2019 INTENDED USE PLAN

for the

NORTH DAKOTA DRINKING WATER STATE REVOLVING FUND

prepared by the

DRINKING WATER STATE REVOLVING FUND PROGRAM

DIVISION OF MUNICIPAL FACILITIES

ENVIRONMENTAL HEALTH SECTION

NORTH DAKOTA DEPARTMENT *of* HEALTH

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Table of Contents

Introduction 1
Priority List of Projects 2
Development Process 3
Priority Ranking System 3
Comprehensive Project Priority List and Fundable List 4
Criteria and Methods for the Distribution of Funds 4
Ranking and Project Bypass Considerations 4
Capacity 5
Set-Aside and Fee Activities 6
Mandatory Small System Project Set-Aside 6
Mandatory Additional Subsidization Set-Aside 6
Mandatory Green Project Reserve (GPR) Set-Aside 7
Disadvantaged Community Set-Aside 8
Optional Non-Project Set-Asides 8
Non-Project Set-Aside and Fee Activity 9
Financial Status 10
Financial Structure 10
State 20 Percent Match Requirement 11
Anticipated Proportionality Ratio 11
Disbursement of Funds 11
Transfer of Funds Between DWSRF and CWSRF 12
Funding Process 12
Loan Assistance Terms 13
Sources and Uses of Funds 14
Short- and Long-Term Goals 14
Short-Term Goals 14
Long-Term Goals 14
Environmental Results 15
Public Participation 15
Process 15

Appendices

Appendix A: Eligible and Ineligible Projects and Project-Related Costs Under the Drinking Water State Revolving Loan Fund (DWSRF) Program

Appendix B: Comprehensive Project Priority List and Fundable List for 2018

Appendix C: Priority Ranking System for Financial Assistance Through the Drinking Water State Revolving Loan Fund (DWSRF) Program

Appendix D: Non-Project Set-Aside and Loan Fee Activity

Appendix E: Amounts Available to Transfer Between State Revolving Fund Programs

Appendix F: Sources and Uses Table

Appendix G: Abbreviations

Introduction

On August 6, 1996, President Clinton signed into law the Safe Drinking Water Act (SDWA) Amendments of 1996 (P.L. 104-182). Section 1452 of the SDWA authorizes a Drinking Water State Revolving Loan Fund (DWSRF) Program. It further requires the U.S. Environmental Protection Agency (EPA) to enter into agreements with and make capitalization grants to eligible states to assist public water systems (PWSs) in financing the costs of infrastructure needed to achieve or maintain compliance with the SDWA and to protect public health.

North Dakota's legislature, under North Dakota Century Code (NDCC) section 61-28.1-11, established a drinking water revolving loan fund that would be administered by the North Dakota Department of Health (NDDoH). The powers and duties of the department include applying for grants from the EPA to be used for purposes authorized under SDWA, administering the fund, disbursing funds, establishing assistance priorities, and adopting rules necessary for the administration of the fund.

North Dakota's DWSRF federal allotments for fiscal years (FY) 1997 through 2018 totaled $204,930,767, and the anticipated 2019 allotment is $11,107,000. Allotted funds are provided by the EPA through capitalization grants and matched 20 percent by North Dakota.

DWSRF funds may be used for:

- Loans.
- Loan guarantees.
- A source of reserve and security for leveraged loans (the proceeds of which must be placed in the DWSRF).
- Buying or refinancing existing local debt obligations (publicly-owned systems only) where the initial debt was incurred and construction started after July 1, 1993.
- Earning interest prior to disbursement of assistance.

To the extent that there are enough eligible projects, at least 15 percent of the funds available for construction must be used annually to provide loan assistance to PWSs that serve fewer than 10,000 persons. Up to 30 percent of the funds available for construction may also be used to provide subsidized loans to disadvantaged communities. A portion of the DWSRF allotments may also be used for non-project set-aside activities such as:

- DWSRF Program administration (the maximum of the following: $400,000, 1/5 percent of the current valuation of the fund, or 4 percent of all grant awards to the fund for the fiscal year).
- State program assistance (up to 10 percent).
- Small system technical assistance (up to 2 percent).
- Local assistance and state programs, including the delineation and assessment

of source water protection areas (up to 10 percent for any one activity with a maximum of 15 percent for all activities combined).

PWSs eligible for DWSRF assistance include community water systems (both publicly- and privately-owned) and nonprofit noncommunity water systems. Federally-owned PWSs are not eligible to receive DWSRF assistance. Appendix A depicts the types of projects and project-related costs that are eligible and ineligible for DWSRF assistance.

Section 1452(b) of the SDWA requires each state to annually prepare an Intended Use Plan (IUP). The IUP must describe how the state intends to use the DWSRF funds to meet the objectives of the SDWA and further the goal of protecting public health. The IUP must be made available to the public for review and comment prior to submitting it to the EPA as part of the capitalization grant application. Specifically, the IUP must include a:

- Priority list of projects, including a description of the projects and the present size of the PWSs served.
- Description of the criteria and methods to be used for the distribution of funds.
- Description of the financial status of the DWSRF Program, including the use of set-asides along with funds reserved, and the amount of funds that will be used to assist disadvantaged communities.
- Description of the short- and long-term goals of the DWSRF Program, including how the capitalization grant funds will be used to ensure compliance and protect public health.

This document is intended to serve as the state of North Dakota's IUP for 2019 and will stay in effect until superseded by a subsequent IUP. In accordance with the authority granted to the North Dakota Department of Health (NDDoH) under North Dakota Century Code (NDCC) Chapter 61-28.1, this document, based on comments received from the public, will be incorporated into a capitalization grant application and submitted to the EPA to further capitalize the state's DWSRF Program in the amount of $11,107,000 (anticipated amount). State match bonds were issued in 2015 and 2018 to provide the 20 percent match for the capitalization grant**.**

Priority List of Projects

States are required to develop and maintain a comprehensive priority list of eligible projects for funding and to identify projects that will receive funding in the first year after the capitalization grant award. In determining funding priority, states must ensure to the maximum extent practicable that priority for the use of funds be given to projects that: (1) address the most serious risks to human health; (2) are necessary to ensure compliance under the SDWA; and (3) assist systems most in need on a per household basis (i.e., affordability).

A DWSRF may provide assistance only for expenditures (excluding operation, maintenance, and monitoring) of a type or category which will facilitate compliance or otherwise significantly further health protection under the SDWA. Projects eligible for DWSRF financial assistance include investments to:

- Address present SDWA exceedances.
- Prevent future SDWA exceedances (of regulations presently in effect).
- Replace aging infrastructure.
- Restructure or consolidate water supplies.
- Buy or refinance existing debt obligations (publicly owned systems only) where the initial debt was incurred and construction started after July 1, 1993.

Appendix A provides additional information concerning the types of projects and project-related costs that are eligible for DWSRF financial assistance.

Development Process

As part of the IUP development process, all potential DWSRF loan recipients were requested to notify the NDDoH if they had a drinking water project not presently on the list and for which they were interested in pursuing DWSRF financial assistance. Systems with previously ranked and listed projects were requested to provide the NDDoH with a written update for each project either not yet under construction or under construction using funds other than DWSRF funds. The updates were to include a detailed project description and cost estimate, the amount of DWSRF funds needed, and the anticipated construction start date. In lieu of this information, systems were asked to inform the NDDoH if they no longer intended to complete a project or no longer intended to complete a project using DWSRF assistance. Systems requesting ranking of new projects were provided ranking questionnaires. Requests for project re-ranking or deletion were evaluated on a case-by-case basis, with ranking questionnaires provided as needed. Several projects were deleted due to completion (with or without DWSRF assistance) or the acquisition of other funding sources.

Finalized project priority lists may be amended to include new non-emergency projects. Amendments are subject to public review and comment and may require North Dakota State Water Commission approval.

Priority Ranking System

The priority ranking system was developed by the NDDoH, the state agency with primary enforcement authority for the SDWA. The priority ranking system is designed to ensure that DWSRF funds are focused on solutions to address the most serious risks to human health, rectify SDWA compliance problems, and assist those systems most in need based on affordability considerations. The priority ranking system has received both EPA Region VIII and Headquarter concurrence. The priority ranking system will be amended as needed to reflect the changing nature of the SDWA and the DWSRF

Program. Any significant amendments will be presented for public review and comment in an IUP.

Comprehensive Project Priority List and Fundable List

Appendix B contains the comprehensive project priority list. The fundable list represents those projects from the comprehensive project priority list anticipated to receive loan assistance this year. The list of projects is based on anticipated start dates, projected funding needs, and expected available loan funds (see Financial Status section of this document). The list will change if such information or assumptions vary, if higher ranked projects not on the list become ready to proceed, or if projects on the list are bypassed (see Criteria and Methods for the Distribution of Funds).

Criteria and Methods for the Distribution of Funds

To the maximum extent possible, states are required to prioritize projects needed for SDWA compliance, projects that provide the greatest public health protection, and those projects that assist systems most in need based on affordability. The information below describes the process used by the NDDoH to select projects for potential DWSRF assistance.

Ranking and Project Bypass Considerations

It is the intent of the NDDoH that DWSRF funds are directed toward North Dakota's most pressing SDWA compliance problems and public health protection needs. To this end, the NDDoH reserves the right to require the separation of project components into separate projects, if feasible and necessary, to focus on critical water supply problems. Project components which are separated will be ranked independently. Projects for existing PWSs, including refinancing projects, will be given preference over projects for the development of new water systems.

Under the SDWA, DWSRF funds may be used to buy or refinance existing local debt obligations (for publicly-owned systems only) where the initial debt was incurred and construction started after July 1, 1993. Cross-cutter requirements, including American Iron and Steel and Davis Bacon wage rate requirements, apply to these projects. American Iron and Steel requirements apply to projects with construction after December 16, 2014. Davis Bacon wage rate requirements apply to projects with construction after October 30, 2009. DWSRF assistance requests of this type, if eligible, will be ranked based on the original purpose and success of the constructed improvements. In the event of a tie in project rankings, new projects for existing systems will be given preference over refinancing projects.

The NDDoH reserves the right to fund lower-ranked projects ahead of higher-ranked projects based on the considerations below. To the maximum extent possible, the NDDoH will work with bypassed projects to ensure that they will be eligible for funding in the following fiscal year. Criteria reviewed in bypassing a project include:

- Readiness to proceed (i.e., applicant is prepared to begin construction and is immediately ready or poised to be ready to enter into assistance agreements).
- Willingness to proceed (e.g., applicant withdraws project from consideration, obtains other funding sources, or is nonresponsive).
- Emergency conditions (i.e., an unanticipated failure occurs requiring immediate attention to protect public health).
- Financial (includes inability to pay and loan repayment issues), technical, or managerial capability.
- Meets the 15 percent requirement (i.e., funding lower-ranked project would satisfy the requirement that at least 15 percent of the funds available for construction be used annually to provide loan assistance to PWSs that serve populations of fewer than 10,000 persons).
- Meets the Green Project Reserve (if required).
- Inability to verify initial ranking score.

The NDDoH reserves the right to fund unanticipated, non-ranked emergency projects requiring immediate attention to protect public health without going through a public review process. Such assistance will be limited to (1) eligible PWS types and project features and (2) situations involving acute contaminants, loss or potential loss of a water supply in the near future, or that otherwise represent an unreasonable risk to health.

Capacity

Section 1452 of the 1996 SDWA Amendments precludes states from providing DWSRF assistance to any eligible PWS that lacks the capacity to maintain SDWA compliance, unless the PWS owner or operator agrees to undertake feasible and appropriate changes to ensure compliance over the long term. States are also precluded from providing DWSRF assistance to any eligible PWS that is in significant noncompliance with any requirement of a National Primary Drinking Water Regulation (NPDWR) or variance, unless such assistance will ensure compliance. In the context of the SDWA, PWS capacity refers to the overall technical, managerial, and financial capability of a PWS to consistently produce and deliver drinking water meeting all NPDWRs. The NDDoH has the legal authority and responsibility under NDCC Chapter 61-28.1 to ensure PWS capacity.

The NDDoH will use the DWSRF loan application as the principal control point for capacity assessment. Information from the loan application and other available and relevant information (such as SDWA compliance data, sanitary survey reports, and operator certification status) will be evaluated to assess capacity at present and for the foreseeable future. The North Dakota Public Finance Authority (PFA), as financial agent for the DWSRF Program through formal agreement, will evaluate the financial information provided in the loan application. Based upon input provided by the NDDoH regarding technical and managerial capability, the PFA will make recommendations to the NDDoH concerning financial capability. The final decision regarding overall capacity will be made by the NDDoH.

As required by the SDWA, DWSRF assistance will be denied to applicants considered priority systems because they score 11 or higher in the Enforcement Tracking Tool, if it is determined that the project will not ensure compliance. Likewise, DWSRF assistance will be denied to applicants that lack capacity if they are unwilling or unable to undertake feasible and appropriate changes to ensure capacity over the long term. The lack of capacity at the time of loan application will not preclude DWSRF assistance if the project will ensure compliance, or the applicant agrees to implement changes that will rectify capacity problems. On a case-by-case basis, special conditions may be included in loan agreements to rectify compliance and/or capacity problems. As needed and appropriate, the NDDoH will utilize other specific legal authorities as control points to ensure capacity. This includes the review and approval of plans and specifications. Under NDCC Chapter 61-28.1 and North Dakota Administrative Code (NDAC) Chapters 33-03-08 and 33-18-01, the NDDoH is both empowered and required to review and approve plans and specifications for all new or modified drinking water facilities prior to construction.

Set-Aside and Fee Activities

Under the SDWA, states are required to set aside a certain percentage of their available DWSRF loan funds to provide financial assistance to small systems. States at their option may also set aside a portion of their federal DWSRF allotment for certain other project and non-project activities**,** and assess fees on loans to help support administration costs. A description of the different set-asides and past/proposed activities related to both set-asides and fees follows.

Mandatory Small System Project Set-Aside

To the extent that there are enough eligible projects to fund, states must annually use at least 15 percent of all funds credited to the DWSRF loan fund to provide loan assistance to PWSs that serve fewer than 10,000 people. States that exceed the 15 percent requirement in any one year are permitted to bank the excess toward future years.

A total of 237 loans totaling $561,452,470 have been approved to date. Of these, 199 loans (totaling $242,652,338 or 43.2 percent of loan total) represent PWSs that serve fewer than 10,000 people. The NDDoH envisions that additional loans will be made to small PWSs based on the comprehensive project list and fundable list (See Appendix B).

Mandatory Additional Subsidization Set-Aside

Congress has mandated in previous appropriations bills that 20 to 30 percent of assistance provided from DWSRF capitalization grants be in the form of additional subsidies. The DWSRF program provides these additional subsidies as loan

forgiveness. The NDDoH has the authority under state law (NDCC Chapter 61-28.1) to provide financial assistance through the DWSRF as authorized by federal law and EPA.

Criteria for determining the amount of loan forgiveness is on a project-specific basis. Loan forgiveness will be based on the relative future water cost index (RFWCI). The RFWCI is defined as the ratio of the expected average annual residential water user charge resulting from the project, including costs recovered through special assessments, to the local median household income (based on the most-recent American Communities Survey 5-Year Estimate).

For 2019, projects with a RFWCI of 2.0 percent or greater will qualify for 75 percent loan forgiveness. Projects with a RFWCI of 1.5 percent to 1.9 percent will qualify for 40 percent loan forgiveness. Projects with a RFWCI of less than 1.5 percent will not qualify for any loan forgiveness. Projects that do not qualify for loan forgiveness still qualify for a traditional DWSRF loan.

Loan forgiveness will only be used to finance new construction. DWSRF loan and loan forgiveness can be bundled together with funding from other sources to form funding packages for projects. The combined loan forgiveness and grant in a bundled funding package must be less than or equal to 90 percent of project costs.

To meet congressional and EPA capitalization grant spend-down intent for the DWSRF, the loan forgiveness cap for FY2016 and earlier capitalization grants is removed. The maximum percentage of loan forgiveness will also be raised from 60 percent to 75 percent and from 30 percent to 40 percent for these capitalization grants.

Timely progression of additional subsidization projects is required. To ensure this, there will be a binding commitment deadline, a construction contract notice of award deadline, and a loan forgiveness disbursement deadline. If projects identified as receiving additional subsidization do not meet these deadlines, the additional subsidization set-aside will be used to fund lower-ranked projects on the project priority list.

It is unknown at this time if mandatory additional subsidization will apply to the FY 2019 DWSRF allotment. To address this potential requirement, the fundable portion of the comprehensive project priority list depicts 20 percent (the minimum required) plus $100,000 additional subsidization through loan forgiveness. Adjustments will be made, as necessary, based on the actual required subsidization level and capitalization grant amount. The DWSRF will disburse the minimum required amount and up to an additional $100,000. If mandatory additional subsidization is available in FY 2019, up to half of the amount will be utilized for lead service line removal projects to the extent there are eligible projects ready to proceed.

Mandatory Green Project Reserve (GPR) Set-Aside

To the extent there are sufficient eligible applications, Congress has mandated in several previous appropriations bills that 10 to 20 percent of DWSRF capitalization grants be used for water efficiency, energy efficiency, green infrastructure, or other

environmentally innovative activities. Where it is not clear that a project or component qualifies to be included as counting toward the requirement, the files for such projects will contain documentation of the business case on which the project was judged to qualify, as described in the DWSRF capitalization grant requirements.

It is unknown at this time if mandatory GPR will apply. Adjustments will be made to the priority list based on the actual GPR requirement and capitalization grant amount. The DWSRF Program also participates voluntarily in GPR as projects allow.

Disadvantaged Community Set-Aside

States shall provide additional loan subsidies (i.e., reduced interest or negative interest rate loans, principal forgiveness) to benefit communities meeting the definition of disadvantaged or which the state expects to become disadvantaged as the result of the project. A disadvantaged community is one in which the entire service area of a PWS meets affordability criteria established by the state following public review and comment. The value of the subsidies may not be less than 6 percent or more than 35 percent of the amount of the federal capitalization grant for any fiscal year. For 2019, the DWSRF will distribute at least 6 percent but not more than 7 percent of the amount of the capitalization grant.

The EPA is required to provide guidance to assist states in developing affordability criteria. The NDDoH will use the same criteria established for additional subsidization to determine qualification for disadvantaged assistance. For 2019, projects with a RFWCI of 2.0 percent or greater will qualify for 75 percent loan forgiveness. Projects with a RFWCI of 1.5 percent to 1.9 percent will qualify for 40 percent loan forgiveness.

Optional Non-Project Set-Asides

States may use a portion of their federal DWSRF allotment (up to specified ceilings) for the following non-project set-aside activities:

- DWSRF Program administration - the maximum of $400,000, 1/5 percent of the current valuation of the fund, or 4 percent of all grant awards to the fund for the fiscal year.
- State program administration - up to 10 percent.
    - Public Water Supply Supervision (PWSS) Program
    - source water protection program(s)
    - capacity development program
    - operator certification program
- Small system technical assistance (serving 10,000 or fewer people) - up to 2 percent.
- Local assistance and other state programs - up to 10 percent for any one activity with a maximum of 15 percent for all activities combined.
    - Loans to PWSs to acquire land or conservation easements for source water protection programs.
    - Loans to community water systems to implement source water protection measures or to implement recommendations in source water petitions.

- Assist PWSs in capacity development.
- Assist states in developing/implementing EPA-approved wellhead protection programs.

States may transfer funds among the non-project set-aside categories or between the loan fund and such set-aside categories, provided that the statutory set-aside ceilings are not exceeded. Non-project set-aside funds may be transferred at any time to the loan fund. However, loan commitments must be made for the transferred funds within one year of the transfer of payments that have already been taken for the set-aside funds. Monies intended for the loan fund may be transferred to non-project set-asides only if no payments have yet been taken for the monies to be transferred. Otherwise, funds in or transferred to the loan fund must remain in the loan fund. Transfers may be done only if described in an IUP and approved by the EPA as part of a capitalization grant agreement or amendment.

Non-Project Set-Aside and Fee Activity

Appendix D depicts non-project set-aside and fee activity. The anticipated FY2019 federal DWSRF allotment for North Dakota is $11,107,000. The NDDoH intends to set aside $1,466,420 of the allotment for non-project activities. The NDDoH also intends to reserve $310,700 of set-aside funds of the FY2019 capitalization grant for use in future years, in addition to funds held in reserve from previous years. The state program administration (PWSS Program) set-aside is $800,000. The 2 percent set-aside for small system technical assistance is $222,140. The DWSRF administration set-aside method used is the 4% of the capitalization grant option. The 10 percent set-aside will also be held for ongoing and future PWSS administration. The 2 percent set-aside will be held for ongoing and future small system technical assistance. Should the capitalization grant be different than $11,107,000, the set-aside for DWSRF administration will be adjusted to use the method that provides the maximum set-aside.

The NDDoH has limited, and will continue to limit, the usage of set-asides to maximize funds available for construction. Set-aside usage has been restricted to that necessary to administer the DWSRF Program, provide technical assistance to small PWSs (2 percent set-aside), provide state program administration (10 percent set-aside), and complete source water assessments mandated under the SDWA (15 percent set-aside).

The DWSRF Program administration set-aside is inadequate to cover the cost of administering the DWSRF Program. Congress also will choose at some point to no longer capitalize the program, at which time no new funds will be available for program administration. Based on these considerations, the NDDoH considers it both prudent and necessary to set aside and hold the full DWSRF Program administration set-aside from each grant and accumulated loan administration fees to enable ongoing and future administration of the program.

Funds from the 2 percent set-aside have been used to assist small PWSs in capacity development, financial capacity, operator certification, managerial capacity, and source

water protection. Funds from this set-aside will continue to be used for these purposes and for new initiatives such as assisting these communities in complying with the new Revised Total Coliform Rule. The NDDoH closely monitors demand and need for this set-aside to avert over-accumulation of funds.

The 10 percent state program administration set-aside will be used to help fund administration of the PWSS Program in pursuit of its mission. This set-aside required a 1:1 match by the state for all capitalization grants through the 2016 capitalization grant. One of the sources of funds for this 1:1 match is the 0.5 percent loan administration fee. Another source of funding for the 1:1 match is credit for state match funds spent in 1993 on administration of the PWSS Program. This credit is good for up to half of the 1:1 match with a maximum credit of $236,359 per year. This match credit does not represent spendable funds. Beginning with the 2017 capitalization grant, the 1:1 match is no longer required.

Under the SDWA, states are permitted to assess fees on loans to support DWSRF administration costs. North Dakota DWSRF loan recipients are required to pay an annual loan administration fee presently set at 0.5 percent of the outstanding loan principal balance. This loan administration fee is payable semiannually on each loan payment date. The fees are held under the master trust indenture and are available to pay DWSRF administration costs allowable under the SDWA. To enable continued management of the DWSRF once the DWSRF is no longer annually capitalized through federal grants, loan administration fees will be held and used for loan-bond servicing and DWSRF administration as allowed under the SDWA. The loan administration fees were also used from 2008 to 2016 as a source of 1:1 match that is required when using the state program administration set-aside to administer the PWSS Program.

To meet congressional and EPA capitalization grant spend-down intent for the DWSRF Program, approximately $120,000 (or any remaining amount) from the FY2016 10 percent state program administration set-aside will be moved to the construction loan fund during 2019.

Financial Status

The information presented below describes the financial structure of the North Dakota DWSRF, the method used to generate the required state match, transfers between state revolving loan funds (SRFs), the basis for approving loans, loan assistance terms (including a discussion concerning market interest rates in North Dakota), sources and intended use of funds, and special considerations for State and Tribal Assistance Grants (STAG) grants.

Financial Structure

Bonds for the 20 percent state match are issued by the PFA under a master trust indenture adopted by the Industrial Commission of North Dakota. The PFA may also

issue leveraged bonds under the master trust indenture, the proceeds of which can be used to fund loans.

The current demand for DWSRF loan assistance in North Dakota exceeds authorized federal DWSRF allotments and the required state match for those allotments. Under the financial structure initially established for the DWSRF, excess leveraging and higher loan interest rates would be needed to satisfy this excess demand.

A modified financial structure within the existing master trust indenture has been implemented to better satisfy the continuing high demand for DWSRF financial assistance, yet avert excessive leveraging and higher loan interest rates. Under the modified structure, DWSRF allotments and state match bond proceeds will be used first to fund loans. Leveraged bonds will be issued only if (1) loan demand exceeds the amount of DWSRF allotments and state match available for loans or (2) deemed in the best interest of the program. If leveraged bonds are issued, they will be sized together with DWSRF allotments and state match to satisfy current cash flow needs as represented by the projected annual construction costs of eligible projects. This funding approach will expedite loan assistance to more projects that are ready to proceed to construction, avert premature or unnecessary bond issuances, and ensure a more reliable loan repayment stream to satisfy both bond debt service requirements and future loan demand.

In the event there are insufficient amounts available to make scheduled principal and interest payments on outstanding DWSRF bonds when payments are due, the master trust indenture for the DWSRF provides the trustee may transfer available excess revenues from the Clean Water State Revolving Fund (CWSRF) to the DWSRF bond fund to meet the deficiency. Following such a transfer, the DWSRF has an obligation to reimburse the CWSRF with future available DWSRF excess revenues.

State 20 Percent Match Requirement

Under the SDWA, states are required to match their DWSRF allotment at an amount at least equal to 20 percent. North Dakota has issued state match bonds to satisfy match requirements through FY2025.

Anticipated Proportionality Ratio

Leveraged and state match bonds were sold in 2018. The required 20 percent state match has been provided through approximately FY2025. Payments were made using 100 percent state match funds until all of the match funds were disbursed. The program is in an over-matched condition at this time.

Disbursement of Funds

Funds will be disbursed in the following order: federal capitalization grants, state match bond proceeds, leveraged bond proceeds, and FCLA. All state match funds have been disbursed and the DWSRF is currently over-matched. Set-asides are closely monitored

and disbursed quickly when requests are made to ensure timely expenditure and avoid over-accumulation. All federal funds are disbursed in a first-in, first-out manner.

Transfer of Funds Between DWSRF and CWSRF

At the governor's discretion, a state may transfer up to 33 percent of its DWSRF capitalization grant to the CWSRF or an equal amount from the CWSRF to the DWSRF. In addition to transferring grant funds, states can transfer state match, investment earnings, principal and interest repayments, unrestricted cumulative excess, restricted cumulative excess, or FCLA funds between SRF programs.

Transfers were authorized by the governor in 2002, 2004, 2007, 2009, and 2015. These funds are transferred between the programs on an as-needed basis. The governor's authorizations are as follows:

- 2002 - $10 million from CWSRF to DWSRF
- 2004 - $4 million from CWSRF to DWSRF
- 2007 - $20 million from CWSRF to DWSRF (with provision to return funds to CWSRF as needed)
- 2009 - $2.6 million of American Recovery and Reinvestment Act of 2009 funds from CWSRF to DWSRF
- 2015 - $60 million from DWSRF to CWSRF (with provision to return funds to DWSRF as needed)

The NDDoH is anticipating the transfer of funds from the CWSRF in 2019, as authorized in 2015. Approximately $1,000,000 of non-federal funds will be transferred.

The NDDoH transfers funds on a net basis, since prior transfers have occurred between the two SRFs. The current net transfer between programs is $22,455,491 from the CWSRF to the DWSRF. The $1 million transfer from the CWSRF in 2019 will change the net transfers between programs to $23,455,491. It is estimated the long-term impact to the DWSRF average revolving level is an increase of $121,667 per year over the next 20 years at this level of net transfer. With this transfer, the DWSRF will be able to fund additional water projects during 2019. Transferring funds will not impact DWSRF set-aside funding. Appendix E itemizes the amount of funds transferred to and from the DWSRF Program.

Funding Process

Projects may be submitted to the NDDoH each year for consideration and inclusion into an IUP. A new IUP is developed for public review and comment in the fall of each year. New and eligible projects for which ranking questionnaires are submitted are evaluated, ranked (if possible), and included on the comprehensive project priority list. Requests for re-ranking of previously listed and ranked projects are evaluated on a case-by-case basis, and may require the completion of an updated ranking questionnaire.

Loan approvals are based on project ranking, readiness to proceed, and availability of funds based on cash flow considerations, including projected disbursements under

already approved and potential new loans. The NDDoH is prepared to issue leveraged bonds if the loan demand exceeds the amount of available DWSRF allotments and state match or if it is in the best interest of the program.

Loan Assistance Terms

The base repayment period for DWSRF loans under the SDWA is 20 years following project completion. The NDDoH may utilize shorter repayment periods on a project-by-project basis. Candidate projects include low-cost projects for which minimal water rate increases will be required to retire the loan debt. The loan interest rate will be 1.5 percent for PWSs that qualify for tax-exempt financing and 2.5 percent for those that do not qualify for tax-exempt financing, except for projects that use leveraged bond proceeds. Leveraged bonds will be discussed later in this section. As discussed under Set-Aside and Fee Activities, an annual loan fee of 0.5 percent is assessed on all loans to support DWSRF administration.

The SDWA requires that the interest rate for a loan be less than or equal to the market interest rate. The NDDoH will establish as the market interest rate the average interest rate received by North Dakota political subdivisions on bond issues with a 20-year maturity and sold on a competitive or negotiated basis during the prior quarter. This rate will be calculated and updated quarterly based upon the prior quarter bond sales. If there are no qualified bond sales, the market rate for that quarter will be calculated using comparable regional bond issues. Based upon fourth quarter 2018 North Dakota 20-year competitive bond sales, the current market interest rate is 3.3 percent.

Leveraging the fund is appropriate where financing needs significantly exceed available funds; however, it impacts the DWSRF by reducing the interest rate subsidy provided or reducing future loan capacity. By continuing to leverage, the program will be able to assist more communities currently on the priority list and help those communities achieve or remain in compliance with the SDWA. Loans necessitating leveraging will be subject to a loan interest rate (including the 0.5 percent administration fee) of 75 percent of the current market interest rate, if needed, to maintain program viability. The interest rate on these loans will be more than the regular DWSRF interest rate which currently is 2.0 percent (including the 0.5 percent administration fee).

There is now an option for extended-term financing beyond the base 20-year loan repayment period. Extended-term financing allows for repayment periods to be 30 years or the useful life of the project, whichever is less. A 30-year repayment period will be granted if it is determined that the principal portion of the loan for project components that have a useful life of 20 years or less will be paid off within 20 years. Project components considered having a 20-year or less useful life are process equipment, pumps, electrical equipment, controls, and auxiliary equipment. Project components considered to have a 30-year or more useful life are buildings, concrete, other structures, conveyance structures (piping), and earthen structures.

The NDDoH and the PFA strive to ensure continued long-term viability of the program to provide loans for eligible drinking water projects. To achieve this goal, the refinancing of completed DWSRF projects will not be allowed using the extended-term financing option or the latest interest rate.

Sources and Uses of Funds

Appendix F depicts a detailed breakdown of sources and uses of funds from FY1997 through FY2019. An additional $10,640,580 of new funds is anticipated to become available in 2019, making $15,421,629 available for projects. All the funds are allocated to projects as shown in the Comprehensive Project Priority List and Fundable List (Appendix B).

Short- and Long-Term Goals

The 1996 SDWA Amendments authorize a DWSRF Program to assist PWSs in financing the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect public health. The objectives of the NDDoH's DWSRF Program include addressing public problems and priorities, ensuring compliance with the SDWA, assisting systems to ensure affordable drinking water, and maintaining the long-term viability of the fund. To address these objectives, the DWSRF Program will help ensure that North Dakota's public water supplies remain safe and affordable through prioritized financial assistance, enhanced source water protection activities, and increased technical assistance to small systems. The short and long-term goals set forth below are established to accomplish these objectives.

Short-Term Goals

1. On December 7, 2018, obtain North Dakota State Water Commission approval of this IUP.
2. Continue to implement the DWSRF Program for the state of North Dakota by funding projects for systems that are having problems maintaining compliance with the revised total coliform rule, ground water rule, the arsenic rule, the disinfection byproduct rule series, and the surface water treatment rule series.

Long-Term Goals

1. Help North Dakota PWSs achieve and maintain compliance with the SDWA. This is accomplished by coordinating with the PWSS Program and targeting those rules with which systems in the state are having problems maintaining compliance. These include the lead and copper rule, revised total coliform rule, ground water treatment rule, arsenic, disinfection byproduct rule series, and the surface water treatment rule series.
2. Assist the PWSS Program in meeting goals. The DWSRF Program assistance includes providing technical support on infrastructure issues, capacity reviews, and small system technical assistance. Through the small system technical assistance set-aside, the DWSRF Program helps operators become certified and

systems return to compliance and maintain capacity.

3. Administer the DWSRF Program in a manner that will maximize the long-term availability of funds for eligible and needed drinking water infrastructure improvements.
4. Assist North Dakota PWSs in improving drinking water quality, quantity, and dependability by providing reduced interest rate and long-term financial assistance for eligible and needed drinking water infrastructure improvements. This infrastructure assistance helps with compliance of drinking water rules, regionalization/consolidation, and replacement of aging infrastructure.
5. To the greatest extent possible, continue to integrate DWSRF funding with other available funding to maximize the benefits to public water systems and needed drinking water projects statewide. The cooperating agencies include the U. S. Department of Agriculture, Community Development Block Grant Program, North Dakota Department of Land Trusts, the Bank of North Dakota, and the North Dakota State Water Commission.

Environmental Results

1. Loan Fund
    a. Through December 31, 2017, the fund utilization rate (as measured by the ratio of executed loans to funds available for projects) was 94 percent which is slightly below the national average of 96 percent. The 2019 goal is to maintain the fund utilization rate at 90 percent or above.
    b. Through December 31, 2017, the rate at which projects progressed (as measured by disbursements as a percentage of assistance provided) was 81 percent. This is below the national average of 87 percent. The 2019 goal is to maintain the construction pace above 80 percent.
    c. The DWSRF Program funded 13 projects in the first six months of 2018 totaling $12.6 million and serving a population of 97,697. The 2019 goal is to fund 20 loans totaling $30 million and serving a population of 30,000.
2. Set-Asides, Small System Technical Assistance
    a. The goal for the number of systems receiving training is 120.
    b. The goal for the number of systems receiving on-site technical assistance is 50.

Public Participation

A state is required to make its annual IUP available to the public for review and comment prior to submitting it to the EPA as part of its capitalization grant application. States are also required to describe the public review process used and how major comments and concerns received were addressed.

Process

The public was invited to comment on the draft 2019 IUP at a public hearing held in Bismarck on November 8, 2018. Written comments were also accepted until November 16, 2018. The following comments were received:

- Dan Jonasson, City of Minot, submitted a questionnaire for a project. The project was ranked and added to the priority list.
- Ken Nysether, SEH, Inc., submitted a questionnaire for a project on behalf of the City of Lincoln. The project was ranked and added to the priority list.
- Jeff Ebsch, Brosz Engineering, submitted a questionnaire for a project on behalf of the City of Stanley. The project was ranked and added to the priority list.
- AJ Tuck, Ulteig Engineers, spoke on behalf of the City of Benedict and their project for water main replacement. The city currently has 3" asbestos cement pipe water mains and approximately 50% of their service lines are lead. Alternatives that are being considered include a full replacement of the water mains or individually connecting residents to North Prairie Rural Water. The city has experienced four water main breaks in the past year, which has dwindled funds in the water account. Rates will be raised to accommodate current and anticipated system costs.
- AJ Tuck, Ulteig Engineers, spoke on behalf of the City of Riverdale and their project for a water tower, water treatment plant upgrades, and water main replacement. The city plans to raise water rates. An advisory board, which consists of Riverdale, Underwood, and North Prairie Rural Water, oversees the water tower and water treatment plant. Underwood and North Prairie Rural Water have not yet agreed to a cost share for the project but may reconsider if the project receives loan forgiveness. Funding from the State Water Commission is not expected to be available for this project. The project has applied for a Section 513 grant through the United States Army Corp of Engineers.

Appendix A

Eligible and Ineligible Projects and Project-Related Costs Under the Drinking Water State Revolving Loan Fund (DWSRF) Program

Examples of Eligible Projects and Project-Related Costs

- Projects that address present Safe Drinking Water Act (SDWA) exceedances.
- Projects that prevent future SDWA exceedances (applies only to regulations in effect).
- Projects to replace aging infrastructure.
- Rehabilitate or develop drinking water sources (excluding reservoirs, dams, dam rehabilitation, and water rights) to replace contaminated sources.
- Install or upgrade drinking water treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary SDWA standards.
- Install or upgrade storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system.
- Install or replace transmission and distribution piping to prevent contamination caused by leaks or breaks, or to improve water pressure to safe levels.
- Projects to restructure and consolidate water supplies to rectify a contamination problem, or to assist systems unable to maintain SDWA compliance for financial or managerial reasons (assistance must ensure compliance).
- Projects that purchase a portion of another system's capacity if such purchase will cost-effectively rectify an SDWA compliance problem.
- Land acquisition.
    - Land must be integral to the project (i.e., needed to meet or maintain compliance and further public health protection, such as land needed to locate eligible treatment or distribution facilities).
    - Acquisition must be from a willing seller.
- Planning (including required environmental assessment reports), design, and construction inspection costs associated with eligible projects.
- Service lines from the main to the house, including lead service lines.

Examples of Ineligible Projects and Project-Related Costs

- Dams or rehabilitation of dams.
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy.
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located.
- Drinking water monitoring costs.
- Operation and maintenance costs.

- Projects needed mainly for fire protection.
- Projects for systems that lack adequate technical, managerial, and financial capability, unless assistance will ensure compliance.
- Projects for priority systems in the Enforcement Tracking Tool, unless funding will ensure compliance.
- Projects primarily intended to serve future growth.

Appendix B

Shaded projects are on the fundable list

Comprehensive Project Priority List and Fundable List for 2019[1]

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
159	8	1801056-18-01	Agassiz WUD	4,044	Transmission main between reservoirs	3,000	2019		AE2S
132	9	1801056-19-01	Agassiz WUD	4,044	Water main replacement (Oldham Ave)	250	2019		AE2S
41	16	4001153-14-01	All Seasons WUD	764	Parallel and looped pipelines to correct low pressure issues	796	2019		Bartlett & West
80	13	4001153-14-02	All Seasons WUD	754	Service to Turtle Mountains/Lake Metigoshe area	27,920	2020		Bartlett & West
6	21	4001153-15-01	All Seasons WUD[2]	2,233	WTP & wellfield improvements, pipeline to connect systems	6,638	2019	20	Bartlett & West
96	11	0900035-11-01	Arthur	337	Water tower replacement	1,450	2019		Moore
28	18	1700059-14-01	Beach	1,300	Transmission main to connect north standpipe to south end of system	1,933	2020		AE2S
3	23	1700059-18-01	Beach	1,019	Transmission main & lead service line replacement	4,130	2020		Highlands
150	8	4500065-15-01	Belfield	910	Transmission main	1,302	2019		AE2S
199	6	4500065-18-01	Belfield	910	Water main replacement	2,529	2019		AE2S
156	8	4500065-18-02	Belfield	910	Water storage rehab or replacement	3,090	2019		AE2S
1	27	2800069-19-01	Benedict	75	Water main replacement & pump house upgrades	1,565	2020		Ulteig
195	6	5100072-18-01	Berthold	454	Gate valve, hydrant, & water main replacement	100	2019		Moore
205	6	5100072-18-02	Berthold	454	Water tower improvements	150	2019		Moore
169	7	2900074-14-01	Beulah	3,121	Water main, hydrant, gate valve, & lead service line replacement	1,000	2019		Moore
196	6	2900074-19-01	Beulah	3,121	Well, pump, & control repairs, well & transmission line installation	500	2020		Moore
109	10	0800080-19-01	Bismarck	135,000	Water main & lead service line replacement	3,700	2019		Bismarck
25	18	0500099-16-01	Bottineau	2,331	WTP RO system	12,000	2022		AE2S/Wold
233	4	0600119-09-01	Bowman	1,800	Water main replacement	1,000	2019		Brosz
240	4	0600119-14-01	Bowman	1,800	Water main replacement (4th Avenue W)	1,011	2020		Brosz
251	3	0600119-19-01	Bowman	1,800	Water tower rehabilitation	850	2020		Brosz
91	11	0900134-11-01	Buffalo	225	Water main, service line, gate valve, & hydrant replacement	1,900	2019		Moore
226	5	5100138-12-01	Burlington	1,191	Storage tank	1,650	2021		Ackerman-Estvold
149	8	5100138-18-01	Burlington	1,191	Water main & gate valve replacement	140	2019		Ackerman-Estvold
101	11	4800152-13-02	Cando	1,115	Water main replacement	1,800	2019		Moore
105	11	4800152-18-01	Cando	1,115	Refinance of WTP improvements project & connection to NRWD	2,200			Moore
175	7	1600159-19-01	Carrington	2,200	Refinance of WTP expansion	3,661			Interstate
15	19	1900162-19-01	Carson	263	Distribution system improvements	2,930	2019	30	Interstate
206	6	0901060-05-02	Cass Rural Water Users District	16,885	Storage improvements	3,575	2019		Bartlett & West
93	11	0901060-16-01	Cass Rural Water Users District	16,885	Transmission lines, distribution lines, & storage for correction of water quantity & pressure issues	2,750	2019		Bartlett & West
234	4	0900166-19-01	Casselton	2,513	Lead service line replacement	500	2021		Moore
42	16	3400170-18-01	Cavalier	1,540	Ground storage reservoir	800	2021		AE2S
5	21	3400170-09-01	Cavalier[2]	1,540	Water tower replacement	2,200	2019	30	AE2S
92	11	3300174-18-01	Center	580	Water main replacement	2,106	2019		Ulteig
55	14	3900183-09-01	Christine	150	Water main, gate valve, & hydrant replacement	600	2019		Moore
235	4	3900196-06-01	Colfax	147	Water main replacement	478	2019		Interstate
16	19	0700198-16-01	Columbus	133	Water main replacement	1,441	2019		Ackerman-Estvold
168	8	2001061-18-01	Dakota RWD	3,369	Extend services to residential user on private wells	9,100	2019		AE2S
23	18	0900217-11-01	Davenport	264	Upsize transmission line, storage improvements, control replacement, & booster station renovation/replacement	753	2019		Interstate
10	20	0200226-16-01	Dazey	104	Water main replacement & reservoir system upgrades	250	2019	30	Interstate

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
116	10	3400269-11-01	Drayton	824	Clearwell replacement	2,215	2020		AE2S
69	13	3400269-16-01	Drayton	824	Intake & WTP updates	7,638	2020		AE2S
47	15	1801062-19-01	East Central RWD	12,147	Transmission lines, connections to other suppliers for redundancy, & well improvements	6,200	2019		AE2S
31	17	1900303-18-01	Elgin	642	Water main replacement	2,271	2019		Ulteig
102	11	3700314-02-01	Enderlin	1,082	Well field & transmission line	1,648	2019		Moore
97	11	3700314-02-02	Enderlin	1,082	Water main replacement	775	2019		Moore
84	12	3700314-02-03	Enderlin	1,082	WTP improvements	1,648	2019		Moore
70	13	3700314-08-01	Enderlin	1,082	Water tower replacement	1,957	2019		Moore
133	9	3900333-06-01	Fairmount	367	Water main replacement	675	2019		Moore
119	10	0900336-09-01	Fargo	155,620	Water tower rehabilitation 2019	1,030	2019		AE2S
207	6	0900336-11-01	Fargo	155,620	High service pump station modifications	8,807	2019		AE2S
208	6	0900336-11-02	Fargo	155,620	WTP residuals facility	36,050	2019		AE2S
160	8	0900336-12-02	Fargo	155,620	Downtown water tower improvements	6,750	2019		AE2S
209	6	0900336-12-03	Fargo	155,620	Water tower rehabilitation 2020	1,030	2020		AE2S
161	8	0900336-15-01	Fargo	155,620	WTP facility plan phase II	11,750	2019		AE2S
37	16	0900336-16-01	Fargo	155,620	Regionalization improvements- booster station, generator, & improvements to the distribution system, low lift transfer pump station, & WTP	5,200	2019		AE2S
162	8	0900336-18-01	Fargo	155,620	Drain 27 conveyance improvements	6,500	2019		AE2S
176	7	0900336-18-02	Fargo	155,620	Lead service line replacement	515	2019		AE2S
177	7	3000342-16-01	Flasher	230	Water main replacement	376	2019		Ulteig
32	17	0700344-13-02	Flaxton	74	Water main, hydrant, & gate valve replacement	340	2019		Ackerman-Estvold
57	14	1100346-15-01	Forbes	53	Water main, service, meter, gate valve, & hydrant replacement	1,150	2019		Moore
58	14	4100357-08-01	Forman	504	Water tower replacement	1,200	2019		Moore
60	14	4100357-14-01	Forman	504	Well upgrades, transmission line replacement	750	2019		Moore
71	13	4100357-15-01	Forman	504	Distribution system upgrades	900	2019		Moore
67	14	2400380-19-01	Gackle	310	Remote reading water meters & software	253	2019		Interstate
77	13	0900387-06-01	Gardner	80	Water main replacement	400	2019		Moore
117	10	2800389-13-01	Garrison	1,453	WTP expansion	5,000	2019		Moore
98	11	2800389-13-02	Garrison	1,453	Water main replacement	4,500	2019		Moore
163	8	2800389-15-01	Garrison	1,453	Intake structure replacement	2,000	2019		Moore
210	6	2801430-19-01	Garrison RWD	1,400	Water mains, gate valves, & appurtenances	500	2019		Ackerman-Estvold
45	15	4500396-18-01	Gladstone	300	Storage tank & water main replacement	1,300	2019		Bartlett & West
134	9	3000400-19-01	Glen Ullin	807	Refinance of distribution system improvements	1,000			Moore
61	14	3000400-19-02	Glen Ullin	807	Water main replacement & looping	2,000	2020		Moore
197	6	3800397-13-01	Glenburn	380	Water main, gate valve, & hydrant replacement	1,640	2019		Moore
90	12	5000408-02-01	Grafton	4,913	Pretreatment & advanced oxidation WTP improvements	10,441	2023		AE2S
120	10	5000408-03-01	Grafton	4,913	Park River water intake improvements	1,315	2021		AE2S
121	10	5000408-16-01	Grafton	4,913	Raw water transmission line replacement	2,096	2022		AE2S
122	10	5000408-16-02	Grafton	4,913	Red River intake improvements	4,854	2021		AE2S
106	11	1801062-15-01	Grand Forks-Traill RWD	8,900	Transmission lines	6,386	2019		AE2S
200	6	2500415-12-01	Granville	300	Water main replacement	364	2019		Ackerman-Estvold
135	9	5300425-18-01	Grenora	350	Water main replacement (Robinson St)	853	2019		Ackerman-Estvold
136	9	5300425-18-02	Grenora	350	Water main replacement (Railroad Ave)	876	2019		Ackerman-Estvold
137	9	5300425-19-01	Grenora	350	Water main replacement (Hanks St)	856	2019		Ackerman-Estvold

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
178	7	1300432-19-01	Halliday	188	Water main replacement & rehab	1,200	2019		Interstate
72	13	2000446-09-01	Hannaford	150	Water tower replacement & pump house improvements	1,200	2019		Moore
8	20	5200458-16-01	Harvey	1,783	WTP improvements	800	2019	20	Moore
43	16	5200458-19-01	Harvey	1,783	Refinance of water main replacement	2,250			Moore
243	3	0900460-16-01	Harwood	718	Water main looping	280	2020		Moore
103	11	4900465-19-01	Hatton	777	Water main, hydrant, valve, and service line replacement	1,000	2019		Moore
236	4	2900470-16-01	Hazen	2,411	Storage tank	1,500	2019		Moore
201	6	3000473-16-01	Hebron	750	Water tower replacement	800	2020		AE2S
78	13	4900482-19-01	Hillsboro	1,603	Transmission main repair & replacement	700	2019		AE2S
107	11	4600487-08-01	Hope	258	Water main extension	190	2019		Moore
244	3	0900488-15-01	Horace	1,600	Water tower improvements	188	2019		Interstate
252	2	0900488-16-01	Horace	1,600	Water main, gate valve, & hydrant replacement	756	2019		Interstate
54	14	0900488-18-01	Horace	1,600	WTP improvements & elevated storage reservoir	5,915	2019		Interstate
38	16	0900492-15-01	Hunter	261	Pump house upgrades, water tower replacement	2,100	2020		Moore
79	13	0900492-15-02	Hunter	261	Water main replacement	3,100	2020		Moore
211	6	4700498-02-01	Jamestown	16,000	Treated water transmission line (WTP to Porter Brothers tank)	4,500	2020		Interstate
212	6	4700498-09-01	Jamestown	16,000	Remote reading water meters & software	2,835	2019		Interstate
213	6	4700498-13-01	Jamestown	16,000	WTP, storage, & distribution system SCADA improvements	455	2019		Interstate
153	8	4700498-13-02	Jamestown	16,000	WTP filter controls & media replacement	860	2019		Interstate
129	9	4700498-14-01	Jamestown	16,000	Transmission line replacement (WTP to state hospital)	2,760	2019		Interstate
179	7	4700498-14-02	Jamestown	16,000	Transmission line to improve flow to NE pressure zone	4,968	2020		Interstate
180	7	4700498-18-01	Jamestown	16,000	Pitless unit well improvements	200	2019		Interstate
181	7	4700498-18-02	Jamestown	16,000	Water main replacement	1,653	2019		Interstate
214	6	4700498-18-03	Jamestown	16,000	Lime slaker improvements	290	2019		Interstate
215	6	4700498-19-01	Jamestown	16,000	Backwash recycle system	400	2019		Interstate
216	6	4700498-19-02	Jamestown	16,000	Water tower improvements	350	2019		Interstate
11	20	2300508-15-01	Jud	72	Distribution system & pump house improvements	300	2019	30	Moore
173	7	5100515-15-01	Kenmare	1,200	Water main, gate valve, & hydrant replacement	575	2019		Ackerman-Estvold
182	7	2300535-09-01	Kulm	354	Water tower replacement	1,200	2019		Moore
183	7	3200536-18-01	Lakota	780	Water tower replacement	700	2019		AE2S
130	9	2300537-14-01	LaMoure	889	Water main replacement	500	2019		Moore
170	7	1000543-09-01	Langdon	1,878	Water main replacement	1,435	2020		Moore
245	3	1000543-09-02	Langdon	1,878	Water tower rehabilitation	450	2020		Moore
30	17	1800550-16-01	Larimore	1,350	Distribution system replacement	8,439	2019		AE2S
56	14	0300553-13-01	Leeds	427	Well & transmission line upgrades	375	2019		Moore
85	12	0300553-13-02	Leeds	427	WTP improvements	2,019	2019		Moore
81	12	0300553-13-03	Leeds	427	Pipe & lead service line replacement	600	2019		Moore
12	20	2600556-11-01	Lehr	80	Water main replacement	500	2019	30	Moore
62	14	3900567-16-01	Lidgerwood	652	Water main replacement	510	2019		Interstate
110	10	0800570-16-01	Lincoln	4,500	Transmission line from Bismarck	1,750	2019		SEH
198	6	0800570-19-01	Lincoln	4,350	Water storage tank replacement	3,300	2019		SEH
94	11	3700574-11-01	Lisbon	2,154	Water well	150	2019		Moore
82	12	3700574-11-02	Lisbon	2,154	Water main replacement	2,500	2019		Moore
46	15	3700574-14-01	Lisbon	2,154	WTP upgrades	1,000	2019		Moore
63	14	5100593-13-01	Makoti	154	Well improvements	400	2019		Moore
17	19	5100593-13-02	Makoti	154	Water main replacement	2,000	2020		Moore

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
246	3	3000596-09-01	Mandan	24,227	30" transmission line replacement	5,172	2019		AE2S
190	7	3000596-13-03	Mandan	22,228	Distribution system improvements (Boundary Road PRV)	551	2019		AE2S
174	7	3000596-16-03	Mandan	22,228	Raw water intake	20,835	2019		AE2S
237	4	3000596-19-01	Mandan	22,228	Reservoir replacement	2,800	2021		AE2S
111	10	0900613-16-01	Mapleton	946	Storage tank replacement	1,400	2019		Moore
138	9	2800619-18-01	Max	334	Water main & service line replacement	447	2019		Ackerman-Estvold
18	19	0500620-16-02	Maxbass	80	Water main, gate valve, & hydrant replacement	500	2019		Moore
64	14	4900622-16-01	Mayville	1,858	WTP upgrades	500	2019		Moore
4	23	4200626-19-01	McClusky	380	Water tower, transmission lines, & booster station	2,500	2020		Moore
53	15	4200626-19-02	McClusky	380	Water main, hydrants, & appurtenances	325	2019		Moore
44	16	4200626-19-03	McClusky	380	Lead service line replacement	325	2019		Moore
29	17	2801400-19-01	McLean-Sheridan RWD	3,292	Correct low flow & pressure problems, WTP expansion	16,188	2020		AE2S
14	19	3200636-19-01	McVille	336	WTP improvements	600	2021		Moore
39	16	4700637-16-01	Medina	308	WTP & well improvements	800	2019		Moore
51	15	4700637-16-02	Medina	308	Water main & service line replacement	4,000	2019		Moore
65	14	4700637-16-03	Medina	308	Water tower replacement	1,000	2019		Moore
123	10	4700637-16-04	Medina	308	Refinance of WTP improvements	80			Moore
241	4	3200653-13-01	Michigan	345	Water tower improvements	75	2019		Moore
154	8	4101425-19-01	Milnor	638	Control replacement, booster station renovation, & backup generator	490	2019		Interstate
238	4	5100660-19-01	Minot	80,000	Water main relocation	1,076	2019		Houston
95	11	5000691-14-01	Minto	604	Water main replacement	780	2019		AE2S
225	6	5000691-14-02	Minto	604	Portion of new public works building that is directly related to the drinking water system	363	2019		AE2S
242	4	3001431-19-01	Missouri West Water System	7,618	Administrative office & shop	1,200	2019		
227	5	3001431-19-02	Missouri West Water System	7,438	Water storage improvements	482	2019		Bartlett & West
228	5	3001431-19-03	Missouri West Water System	7,438	Automatic meter reading system	374	2019		Bartlett & West
247	3	3800695-14-01	Mohall	808	Water main looping	426	2021		Ackerman-Estvold
171	7	3800695-18-01	Mohall	808	Water main replacement	272	2020		Ackerman-Estvold
127	9	3900703-11-01	Mooreton	197	Gate valve replacement, control upgrades, bladder tank storage	200	2019		Interstate
217	6	2400715-13-01	Napoleon	707	Service to residents on private wells	900	2020		Moore
73	13	1400732-12-01	New Rockford	1,391	Water main, gate valve, & hydrant replacements; WTP upgrades	5,800	2019		Interstate
218	6	1400732-12-02	New Rockford	1,391	Water storage improvements	290	2019		Interstate
89	12	3000736-16-01	New Salem	1,000	Water main replacement (Phase I)	2,260	2019		AE2S
124	10	3100744-18-01	New Town	2,524	Gate valve & hydrant replacement	285	2019		Ackerman-Estvold
104	11	3100744-18-02	New Town	2,524	Water main & service line replacement	406	2019		Ackerman-Estvold
202	6	1200748-18-01	Noonan	144	Water main replacement	641	2019		Ackerman-Estvold
113	10	5101065-18-02	North Prairie RWD	13,085	WTP improvements, well replacement	2,300	2019		Interstate
191	7	5101189-19-01	North Prairie RWD	10,208	Generators at reservoirs & booster stations	594	2019		Interstate
86	12	5101189-19-02	North Prairie RWD	10,208	Distribution system to serve Benedict as individual users	490	2020		Interstate
115	10	1001380-19-01	Northeast RWD	9,806	Water meters, automatic meter read system, & meter vaults	1,000	2019		AE2S
193	7	1001380-19-02	Northeast RWD	9,806	Extend services to residential users on private wells	3,000	2019		AE2S
99	11	1001380-19-03	Northeast RWD	9,806	Extend service to meet user demands	500	2020		AE2S
219	6	1100758-09-01	Oakes	1,856	Reservoir, pump station, & transmission line	720	2019		Moore
139	9	1100758-11-01	Oakes	1,856	WTP improvements	2,000	2019		Moore

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
184	7	1100758-11-02	Oakes	1,856	Well & well house replacement	400	2019		Moore
13	20	0300762-15-01	Oberon	104	Distribution system replacement	3,100	2020		Moore
19	19	0300762-15-02	Oberon	104	Well & pump house replacement	550	2020		Moore
27	18	0200763-09-01	Oriska	128	Water reservoir & pump house replacement	550	2019		Moore
66	14	5000773-14-01	Park River	5,100	Water main replacement	1,600	2020		AE2S
192	7	3100775-19-01	Parshall	903	Water tower replacement	2,000	2020		AE2S
83	12	3100798-16-01	Plaza	171	Well & WTP rehab for emergency use	2,000	2020		AE2S
229	5	3100798-16-02	Plaza	171	Hydrant rehab or replacement	500	2020		AE2S
151	8	3100798-16-03	Plaza	171	Water tower replacement	750	2020		AE2S
248	3	0700800-19-01	Portal	150	Water main looping	150	2020		Ackerman-Estvold
249	3	0700800-19-02	Portal	150	Hydrant & gate valve replacement	235	2020		Ackerman-Estvold
140	9	4900803-08-01	Portland	606	Water tower replacement	1,350	2019		Moore
2	24	2800825-18-01	Riverdale	222	Water tower, WTP upgrades, & water main replacement	1,961	2019	20	Ulteig
26	18	2200827-16-01	Robinson	37	Pumping system improvements & water main, gate valve, hydrant, & curb stop replacement	250	2019		Moore
20	19	4000833-12-01	Rolette	594	Water main, gate valve, & hydrant replacement	4,000	2019		Moore
87	12	4000833-19-01	Rolette	594	Water meter replacement, service to residents on private wells	425	2019		Moore
164	8	4100848-16-01	Rutland	163	Water main looping	500	2019		Moore
74	13	4100848-18-01	Rutland	163	Water tower replacement; piping, valving, & controls replacement in city's building which meters water purchased from Southeast WUD	1,000	2019		Moore
141	9	0200858-13-01	Sanborn	194	Water main, service line, gate valve, & hydrant replacement	575	2019		Moore
114	10	5100868-14-01	Sawyer	367	Water main, hydrant, & gate valve replacement	600	2020		Moore
142	9	3800877-15-01	Sherwood	256	Water main replacement	414	2019		Ackerman-Estvold
52	15	1400879-15-01	Sheyenne	204	Water main replacement	3,100	2020		Moore
230	5	0801154-19-01	South Central RWD	19,945	Addition of pretreatment process	2,084	2020		Bartlett & West
157	8	4500891-19-01	South Heart	307	Water main & service line replacement	2,926	2019		Apex
220	6	3901068-14-01	Southeast WUD		Automated meter reading system	1,133	2019		AE2S
232	5	3901068-14-02	Southeast WUD		Connections to users on individual wells	21,700	2019		AE2S
221	6	3901068-18-01	Southeast WUD		Redundant raw water line	567	2019		AE2S
204	6	3100898-19-01	Stanley	2,400	Water main replacement	4,500	2019		Brosz
24	18	1501310-15-01	State Line Water Cooperative	386	Water tower replacement, system improvements	1,080	2019		
33	17	4700922-12-01	Streeter	170	Water main extension & looping	500	2019		Moore
34	17	4700922-13-01	Streeter	170	WTP improvements	500	2019		Moore
21	19	4700922-13-02	Streeter	170	Well & pump house improvements	860	2019		Moore
35	17	4700922-19-01	Streeter	170	Water tower replacement	1,000	2019		Moore
146	9	4701303-16-01	Stutsman RWD	5,000	Water supply line, distribution system for Pettibone, mainline pipelines between reservoirs (Phase VI)	2,900	2019		Bartlett & West
165	8	4701303-18-01	Stutsman RWD	6,200	Water meter replacement & automated meter reading system	800	2019		Bartlett & West
59	14	4701303-19-01	Stutsman RWD	6,200	Service to Streeter	504	2019		Bartlett & West
143	9	4701303-19-02	Stutsman RWD	6,200	Transmission lines to provide adequate pressure & flow	2,379	2019		Bartlett & West
194	7	4701303-19-03	Stutsman RWD	6,200	Refinance of Phase III of System Wide Expansion & Improvement project	3,150			Bartlett & West
147	9	4701303-19-04	Stutsman RWD	6,200	Well & WTP improvements, transmission lines	2,558	2019		Bartlett & West

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
118	10	5200927-13-01	Sykeston	117	Water main, corporations, curb stops, & hydrant replacement	2,400	2019		Moore
100	11	5200927-18-01	Sykeston	117	Water tower replacement & pump house improvements	1,200	2019		Moore
185	7	5301152-16-01	Tioga	2,500	Water main replacement	8,602	2019		Ackerman-Estvold
222	6	0900945-09-01	Tower City	252	Water tower improvements	250	2019		Moore
48	15	0900945-12-01	Tower City	252	Water main & hydrant replacement	2,100	2019		Moore
166	8	0900945-19-01	Tower City	252	Refinance of gate valve & service line replacement project	430			Moore
49	15	2500946-16-01	Towner	533	Water main, gate valve, hydrant, service line, & curb stop replacement	1,500	2019		Moore
50	15	2500946-16-02	Towner	533	WTP improvements	750	2019		Moore
148	9	3201072-19-01	Tri-County WD	2,662	Service to residents on private wells	4,000	2020		Bartlett & West
172	7	2200951-18-01	Tuttle	79	Transmission main & well pump replacement	100	2019		
36	17	2500956-16-01	Upham	133	Water main, gate valve, hydrant, & service line replacement	516	2019		Ackerman-Estvold
112	10	0200958-19-01	Valley City	6,585	Water main & service line replacement	400	2019		KLJ
40	16	2500964-19-01	Velva	1,265	Water main & service line replacement	483	2019		Ackerman-Estvold
22	19	2300969-12-01	Verona	85	Distribution system improvements	515	2019		Moore
9	20	2300969-14-01	Verona	85	Reservoir & pump house replacement	300	2019	30	Moore
68	14	2300969-19-01	Verona	85	Water meter replacement	100	2019		Moore
131	9	3900973-04-01	Wahpeton	7,766	Water main replacement & looping	164	2022		
75	13	3900973-16-01	Wahpeton	7,766	WTP improvements (Phase II)	10,707	2024		Stantec
186	7	3900973-18-01	Wahpeton	7,766	Water main & service line improvements (Loy Avenue)	610	2019		
187	7	3900973-18-03	Wahpeton	7,766	Water main & service line improvements (15th Ave N & 14th St N)	947	2021		
188	7	3900973-18-04	Wahpeton	7,766	Water main & service improvements (8th Ave N)	2,112	2023		Interstate
144	9	3900973-19-01	Wahpeton	7,766	Well improvements	4,748	2021		
189	7	3900973-19-02	Wahpeton	7,766	Water main & service improvements (5th Ave to 8th Ave)	655	2020		
108	11	5001075-19-01	Walsh RWD	3,448	Service to residents on private wells, pipelines, interconnection with NRWD	800	2019		AE2S
76	13	2800989-18-01	Washburn	1,313	Intake, wet well, & pump house	3,700	2019		AE2S
231	5	2700990-14-01	Watford City	6,500	Distribution system looping & pressure deficiency corrections	7,132	2019		AE2S
250	3	2700990-14-03	Watford City	6,500	Water tower	3,060	2019		AE2S
239	4	2700990-16-01	Watford City	6,500	Water main replacement	2,204	2019		AE2S
128	9	0900999-19-01	West Fargo	35,000	Water main replacement	2,000	2019		Moore
203	6	5101447-16-01	West River WD	650	Service line replacement	453	2019		Ackerman-Estvold
155	8	5301686-18-01	Western Area Water Supply Authority	10,490	System expansion & regional storage expansion/improvements	13,484	2019		AE2S
125	10	5301686-18-02	Western Area Water Supply Authority	10,490	R&T Stanley, White Earth East, Tioga to Stanley transmission main, White Earth West	29,181	2019		AE2S
223	6	5301686-18-03	Western Area Water Supply Authority	10,490	North 200K service area, East Highway 1804 transmission improvements	5,642	2019		AE2S
152	8	5301686-18-04	Western Area Water Supply Authority	10,490	Williston WTP pretreatment & superstructure	3,831	2019		AE2S
224	6	5301686-19-01	Western Area Water Supply Authority	20,494	Phase VI system improvements	12,500	2020		AE2S
145	9	0501001-09-01	Westhope	429	Water main & service line replacement	462	2019		Ackerman-Estvold
258	1	5201012-14-01	Williston	30,000	Distribution system improvements (Hi-Land Heights)	5,253	2020		AE2S
253	2	5201012-19-01	Williston	30,000	Water main improvements (9th Ave E)	178	2019		AE2S
254	2	5201012-19-02	Williston	30,000	Water main improvements (16th Ave)	414	2021		AE2S

Priority Ranking	Priority Points	Tracking No.	System Name	Present Population	Project Description	Project Cost ($1,000)	Construction Start Date	Est. Loan Term[4]	Engineering Firm
255	2	5201012-19-03	Williston	30,000	Water main improvements (42nd St)	528	2021		AE2S
256	2	5201012-19-04	Williston	30,000	Water main improvements (47th St)	276	2020		AE2S
259	1	5201012-19-05	Williston	30,000	Water main improvements (Borsheim Addition)	880	2020		AE2S
257	2	5201012-19-06	Williston	30,000	Water main improvements (Front St & Reiger Dr)	580	2020		AE2S
260	1	5201012-19-07	Williston	30,000	Water main improvements (Sunset & Kettler Subdivisions)	700	2020		AE2S
158	8	0801031-18-01	Wilton	750	Water main replacement (7th St)	1,449	2019		Ulteig
7	20	0801036-19-01	Wing	152	Water tower, water main, hydrant, & gate valve replacement	1,400	2019	30	Moore
167	8	2601037-18-01	Wishek	1,002	Remote reading water meters & software	410	2019		Interstate
126	10	3901043-08-01	Wyndmere	429	Distribution system improvements	800	2019		Bolton & Menk
88	12	3901043-16-01	Wyndmere	429	Service line & water meter replacement, SCADA system	600	2019		Bolton & Menk

Total Project Cost: 639,314

[1] It is unknown at this time if mandatory additional subsidization will apply to the 2019 DWSRF allotment. To address this potential requirement, a funding level of $2,221,400 has been assumed for additional subsidization (as loan forgiveness). Adjustments will be made, as necessary, based on the actual requirements and capitalization grant amount.

[2] These projects appear eligible for 75% loan forgiveness. The actual loan forgiveness amount is dependent upon available funds. Loan forgiveness eligibility will be confirmed when the loan application is submitted.

[3] These projects appear eligible for 40% loan forgiveness. The actual loan forgiveness amount is dependent upon available funds. Loan forgiveness eligibility will be confirmed when the loan application is submitted.

Appendix C

STATE OF NORTH DAKOTA

PRIORITY RANKING SYSTEM FOR FINANCIAL ASSISTANCE THROUGH THE DRINKING WATER STATE REVOLVING LOAN FUND (DWSRF) PROGRAM

DWSRF PROGRAM
DIVISION OF MUNICIPAL FACILITIES
ENVIRONMENTAL HEALTH SECTION
NORTH DAKOTA DEPARTMENT OF HEALTH

October 2018

The following criteria and point system is utilized by the DWSRF Program to rank eligible projects for potential financial assistance through the DWSRF Program:

- Water Quality (35 points maximum)
- Water Quantity (20 points maximum)
- Affordability (15 points maximum)
- Infrastructure Adequacy (15 points maximum)
- Consolidation or Regionalization of Water Supplies (10 points maximum)
- Operator Safety (5 points maximum)

Maximum Total Points = 100

DWSRF funds may be used to buy or refinance existing local debt obligations (publicly owned systems only) where the initial debt was incurred and the construction started after July 1, 1993. DWSRF assistance requests of this type, if eligible, will be ranked based on the original purpose and success of the constructed improvements.

Creation of New Systems - eligible projects are those that, upon completion, will create a community water system (CWS) to address existing and serious public health problems caused by unsafe drinking water from individual wells or surface water sources. Eligible projects are also those that create a new regional CWS by consolidating existing systems with technical, financial, or managerial difficulties. Projects to address existing public health problems associated with individual wells or surface water sources must be limited in scope to the specific geographic area affected by contamination. Projects that create new regional CWSs by consolidating existing systems must be limited in scope to the service area of the systems being consolidated. A project must be a cost-effective solution to addressing the problem. Applicants must ensure that sufficient public notice has been given to potentially affected parties and consider alternative solutions to addressing the problem. Capacity to serve future population growth cannot be a substantial portion of the project.

Water Quality (select all that apply, 35 points maximum)[1,2]	
A. Documented waterborne disease outbreaks within last 2 years.	20
B. Unresolved nitrate or nitrite maximum contaminant level (MCL) exceedance(s), OR acute microbiological MCL exceedance(s) within last 12 months.	15
C. Exceedance(s) of EPA-established unreasonable risk to health (URTH) level(s) within last 4 years for regulated chemicals or radionuclides (excludes nitrate and nitrite).	10
D. Disinfection treatment inadequate to satisfy one of the following: • The Surface Water Treatment Rule (SWTR) • The Enhanced SWTR (ESWTR) • The Groundwater Disinfection Rule (GWDR) once finalized • Groundwater source(s) deemed by the PWSS to be under the direct influence of surface water • Multiple turbidity treatment technique requirement (TTR) violations within last 2 years (includes at least one event where the maximum allowed turbidity was exceeded)	8
E. Multiple turbidity TTR violations within last 2 years (no events where the maximum allowed turbidity was exceeded), OR 3 or more non-acute microbiological MCL violations within last 12 months.	7
F. MCL or TTR exceedance(s) (no URTH level exceedances) within last 4 years (excludes microbiological contaminants, nitrate, nitrite, and turbidity).	6
G. Potential MCL or TTR compliance problems based on most recent 4-year period (excludes microbiological contaminants and turbidity).	
75% to 100% of MCL or TTR	5
50% to 74% of MCL or TTR	4
H. General water quality problems (see table on page 5).	
Significant general water quality problem	4
Moderate general water quality problem	3
Minor general water quality problem	2

Water Quantity (select all that apply, 20 points maximum)[2,3]	
A. Correction of a critical water supply problem involving the loss or imminent loss of a water supply in the near future.	20
B. Correction of an extreme water supply problem. Maximum water available <150 gallons per capita per day (gpcd) (community water systems only), OR continuous water shortages during all periods of operation (non-profit non-community water systems only).	10
C. Correction of a serious water supply problem. Maximum water available <200 gpcd (community water systems only), OR daily water shortages, or inability to meet peak daily water demand at a frequency of at least once per week during all periods of operation (non-profit non-community water systems only).	7

D. Correction of a moderate water supply problem. Maximum water available <250 gpcd (community water systems only), OR occasional daily water shortages, or occasional inability to meet peak daily water demands on a seasonal basis (non-profit non-community water systems only).	4
E. Correction of a minor water supply problem. Maximum water available <300 gpcd (community water systems only), OR sporadic water shortages or occasional inability to meet peak water demands (non-profit non-community water systems only).	2

Affordability (for the applicable subcategory, select one for each item, 15 points maximum)	
A. Community Water Systems	
Relative income index- ratio of local or service area annual median household income (AMHI) to the state nonmetropolitan AMHI (based on 2011-2015 ACS 5-Year Estimates)	
≤60%	8
61% to 70%	7
71% to 80%	5
81% to 90%	3
91% to 100%	1
Relative future water cost index- ratio of expected average annual residential water user charge resulting from the project, including costs recovered through special assessments, to the local AMHI (based on 2011-2015 ACS 5-Year Estimates)	
>2.5%	7
2.0% to 2.5%	6
1.5% to 1.9%	5
1.0% to 1.4%	3
0.5% to 0.9%	1
B. Non-profit Non-community Water Systems	
Relative income index- ratio of local or service area AMHI to the state non-metropolitan AMHI (based on 2011-2015 ACS 5-Year Estimates)	
≤60%	8
61% to 70%	7
71% to 80%	5
81% to 90%	3
91% to 100%	1
Relative future water cost index- ratio of expected annual water service expenditures resulting from the project to total annual operating expenses	
>20%	7
15% to 20%	6
10% to 14%	5
5% to 9%	3
2% to 4%	1

Infrastructure Adequacy (select all that apply, 15 points maximum)	
A. Correction of general disinfection treatment deficiencies - excludes improvements necessary to directly comply with the SWTR, the ESWTR, or the GWDR (once finalized).	3
B. Correction of well construction or operating deficiencies.	3
C. Correction of distribution system pressure problems (dynamic pressure <20 psi).	3
D. Replacement of deteriorated water mains.	3
E. Replacement of deteriorated finished water storage structures.	3
F. Replacement of distribution system piping/materials shown via DWP-approved testing to contribute unacceptable levels of lead or asbestos.	3
G. Water treatment plant operating at or above design capacity.	3
H. Water treatment plant operating at or beyond useful or design life.	3
I. Correction of specific design or operating deficiencies associated with water treatment plant unit processes (excludes disinfection treatment).	2
J. Correction of specific design or operating deficiencies associated with surface water intake facilities.	2
K. Correction of specific design or operating deficiencies associated with finished water storage facilities.	2
L. Correction of specific design or operating deficiencies associated with raw or finished water pumping facilities.	2
M. Correction of specific design or operating deficiencies associated with raw or finished water distribution system piping.	2
N. Correction of specific design or operating deficiencies associated with chemical feed installations (excludes disinfection).	2
O. Provision of a second well where only one functional well exists for systems relying solely on their own groundwater supplies.	2
P. Replacement of inoperative, obsolete, or inadequate instrumentation or controls.	2

Consolidation or Regionalization of Water Supplies (select all that apply, 10 points maximum)	
A. Correction of Safe Drinking Water Act (SDWA) compliance problem(s) or extreme to critical water supply problem(s) for one or more PWSs through consolidation with another PWS or regionalized service provided by another PWS.	4
B. Correction of contamination problems (regulated contaminants) or extreme water quantity problems (no water, imminent loss of water supply, or continuous/frequent daily water shortages) for individual residences or businesses through consolidation with another PWS or regionalized service provided by a PWS.	3
C. Correction of potential MCL or TTR compliance problems, general water quality problems, or moderate to serious water quantity problems for one or more PWSs through consolidation with another PWS or regionalized service provided by another PWS.	2
D. Correction of general water quality problems or moderate water quantity problems (occasionally daily or seasonal water shortages) for individual residences or businesses through consolidation with another PWS or regionalized service provided by a PWS.	1

Operator Safety (select one if applicable, 5 points maximum)	
Correction of a problem that poses a critical and chronic safety hazard for operators.	5
Correction of a problem that poses an intermittent safety hazard for operators.	3
Correction of a potential significant safety hazard for operators.	1

General Water Quality (select all that apply)				
Total Dissolved Solids (TDS)		Manganese (Mn)		
500 - 999 mg/L	1	0.05 - 0.25 mg/L		1
1,000 - 1,499 mg/L	2	0.26 - 1.00 mg/L		2
≥ 1,500 mg/L	3	> 1.00 mg/L		3
Total Hardness as Calcium Carbonate (TH)		Sodium (Na)		
200 - 424 mg/L	1		200 - 424 mg/L	1
425 - 649 mg/L	2		425 - 649 mg/L	2
≥ 650 mg/L	3		≥ 650 mg/L	3
Iron (Fe)		Sulfate (SO_4)		
0.3 - 0.89 mg/L	1		250 - 499 mg/L	1
0.9 - 2.0 mg/L	2		500 - 750 mg/L	2
> 2.0 mg/L	3		> 750 mg/L	3

Total From Above	Category for Water Quality Item H
≥ 6	Significant general water quality problem
4 or 5	Moderate general water quality problem
≤ 3	Minor general water quality problem

[1] Applies to community and non-profit non-community public water systems only. Water quality problems must be ongoing and unresolved under the present system configuration. Analysis applies to finished water after all treatment (raw water if no treatment is provided).

[2] Projects intended to address multiple community and/or non-profit non-community public water system water quality and/or quantity problems will be ranked based on the highest-level problem to be solved.

[3] Applies to community and non-profit non-community public water systems only. Projects intended mainly to increase water availability for or to improve fire protection are not eligible for DWSRF assistance. To be eligible, fire protection features must represent an ancillary project benefit or secondary project purpose.

Appendix D

Non-Project Set-Aside and Fee Activity[1]

North Dakota Drinking Water State Revolving Loan Fund Program

Set-Aside	Set Aside Through 6/30/2018	Transferred to Loan Fund	Expended Through 6/30/2018	Balance Available as of 6/30/2018	Planned Set-Asides for 2019[4]	Total Set-Aside Funds Available 2019	Reserved Through 2019	Reserved from 2019 Allotment	Total Reserved Through 2019
DWSRF Administration	8,600,924	-	8,200,924	400,000	444,280	844,280	-	-	-
10% State Program Assistance									
PWSS Supervision	4,342,888	327,112	2,012,301	2,003,475	800,000	2,803,475	1,729,200	310,700	2,039,900
Source Water Protection									
Capacity Development									
Operator Certification									
2% Small System Technical Assistance	3,357,532	-	2,958,232	399,300	222,140	621,440	93,640	-	93,640
15% Local Assistance[2]									
Land Acquisition									
Capacity Development									
Wellhead Protection									
Source Water Petition Programs									
Source Water Protection	1,255,880	820,612	435,268	-	NA	-	-	NA	-
Totals	17,557,224	1,147,724	13,606,725	2,802,775	1,466,420	4,269,195	1,822,840	310,700	2,133,540

Fee Type	Collected Through 6/30/2018	Transferred to Loan Fund	Expended Through 6/30/2018	Balance Available 6/30/2018	Projected Funds 1/1/19 - 12/31/19	Total Funds Available Through 12/31/19	Total Funds Held Through 12/31/19
Loan Fee[3]	10,663,013	0	3,030,539	7,632,474	1,451,329	12,114,342	9,083,803

[1] The FY 1997 through 2018 allotments have been awarded. The anticipated allotment for FY 2019 is $11,107,000. The FY 2019 allotment will be applied for by July 1, 2018.

[2] No more than 10% may be used for any one activity with a maximum of 15% for all activities combined.

[3] The loan fee amounts reflect loans approved up to June 30, 2018. The amounts may increase based upon repayments due (if any) under loans approved after this date.

[4] DWSRF Administration is calculated as 4% of capitalization grant. The option that yields the highest amount will be chosen once final capitalization grant allotments are announced.

Appendix E

Amounts Available to Transfer Between State Revolving Fund Programs[1]

North Dakota Drinking Water State Revolving Loan Fund Program

Year	Transaction Description	Banked Transfer Ceiling	Transferred from DWSRF to CWSRF	Transferred from CWSRF to DWSRF	DWSRF Funds Available for Transfer	CWSRF Funds Available for Transfer
1998	DW Grant	4.1			4.1	4.1
1998	DW Grant	6.5			6.5	6.5
2000	DW Grant	9.0			9.0	9.0
2000	DW Grant	11.5			11.5	11.5
2001	DW Grant	14.1			14.1	14.1
2002	DW Grant	16.7			16.7	16.7
2002	Transfer	16.7	10.0	3.0	9.7	23.8
2003	DW Grant	19.4			12.4	26.4
2003	Transfer	19.4	0	5.9	18.3	20.5
2004	DW Grant	22.1			21.0	23.2
2004	Transfer	22.1	0	2.6	23.7	20.6
2005	DW Grant	24.9			26.4	23.3
2005	Transfer	24.9	0	0.1	26.5	23.2
2006	DW Grant	27.6			29.2	25.9
2006	Transfer	27.6	0	1.5	30.8	24.4
2007	DW Grant	30.3			33.5	27.1
2007	Transfer	30.3	0	4.9	38.3	22.2
2008	DW Grant	33.0			41.0	24.9
2008	Transfer	33.0	0	3.0	44.1	21.9
2009	DW Grant	35.7			46.8	24.6
ARRA	DW Grant	42.1			53.2	31.0
ARRA	Transfer	42.1	0	2.6	55.8	28.4
2009	Transfer	42.1	0	0.7	56.5	27.7
2010	DW Grant	46.6			61.0	32.2
2010	Transfer	46.6	0	0.8	61.8	31.4
2011	DW Grant	49.7			64.9	34.5
2012	DW Grant	52.7			67.8	37.5
2013	DW Grant	55.4			70.6	40.3
2014	DW Grant	58.3			73.5	43.2
2015	DW Grant	61.2			76.4	46.1
2015	Transfer	61.2	19.1	0	57.4	65.1
2016	DW Grant	64.0			60.1	67.9
2017	DW Grant	66.7			62.8	70.6
2017	Transfer	66.7	0	4.1	66.9	66.5
2018	DW Grant	70.4			70.6	70.2
2018	Transfer	70.4	0	22.2	92.8	47.9
2019	DW Grant	74.0			96.5	51.6
2019	Transfer	74.0	0	**1.0**	97.5	50.6

[1] All amounts are in millions of dollars

Appendix F

Sources and Uses Table
North Dakota Drinking Water State Revolving Loan Fund Program
Cumulative Amounts as of June 30, 2018

SOURCES	
Federal Capitalization Grants	204,930,767
State Match	51,432,137
Transfers from CWSRF	51,516,491
Net Leveraged Bonds	188,492,700
Investment Earnings	47,138,089
Interest Payments	52,932,384
Principal Repayments	158,678,198
TOTAL SOURCES OF FUNDS	755,120,766

USES	
Administration	8,600,924
2% SSTA	3,357,532
10% DW Program Set-Aside	4,342,888
15% Local Asst. Set-Aside	435,268
Transfers to CWSRF	29,061,000
Bond Principal Repayments	57,167,914
Bond Interest Expense	55,987,965
Arbitrage	763,211
Reserves	2,650,545
Closed Agreements	563,186,470
Loans Approved by Industrial Commissic	24,786,000
TOTAL USES OF FUNDS	750,339,717

DWSRF Funds Available for Projects in 2019	$4,781,049

ANNUAL SOURCES FOR 2019	
FY19 Capitalization Grant	11,107,000
Set-asides taken from FY19 Capitalization Grant	(1,466,420)
State Match (if applicable)	
Leveraged Bonds (if applicable)	
Transfers with CW +/- (if applicable)	1,000,000
Total New 2019 Funds	$10,640,580
TOTAL DWSRF FUNDS AVAILABLE FOR 2019	$15,421,629
TOTAL DWSRF PROJECTS ON FUNDABLE LIST	$15,421,629
AVAILABLE FUNDS	$0

Appendix G

Abbreviations

ASWUD	All Seasons Water User District
CRW	Cass Rural Water
DWSRF	Drinking Water State Revolving Loan Fund
EPA	Environmental Protection Agency
FY	Fiscal year
IUP	Intended Use Plan
NCRWD	North Central Rural Water District
NDCC	North Dakota Century Code
NDDoH	North Dakota Department of Health
NPRWD	North Prairie Rural Water District
NRWD	Northeast Regional Water District
PRV	Pressure-reducing valve
PWS	Public Water System
RWD	Rural Water District
SCADA	Supervisory control and data acquisition
SCRWD	South Central Regional Water District
SDWA	Safe Drinking Water Act
SEWUD	Southeast Water Users District
SRWD	Stutsman Rural Water District
TCWD	Tri-County Water District
WRD	Water Resource District
WRWD	Williams Rural Water District
WTP	Water treatment plant
WUD	Water Users District