

Drinking Water State Revolving Fund (DWSRF)

DWSRF Guidance Document Number 2 Priority List Development and Application Process Construction Loan Priority Ranking System

The State of Vermont will continue to use a point system to prioritize the order in which eligible water supply projects that are ready to proceed will be financed. To be eligible, projects must maintain or facilitate compliance with drinking water regulations or further the protection of public health, be necessary, and the proposed type, size, and estimated cost of the project must be suitable for its intended purpose. Additionally, the water system must have or will have the technical, financial, and managerial capacity to operate the system in compliance with federal and state law; and the system must not or will not be in significant noncompliance with the regulations. Projects will be phased if appropriate. Projects seeking to secure *Continuing Status* on the following FFY Project Priority List shall submit a Final Design application on or before the close of the current IUP public comment period.

Priority in funding will be given to projects that address the most serious risk to human health, are necessary to ensure compliance with the requirements of the Safe Drinking Water Act (SDWA) and the Vermont Water Supply Rule (WSR), and assist systems most in need per State affordability criteria. Projects not eligible include routine operation and maintenance, system expansion, fire protection, and laboratory fees for routine monitoring.

When two or more projects score equally under the project priority system, the higher total score under the system facility deficiencies criteria will be used as a tiebreaker. If the projects are still tied, the system serving the fewer number of service connections will be given priority.

Municipal projects to purchase land or conservation easements to protect public drinking water supplies and planning projects are also prioritized using this system. Separate priority lists will be maintained for each of the loan types, if necessary.

There are twelve criteria used to prioritize projects. The criteria used will be determined based on the loan fund used to fund the project. Criteria one through eleven (Section 1 through 11) will be used for the Construction and Planning Loan Funds and criteria 3, 4, 8, 11, and 12 are for the Source Protection Loan Fund.

The priority ranking system scores projects based on information submitted by applicants, from information in the DWGWPD database, and in consultation with DWGWPD staff familiar with the water system. The twelve criteria are:

1. System facility deficiencies
2. Physical consolidation of water systems
3. Financial need/affordability
4. Service connections
5. Project directly benefiting a school or person-care facility

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6. Project is based on a DEC-approved asset management plan
7. Contamination below the MCL
8. Flood Vulnerability
9. System under State or Federal enforcement action
10. Project will install distribution system and/or service connection meters
11. State Designation Programs
12. Source protection (only applies to Source Protection Loans funded thru the LASRF)

Priority points assigned to projects are computed in the manner described below. Projects to extend existing water systems or develop new water systems to replace contaminated non-public water sources are assigned points based on documented information on water facilities serving the majority of the homes to be served. Points for such projects are only awarded for System Facility Deficiencies (Section 1) and must satisfy the EPA requirement of addressing significant threats to public health.

1. System Facility Deficiencies

Priority points provided for each required improvement project reflect the relative public health risk and compliance concern of the deficiency being corrected. Points are awarded for the deficiency corrected by the project that addresses the highest health risk and compliance concern, and represents a significant portion of the total project cost. The Secretary may phase projects for priority scoring purposes when more than one deficiency is being corrected, the associated costs of correcting each deficiency is significant, and the relative public health risk and compliance concern of the deficiencies are significantly different. Priority points are awarded for the following deficiencies:

Deficiency	Description	Points
Microbial Contamination	Project will address known microbial contamination by providing adequate treatment or eliminating the sources(s) of contamination.	100
Chemical Contaminants above Primary MCL or HAL	Project will address water quality data obtained from a public water system that exceed primary maximum contaminant levels (MCLs), Federal Lead and Copper action level, health advisory levels (HALs) established by Vermont Department of Health (DOH), or water quality data that requires treatment as directed by the Secretary.	100
Action level above DOH and DEC established levels of concern for ten chemicals	Project will address water quality data obtained from a public water system that exceeds benzene; carbon tetrachloride; vinyl chloride; dibromochloropropane (DBCP); 1,2 dichloroethane; 1,2 dichloropropane; hexachlorobenzene; tetrachloroethylene; pentachlorophenol; and, trichloroethylene or other chemicals when DOH expresses a similar level of concern	100

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Deficiency	Description	Points
Inadequate treatment for Surface Water or GWUDISW Source(s)	Project will address inadequate treatment systems supplied by surface water sources or sources determined to be groundwater under the direct influence of surface water (GWUDISW)	100
Inadequate disinfection facilities	Project will provide 4-log inactivation of viruses for a water system that does not currently have this capability, or to a project addressing documented inadequacies in disinfection treatment performance	100
Lead and Copper Control	Project will address documented water quality and/or infrastructure concerns related to lead and/or copper	90
Inadequacy of critical components	Project will correct a significant deficiency or sanitary defect identified during a sanitary survey or Site Assessment(s). If not previously identified, please provide documentation of inadequacy.	80
System vulnerable to contamination	Project will address vulnerabilities documented to exist for a water system	70
Improvements to and/or redundancy of existing system components	Project will provide protection of existing, improvements to existing, and/or construction of redundant facilities	50
Inadequate cross-connection control	Project will correct existing or potential cross-connection problems or to make system improvements under an established cross connection control plan	40

2. Physical Consolidation of Water Systems

Additional priority points will be provided for project(s) that consolidate regulated public water systems. Physical consolidation of small water systems is a major factor in the capability of small systems to protect public health and comply with Safe Drinking Water Act regulations. The highest points are awarded to projects that will result in the elimination of a regulated public community water system. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems.

Description (points received for 1 of the 3 areas only)	Priority Points
Interconnection of PCWS (resulting in declassification)	20

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Description (points received for 1 of the 3 areas only)	Priority Points
Interconnection of PCWS (remaining a regulated PCWS)	15
Interconnection of non-community system	10

3. Financial Need/Affordability

Additional priority points will be provided for project(s) based on a comparison of state community median household income (SCMI), the median of the median, to the median household income (MHI) of the town(s) in which the system exists or the water system. For water systems that encompass more than one town, the MHI is based on the weighted number of household connections in each town. The formula for affordability involves first dividing the community water system MHI by the SCMI, and then multiplying this figure by one hundred (100) to yield a percentage. Different percentage brackets are then assigned points. Points for this criterion are not awarded for projects primarily intended to extend existing or create new water systems. Beginning with the FY16 Project Priority List, MHI data is obtained using the currently available data from the 5-year American Communities Survey (ACS).

Affordability (Community MHI/SCMI x 100 = X)	Priority Points
$X < 60$	35
$61 \leq X \leq 70$	25
$71 \leq X \leq 80$	15
$81 \leq X \leq 90$	10
$91 \leq X \leq 100$	5
$101 \leq X \leq 120$	2
$X > 120$	0

4. Service Connection Criteria

Additional priority points will be provided for the project(s) based on system service connections. Small systems are generally at a disadvantage because of economies of scale (affects ability to do physical improvements, improve system capacity, etc.). Additionally, services connections, not population, are often more of a factor in water rates.

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Service Connection	Priority Points
< 100	20
101 to 330	15
331 to 1100	10
1101 to 3300	5

5. Project Benefiting School

Additional priority points will be provided for project(s) that directly benefit a non-profit school or non-profit person-care facility. The school or person-care facility does not necessarily need to be a regulated public water system. **20 points**

6. Preliminary Engineering Report or Permit to Construct

Additional priority points will be provided for project(s) that have completed a Preliminary Engineering Report or already obtained a Permit to Construct for the project(s) from the Drinking Water and Groundwater Protection Division (DWGWPD). Preliminary Engineering Reports must be submitted to the DWGWPD for review and acceptance. **15 points**

7. Voter Authorization to Incur Debt

Additional priority points will be provided for project(s) that have obtained the necessary voter authorization to incur debt. This does not include governing body authority to secure a planning or final design loan. **15 points**

8. Asset Management

Additional priority points will be provided for project(s) with a DEC-approved asset management plan where the proposed project is ranked highest in the plan. **15 points**

9. Contamination below MCL/HAL

Additional priority points will be provided for project(s) that pro-actively address a regulated contaminant present at concentrations below the MCL. **10 points**

10. Flood Vulnerability

Additional priority points will be provided for project(s) that will improve water system infrastructure documented to be vulnerable to adverse effects from flood events. **10 points**

11. State or Federal Enforcement Action

Additional priority points will be provided for project(s) that will address a State or Federal enforcement action, including but not limited to enforcement orders (ex. Assurances of Discontinuance (AOD), or Administrative Orders (AO) of the court). **10 points**

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12. Meter Project

Additional priority points will be provided to project(s) that propose distribution and/or service meters. Meters can be new or replacement. The applicant does not need to propose service meters on the entire system. **5 points**

13. State Designation Programs

Additional points will be provided to applicants or projects with a state designated program. These programs include Designated Downtowns, Designated Village Centers, New Town Centers, Growth Centers and Neighborhood Development Areas. SRF staff will refer to the Agency of Commerce and Community Development's website for the most current information. **5 points**

14. Source Protection Loan – Land Purchase or Conservation Easement

Sources must have an approved hydrogeologically delineated Source Protection Area and an approved Source Protection Plan prior to loan approval.

Land location points are not additive. Points for the highest applicable improvement are counted.

Land Location	Priority Points
Project achieves isolation zone control	40
Project achieves primary recharge zone control	10

Potential Sources of Contamination (PSOCs) addressed. Points are not additive and are awarded for the highest applicable improvement.

PSOCs addressed	Priority Points
Project addresses microbiological PSOCs	20
Project addresses nitrate PSOCs	15
Project addresses primary inorganic or organic PSOCs	10

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