 10,000 people) the project with the greater existing population served will receive the higher ranking.

6A (3). Bypass Procedure

Because of the need to apply quickly for available federal dollars and the unpredictability of when funds become available, projects that score high but cannot obtain authority to borrow before June 2019, may be temporarily by-passed. Also, a project on the fundable portion of the main list may be bypassed if it is determined that the project will not be ready to proceed for other reasons during the funding year or, if the cost of the project will prevent the state from meeting the grant conditions requiring that 15% of the grant be used to fund projects in small systems, and that 20% be used to subsidize loans to disadvantaged communities. Any applicant whose project is to be bypassed will be given written notice by NHDES. It is the department's intent to work with these systems to assist them in getting ready to proceed. Funds which become available due to the utilization of the bypass procedure will be treated in the same way as additional allotments.

6A (4). Emergency Projects

Projects necessary to alleviate emergency situations that result in an imminent threat to public health, such as: the total loss of water supply or loss of a major component due to a natural or unforeseen disaster which could not have been prevented by the applicant (e.g. tornado, flood, severe weather, fire, collapse, emerging contaminant that is acute in nature for some