



Drinking Water State Revolving Fund
State Fiscal Year 2019
Annual Report

State of Wyoming:

Office of State Lands & Investments
Department of Environmental Quality
Water Development Office

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CORE PROGRAM

I. INTRODUCTION

The State of Wyoming is pleased to submit its Drinking Water State Revolving Fund (hereinafter “DWSRF”) Annual Report for state fiscal year (SFY) 2019 (SFY19) (July 1, 2018 through June 30, 2019). This report describes how the State of Wyoming has met the goals and objectives of its DWSRF loan program for the previous year as identified in its SFY19 Intended Use Plan.

In SFY19, applicant interest in our DWSRF loan program was lower than the previous year. The decrease to the loan program can be contributed to the State not taking a DWSRF FFY18 grant to replenish the principal forgiveness additional subsidy that attracts many of our applicants to the SRF programs. The program has also seen a decrease in loan applications to refinance existing debt. The program anticipates equal to greater interest in the DWSRF program in SFY2020 with the award of the FFY19 grant to replenish the aforementioned principal forgiveness additional subsidy. Additionally, recent amendments to the rules established a Disadvantaged Community Program (available starting in SFY17).

We provide this comprehensive report to the public and to the United States Environmental Protection Agency (hereinafter “EPA”) Region 8 Office to detail the activities undertaken to reach the goals and objectives set forth in the Intended Use Plans (hereinafter “IUP”) developed for SFY19.

II. GOALS AND ACCOMPLISHMENTS

We developed the goals that follow for the SFY19 IUP. Our long-term goals provide an outline that guides our management decisions for the DWSRF loan program. Our short-term goals support the implementation of our program’s long-term goals.

Short-term Goals

1. To administer the DWSRF loan program in Wyoming.
2. To ensure the technical integrity of DWSRF projects through the review of compliance records; outreach efforts including presentations and training at Wyoming Association of Rural Water and Wyoming Water Quality and Pollution Control Association events and conferences; and review of planning, designs/specifications, and construction documents and activities.
3. To ensure the financial integrity of the DWSRF loan program through a review of the financial impacts of publicly owned public water supplies’ loan applications, and the ability for loan repayment.

Long-term Goals

1. To build and maintain a permanent self-sustaining state revolving fund loan program that will serve as a cost-effective, convenient source of financing for drinking water projects in Wyoming.

2. To provide a financing assistance program to help publicly owned public water supplies afford sustainable infrastructure and to assist them with funds to complete capital improvement projects to maintain and achieve compliance.
3. To work with other federal, state, and local assistance providers to bundle funding packages that address publicly owned public water supplies' most pressing needs.
4. To have the Office of State Lands and Investments (hereinafter "OSLI"), the Department of Environmental Quality (hereinafter "DEQ"), and the Water Development Office (hereinafter "WDO") recommend priorities for financial assistance from the DWSRF loan program to the Wyoming's State Loan and Investment Board (hereinafter "SLIB").

A. Progress Toward Short-Term Goals

1. To administer the DWSRF Loan Program in Wyoming.

Progress Toward Goal 1: Authorizing State legislation was passed in 1998 allowing the State to develop program elements to establish the DWSRF loan program. EPA authorization of the program was given with the approval of the first Federal capitalization grant and operating agreement in September 1998. A Memorandum of Understanding (MOU) was entered into and between OSLI, DEQ and WDO in the fall of 1998. The purpose of the MOU is to identify the respective roles and responsibilities of OSLI, DEQ and WDO in connection with the operation and management of the DWSRF loan program. Wyoming's DWSRF program was awarded a Federal capitalization grant for FFY19 on June 11, 2019.

2. To ensure the technical integrity of DWSRF loan projects through the review of compliance records. To engage in educational outreach efforts for the benefit of Wyoming's local government entities, and to assist local government entities in project planning, design specifications and associated construction documents.

Progress Toward Goal 2: The DWSRF loan program provides for technical review of all projects by the staff of OSLI, DEQ, and WDO. All loan recipient projects are the subject of a coordinated review among these state agencies. All loan recipient projects are required to obtain a DEQ permit to construct prior to initiation of construction to ensure that minimum technical design criteria are being provided by the proposed project to meet state design standards. All loan recipients must also demonstrate capacity development.

3. To ensure the financial integrity of the DWSRF loan program through a review of the financial impacts of proposed projects for publicly owned public water supplies as set forth in loan applications. And, as a related matter, the ability of those entities to repay a loan financed from the fund.

Progress Toward Goal 3: The DWSRF loan program used loan processing procedures from our State's Clean Water State Revolving Fund loan program and from other states' drinking water programs. OSLI staff provides primary review of loan applications and an entity's ability to repay the same. Staff from DEQ and WDO assists with loan application reviews.

B. Progress Toward Long-Term Goals

- 1. To build and maintain a permanent self-sustaining state revolving fund loan program that will serve as a cost-effective and convenient source of financing for drinking water projects in Wyoming.*

Progress Toward Goal 1: DWSRF loan program has been established and is funded by both Federal capitalization grants and State match. State match funds are state revenues included in each biennial fiscal budget from a specific revenue stream. Low interest rate loans are provided for projects that address public health issues while ensuring that the DWSRF loan program will serve as a long-term source of funding.

- 2. To provide financing to help publicly owned water supplies in Wyoming afford sustainable infrastructure and to complete capital improvement projects to either maintain or achieve regulatory compliance.*

Progress Toward Goal 2: Wyoming's DWSRF priority system rates projects that address the most significant public health and compliance problems in the State.

- 3. To work with other federal, state, and local assistance agencies to provide funding packages that address the most pressing needs of publicly owned water supplies in Wyoming.*

Progress Toward Goal 3: Educational outreach efforts in SFY19 emphasized the need for Wyoming's local government entities to bundle project funding packages to address the most pressing capital infrastructure projects.

- 4. To have OS LI, DEQ and WDO recommend priorities for financial assistance from the DWSRF loan program to Wyoming's State Loan and Investment Board.*

Progress Toward Goal 4: The annual IUP, including project priority listing, is created for SLIB approval by DEQ with the assistance of OS LI and WDO. OS LI uses the IUP to make recommendations to SLIB for proposed loans based on the priority listing.

III. DWSRF LOAN AND SET-ASIDE ACTIVITIES

In this section a detailed discussion of the DWSRF assistance activities that occurred during SFY19 is provided. Details on the sources of funding in our program, the status of loan activities, and the status of set-aside activities are included.

A. Sources of DWSRF Funding

Table 1. Sources of DWSRF Funding

	<i>Federal Grant</i>	<i>State Match (20%)</i>	<i>Total</i>
Capitalization grants FFY1997 through FFY2012	\$ 140,051,500	\$ 28,010,300	\$ 168,061,800
Capitalization grant FFY2013	\$ 8,421,000	\$ 1,684,200	\$ 10,105,200
Capitalization grant FFY2014	\$ 8,845,000	\$ 1,769,000	\$ 10,614,000
Capitalization grant FFY2015	\$ 8,787,000	\$ 1,757,400	\$ 10,544,400
Capitalization grant FFY2016	\$ 8,312,000	\$ 1,662,400	\$ 9,974,400
Capitalization grant FFY2017	\$ 8,241,000	\$ 1,648,200	\$ 9,889,200
Total into DWSRF Accounts	\$ 182,657,500	\$ 36,531,500	\$ 219,189,000
Set-asides			
- Administration – FFY1997 through FFY2017 grants			\$ -5,364,980
- Technical Assistance (closed out) – Amount used from FFY2001 grant			\$ -23,916
- Source Water Assessment (closed out) – Amount used from FFY1997 grant			\$ -936,086
- Technical Assistance– Amount set-aside from FFY2011 grant			\$ -108,000
- Technical Assistance– Amount set-aside from FFY2012 grant			\$ -179,500
- Technical Assistance– Amount set-aside from FFY2013 grant			\$ -179,500
- Technical Assistance– Amount set-aside from FFY2014 grant			\$ -176,900
- Technical Assistance– Amount set-aside from FFY2015 grant			\$ -175,740
- Technical Assistance– Amount set-aside from FFY2016 grant			\$ -166,240
- Technical Assistance– Amount set-aside from FFY2017 grant			\$ -164,820
Sub-Total Set-asides			\$ -7,475,682
Total Loan Interest Payments			\$ 32,865,871
Investment Income earned			\$ 29,193,420
Total Loan Principal Repayments			\$ 106,170,816
Loans			\$ -275,476,477
Estimated Fund Balance Available to Capital Construction Funding			\$ 104,466,948

Total DWSRF funding available, inception to June 30, 2019 is \$387,419,106 which consists of the awarded Federal capitalization grants, State match deposited, principal repayments received, loan

interest payments received, and investment income earned.

i. Federal Capitalization Grants

In total the EPA has awarded Wyoming \$182,657,500 in Federal capitalization grants (federal portion).

ii. State Match

Wyoming has provided \$36,531,500 as the required twenty percent (20%) State match for capitalization grants for Federal fiscal years 1997 through 2019 inclusive. Ten percent (10%) of the State match is provided from WDO funds and ten percent (10%) is provided by the OSLI from a portion of Wyoming's share of federal mineral royalty funds, but some of these funds were appropriated from the State's General Fund. The General Fund appropriation was added when the grant amounts were much higher than expected.

iii. Interest Earnings on Investment

Investment income on State match and principal repayments earned the DWSRF Program \$3,184,748 during SFY19. Total investment income earned inception to date is \$29,193,420. The State Treasurer's Office manages these funds in compliance with the State investment practices. Interest earnings accrued at a net annual rate of 2.70% during SFY19. [*Information provided by State Treasurer's Office*] The State Treasurer's Office credits the income from investment to the DWSRF account on a monthly basis.

iv. Repayments

To date a total of one hundred eighty-one (181) funded projects have been completed, of those, forty-one (41) loans have been paid in full totaling \$37,364,637; one hundred twenty-six (126) loans are in repayment status, and fourteen (14) loans have received 100% principal forgiveness totaling \$6,746,240. Wyoming has received \$32,865,871 in interest payments and \$106,170,816 in principal repayments inception to date.

v. Administrative Fees

Origination fees earned the DWSRF Program \$61,726 in SFY19. Total origination fees earned inception to date is \$1,639,268. Investment income on origination fees earned the DWSRF loan program \$58,717 during SFY19. Total investment income earned inception to date is \$665,896. The State Treasurer's Office manages these funds in compliance with state investment practices. Interest earnings accrued at a net annual rate of 2.70% (*information provided by State Treasurer's Office*) during SFY19. The State Treasurer's Office credits the income from investment to the DWSRF account on a monthly basis.

B. Uses of DWSRF Funds

The DWSRF has provided \$275,476,477 in loans to public water systems. The program has committed \$7,475,683 in set-aside assistance to systems, assistance providers, and program administration and to the State of Wyoming for set-aside activities.

i. Binding Commitments

The DWSRF entered into new loan agreements with ten (10) public water systems totaling \$10,445,223 in this reporting period. Additionally, there was one (1) entity that requested an increase to their existing loans in this reporting period totaling \$1,900,000. First round funds accounted for \$2,199,484 in binding commitments.

(Intentionally left blank)

TABLE 2
DWSRF Funded Projects

Recipient	Pop.	Loan Amount	Ranking/Issues/Project Needs	Int. Rate	Core Loan Amount Funded	Core Principal Forgiveness Funded	Green Loan Amount Funded	Green Principal Forgiveness Funded
City of Cheyenne #133GR	59,466	\$1,900,000.00	Increase to Existing loan #133GR, Install a hydropower generator unit at the Sherard Water Treatment Plant. This will generate power to operate the drinking water treatment plant using the excess head available in the raw water pipeline. DWSRF loan has been made.	0.0	\$0	\$0	\$1,900,000	\$0
Central Wyo Regional Water JPB #213	60,000	\$1,600,000.00	SCADA and PLC system upgrades throughout regional water system. Cond.	2.5	\$1,600,000	\$400,000	\$0	\$0
Town of Star Valley Ranch #214	1,503	\$4,111,120.00	Replace old, deteriorated, and undersized water mains (cross contamination potential). Estimated total need \$12 million phased over several years. DWSRF loan made for first phase.	2.5	\$4,111,120	\$1,027,780	\$0	\$0
Town of Sundance #215**	1,182	\$400,524.00	Replace old, deteriorated, undersized tanks, mains, and services (cross contamination potential). Loop mains for water quality and reliability.	2.5	\$400,524	\$100,131	\$0	\$0
Melody Ranch I&S District #216	900	\$829,300.00	Repair valves and hydrants damaged by corrosion (cross contamination potential). Improvements to the municipal water system to include the construction of an additional water well, larger diameter transmission main, and a more efficient pumping system.	2.5	\$829,300	\$140,425	\$0	\$0
Pioneer Water and Sewer District #217	450	\$681,583.00	Additional transmission line from regional system to northern part of District to provide looping for more reliable supply.	2.5	\$681,583	\$158,217	\$0	\$0

City of Newcastle #218**	3,532	\$705,680.00	Purchase and connect new well to water system. Transmission and SCADA upgrades throughout well-field.	2.5	\$705,680	\$352,840	\$0	\$0
Town of Lusk #219**	1,567	\$268,950.00	Rehabilitate or replace existing well, including raise wellhead above grade and eliminate underground vault. Replace and upsize undersized, corroded, and leaking mains (cross contamination potential). Loop deadend mains to improve water quality.	2.5	\$268,950	\$0	\$0	\$0
Town of Pinedale #220**	2,030	\$390,000.00	Replace old, deteriorated, and undersized water mains (cross contamination potential).	2.5	\$390,000	\$97,500	\$0	\$0
South Park Service Center I&S District #221	350	\$858,066.00	Replace old, deteriorated water system components. Install water meters.	2.5	\$858,066	\$214,516	\$0	\$0
Spring Creek I&S District #222**	400	\$600,000.00	New well and associated pump, controls, valves, and piping.	2.5	\$600,000	\$0	\$0	\$0
Total		\$12,345,223.00			\$10,445,223	\$2,491,409	\$1,900,000	\$0

****These loans have a 30 year loan term. All other loans have a 20 year loan term.**

ii. By-passed Priority Projects

The highest ranked funded DWSRF project was the Town of Lusk Water System Improvements Project, loan #219, which ranked eighteenth (18th) of two hundred three (203) projects. The program bypassed seventeen (17) projects to fund this project. Fourteen of the non-funded projects on the IUP did not apply to or make contact with the program. These projects were either not ready to proceed, or sought funding from other sources. The other three projects already had SRF loans in place to address the projects.

**TABLE 3
By-Passed Projects**

<u>Project</u>	<u>Rank</u>	<u>Rank Points</u>	<u>Reason for Bypassing</u>
Alta Community Pipeline	1	172	Did not apply for funding
Greater Smoot WSD	2	102	Did not apply for funding
Bear River Regional	3	82	Did not apply for funding
Lusk Treatment or New Source	4	56	Did not apply for funding
Wheatland Uranium Compliance	5	56	Did not apply for funding
Owl Creek & S. Thermopolis New Source Project	6	52	Did not apply for funding
Kennington Springs	7	52	Did not apply for funding
Owl Creek TTHM	8	45	Did not apply for funding
Kemmerer-Diamondville TTHM	9	42	Did not apply for funding
Laramie Distribution Upgrades	10	40	SRF Loan Already
Manderson Tank	11	38	Did not apply for funding
Rawlins Treatment Upgrades	12	37	Did not apply for funding
Rock River DI Replacement	13	36	Did not apply for funding
Fort Laramie Main Replacements	14	33	Did not apply for funding
Dubois Distribution Improvements	15	33	SRF Loan Already

<u>Project</u>	<u>Rank</u>	<u>Rank Points</u>	<u>Reason for Bypassing</u>
Dubois Lead Corrosion Control	16	33	Did not apply for funding
Clearmont Main Replacements	17	31	SRF Loan Already

iii. Set-Aside Disbursements

Administrative set-aside disbursements for SFY19 were \$292,043. A portion of the administrative set aside for SFY19 was disbursed to support our educational outreach efforts mentioned earlier in this report. Administrative set-aside disbursements from inception to June 30, 2018 total \$5,629,178.

Two percent (2%) technical set-aside disbursements for SFY19 were \$114,000 to support the Wyoming Association of Rural Water Systems (WARWS) contract as defined in the technical assistance work plan. Specific activities and results of the contract/work plan will be detailed later in this report. Technical assistance set-aside disbursements from inception to June 30, 2019 total \$856,416.

A portion of the administrative set-aside for SFY19 was disbursed to Technology Partnership Group (TechPG) for the maintenance and hosting of our internal accounting system, EnABLE, to help manage the DWSRF loans. Disbursements to TechPG in SFY19 were \$32,000.

iv. Financial Statements/Audit Finding

An audit for SFY19 started in October 2019 with the final report anticipated to be available during the first calendar quarter of 2020 (after the State CAFR is completed).

An audit for SFY18 was finalized on March 27, 2019; no findings were noted.

v. Small Systems (population less than 10,000)

In SFY19, Wyoming committed a total of \$8,845,223 in loans for small systems.

vi. Disbursements

During the reporting period, SFY19, the amount of funds disbursed as financial assistance totaled \$15,962,690.

vii. Administration Set-Aside

The majority of funds from this set-aside paid salaries and associated expenses of personnel administering the DWSRF loan program. Additionally, as noted above, a portion of the funds were used for maintenance and hosting of our accounting system, EnABLE by TechPG. The State

is currently charging a loan origination fee to supplement available set-aside funds. Since implementation of the DWSRF it has required the work of 3.5 FTEs – 1 with DEQ, 1 with the WDO, and 1.5 with the OSLI. The accounting firm of McGee, Hearne & Paiz, LLP, is under contract to complete an audit of the DWSRF program for SFY19.

viii. Implement of Circuit Rider Program (2% Tech Set-Aside)

The Wyoming Association of Rural Water Systems (WARWS) operates a "State Circuit Rider Program" (Program) in all areas of the State. Technical assistance contacts are made statewide. The Water Circuit Rider provides technical assistance and training systems within the State of Wyoming. The Circuit Rider attends and provides training at WARWS monthly seminars, if scheduling permits, holds Problem Solving Sessions as needed. The Circuit Rider identifies small systems facing serious health problems and meets with the identified systems. These one-on-one on-site contacts may be requested by the systems or referrals from a referring agency. Systems needing such contact are also identified through routine drop-in technical assistance contacts to water systems. Other means of identifying troubled water systems is to monitor newspapers, radio and television stations.

Training sessions for operators, bookkeepers, managers, and board members may also be used by WARWS to help identify these systems. Routine contact between the WARWS Executive Director and referring agency staff provides a means to identify systems needing assistance to become more self-sufficient. Priority is given to those with the most serious health and safety problems.

The following is a brief review and report on the Wyoming Small Systems Circuit Rider Program funded through the SRF monies and administered by the WARWS. This program was largely patterned after the National Rural Water template and requirements for other Technical Assistance Circuit Riders which requires four hundred twenty (420) system contacts per program year along with other goals outlined by the State. The contact numbers below are similar to the previous year's report and are the most significant indicators of the program.

The changes below reflect the combining of Agency Referred Contacts and Requested Contacts by the Systems from previous program years' reports into one category, Requested Contacts as it has become difficult to distinguish them.

- **Total Contacts are 464.** This is 44 (10%) more than required and about 11 less than last year.

Developments driving the program:

1. Revised Lead and Copper Rule required systems to identify high-risk taps. Lead and Copper Sample Siting Plans were being revised and updated throughout the program year. This is ongoing but has subsided somewhat over the past year.
2. The Revised Total Coliform Rule was implemented in April 2016. System requests for help with Sample Siting Plans and maps are ongoing and each request has been addressed. Level 1 & 2 Assessments are required when bacteria is found in the water.

The circuit rider has been involved with the systems and EPA on many of these implementations/inspections in both troubleshooting and system disinfection on a very short notice basis. Several of these were e-coli positive. This is also ongoing.

3. Newly activated Public Water Systems as well as several that have either new owners and/or managers have required training as well as significant assistance helping with Sample Siting Plans and Administrative Orders from EPA. Several of these systems are not required to have a certified operator and are treating surface water. This requires considerable time and is done in coordination with EPA’s Surface Water Treatment Rule Manager. These are Wyoming’s greatest water-borne illness risk.
4. The 2018-2019 year saw many Emergency Administrative Orders in Transient systems. The circuit rider responded across the state to EPA requests to help troubleshoot and correct these defects often on very short notice and at considerable distance irrespective of when they occur.
5. The circuit rider continues involvement with professional organizations such as WY Environmental Health Assoc. and the Governor’s Small System Task Force, and Wyoming Lodging and Restaurant Association.

Considerable time and effort are spent by the circuit rider reporting accurate and thorough records of the visits made and work done on the **Monthly Payroll Report** and **Significant Contact and Narrative**. Suggestions as to how we may better utilize time and resources in reporting both monthly and annual reports would be appreciated. The following table is breakdown similar to the one produced at the close of the last program year.

TABLE 4
Breakdown of Circuit Rider Contacts*

	July 2018	Aug. 2018	Sept. 2018	Oct. 2018	Nov. 2018	Dec. 2018	Jan. 2019	Feb. 2019	Mar. 2019	April 2019	May 2019	June 2019
Required Contacts	35	35	35	35	35	35	35	35	35	35	35	35
Actual Contacts	45	51	37	45	50	29	30	34	37	29	41	36
Requested Contacts										10	15	21
Classroom Training				Fall Conf						Jackson Cody		

*Agency Contacts and Requested Contacts listed in the above table represent both On Site Contacts and TTA Contacts. TTA Contacts are counted as 0.25 contacts per 15 minute interval. Training in conjunction with EPA: Fall Conference on Operating Small Systems and EPA TNC outreach training for TNC systems.

Goal 1: Identify Unidentified Public Water Systems

Limitations of searching for unidentified systems using only general and county GIS tools continues largely fruitless. Identifying systems’ size and ownership is quite productive using

these tools. Portions of **Six** counties were searched: Fremont, Sublette, Teton, Park, Albany, Lincoln and Sweetwater. These are counties with many Transient systems. Most of the productive work on this goal is done while traveling for other visits.

Three new systems were referred to EPA / DEQ during the program year. EPA Region 8 has operated without an Inventory Manager throughout much of the program year. As such, systems referred have seen little attention. Some systems have solicited help from the program to help resolve inaccurate designations both as system type as well as Surface or Ground Water Rules. **Five** referred systems were identified first by highway travel and then using GIS programs. They are referred with attached GIS map locations and owner-of-record information from county records.

Goal 2: Improve Water System Compliance

Keeping systems in compliance rather than in enforcement is the purpose of every contact, especially those that are requested by system owners or referred by an agency. There are about 100 agency contacts including WYDEQ. Many of these are regarding systems that are not under a formal Order but are struggling with TC+ samples, violations, uncorrected Significant Deficiencies, Level 1 and Level 2 Assessments. At least **Five** systems formally under Administrative Orders were helped by the program or EPA referral. It is hard to track but several systems have helped close Orders with the circuit rider's assistance. Some systems with Administrative Orders will not respond. Informal agency referrals are harder to track and constitute many of the referred/requested visits.

What may be hard to measure is Significant Deficiencies avoided by pre-survey corrections.

EPA does not provide information to the circuit rider for MCL and Acute Violations for the year. This specific information could probably be requested of EPA Rule Mangers if desired.

The circuit rider was referred to over 12 systems needing help by various agencies including Dept. of Ag., DOH, etc. All were contacted. Many are ongoing, year-over-year. These include private residence e-coli+ wells, commercial bakeries, etc.

Each year, EPA, DEQ, Dept. of Agriculture, County Health, and WY A.G. Office have requested and referred problem systems to this program. ***This program seems to be where most problem systems end up being referred. Most are privately-owned.***

As outlined above, On-Site visits to train new owner/mangers are very helpful to keep the systems in compliance. Many of the TNC systems have a high employee turnover rate, and new hires are in needed technical support. Sampling plans, Sampling procedures, Site Sample plans, and compliance issues are just a few common support issues faced on a regular basis.

Agency requested visits on acute violations are assumed to be remediated if no further action is requested or feedback is received. WARWS has no other source of verification.

Goal 3: Addressing Significant Deficiencies

The circuit rider receives copies of the recent Sanitary Surveys as they are completed by EPA. The circuit rider eventually reviews these surveys issued for Transient systems and contacts many by email or phone offering help in correcting Significant Deficiencies. At least **23** systems have been given specific help either by email, phone, or on-site. Most are on-site and require considerable time. Many have multiple Deficiencies that require multiple visits. **This Goal is requiring much more of the circuit rider's time with each passing year. Many of these Significant Deficiencies are going uncorrected for over a year because of inability to get Permits to Construct.** This review is cursory and is probably considerably low. This work is becoming harder as more Deficiencies require a DEQ permit to construct. The circuit rider maintains good rapport with the EPA Rule Managers to help resolve Deficiencies.

464 total recorded contacts were made in the program year. Many short contacts are unrecorded as they require additional logging time. **420 are required.** As it requires 60 minutes of TTA to equal one contact, this represents well over 600 individual contacts for the year. Some are to provide additional information to EPA on local conditions. **Many are systems that cannot be remediated by EPA required methods (being too remote, too small, etc.). 4** systems requiring major engineering and permitting for complex GWUDI assessments and possible remediations have been facilitated by the circuit rider saving the systems considerable money. Some systems under some form of order have been brought into compliance by suggesting alternatives to EPA and carrying out the work required using alternative means. Continued work on district formation, Ground Water Under the Direct Influence of Surface Water, ERP, wellhead and tank-related repairs, chlorination pump calibration and instruction, backflow, and aid in formulating responses, helping change and repair wellhead seals, collection tank hatch and vent repairs are all part of the work facilitated on these visits. The circuit rider has advocated for changes in significant deficiency identification with EPA, DEQ, and system owners with good progress.

Additionally, many more visits were made to prepare for upcoming Sanitary Surveys and to attend Sanitary Surveys. Systems with new owners or operators are utilizing the Circuit Rider.

Goal 4: Address and Evaluate Recommendations for Sanitary Surveys

There is much overlap in on-site visit topics. Small System owners seldom want to talk about previous Significant Deficiencies or Recommendations unless they are required to specifically respond. In the circuit rider's experience, there is limited effort to implement Recommendations unless the owners are convinced of the risk to public health. Probably 20% of the 464 contacts listed above, or **92** contacts involve discussion on Recommendations.

Most outreach visits include an offer to walk through the system prior to a Sanitary Survey as preparation. At least **Thirteen** of these walk through offers were accepted or requested.

Ongoing challenges to corrections of Significant Deficiencies and Recommendations:

- Education. Often no certified operator
- Understaffing. Business owners/managers wearing too many hats

- Hopelessness. So buried in orders and enforcement that they stop responding
- No access to public or low-interest monies. Many have to form districts to afford upgrades (county commissioners/planners need to be educated and utilized in permitting development)
- Poor business models. Many private owners hanging on by their fingernails
- Lengthy decision making processes and remedies (i.e. GWUDI, District Formation, Engineering, consensus building, etc.). Some of these go on for years.
- Geophysical limitations (i.e. required drop to splash pads and surface where the vertical drop is not available)
- Requirements that make little sense in terms of improving safety, yet require significant demolition and reconstruction (i.e. raising tank vents, hatches wellheads by small increments)
- Legacy construction that has existed for decades and is now being identified as deficient
- Many systems feel they are dealing with a moving target

Goal 5: Elimination of Water-borne Outbreaks

This program’s focus is prevention of water-borne outbreaks. **Wyoming has had 0 reported outbreaks in 2018-2019.** Many small system owners and managers—especially new owners and managers—do not understand the risks and causes of water-borne diseases. Because many of these small systems have no certified operator, do not disinfect, and because these people have so many other responsibilities, this becomes one of the major opportunities of this program. Teaching is a goal of every visit. Targeted contacts—especially requested and agency referrals—are the most effective visits. Coordinated outreach with EPA through not only Sanitary Surveys, but Total Coliform MCLs is progressing well as evidenced by the tables above. Ongoing coordination on this front is in planning. Considerable time was spent training staff in Surface Water Treatment at systems not required to have a certified operator. This is where the greatest risk is in the state.

At least 15 unsafe conditions were reported in the program period. Several were corrected on-site at the time of the visits. Several others are in progress. WARWS has no current access to information on permitted constructions. Recommendations are made to retain an engineering firm and it is assumed proper permits are acquired through DEQ. Several (abt. **15**) contacts were made to DEQ working with unsafe conditions and corrections while working to close out Administrative Orders. Some owners are simply incorrigible. Some older systems simply cannot be brought up to current standards without complete redesign and rebuild.

IV. COMPLIANCE WITH OPERATING AGREEMENT AND GRANT CONDITIONS

Wyoming has complied with the conditions of the DWSRF operating agreement. We have met and continue to be in compliance with the following conditions as described in the Operating Agreement:

1. Establish state instrumentality and authority
2. Comply with applicable state laws and procedures

3. Review technical, financial, and managerial capacity of assistance recipients
4. Establish a DWSRF loan account, set-aside account, and a DWSRF administration account
5. Deposit all funds in appropriate accounts
6. Follow state accounting and auditing procedures
7. Require DWSRF loan recipient accounting and auditing procedures
8. Submit IUP and use all funds in accordance with the plan
9. Comply with enforceable requirements of the Act
10. Establish capacity development authority
11. Implement/maintain system to minimize risk of waste, fraud, abuse, and corrective action
12. Develop and submit project priority ranking system

We have met the following conditions as described more fully below:

A. Deposit state matching funds

Wyoming did not deposit the twenty percent (20%) State match requirement for the FFY19 grant that was received June 11, 2019 in SFY19; but those match funds were deposited in SFY20. This decision was made due to the grant “Project Period” not starting until 7/1/2019, and a change in the State wide accounting software. As to avoid any end of period adjustments in the event the grant set up was not performed correctly in the State wide accounting system.

The State match is split between the WDO and the OS LI. As of June 30, 2019, the Wyoming DWSRF program has received cumulative State match funding totaling \$36,531,500.

B. Submit Annual Report and Annual Audit

The submission of this document fulfills Wyoming’s responsibility to submit an Annual Report. McGee, Hearne & Paiz, LLP, conducted an annual audit of our DWSRF loan program for SFY19. The audit addressed all funding activity from the loan accounts, set-aside accounts and administration accounts. Please reference the audit compliance statement issued under “Financial Statements/Audit” on page 15 of this report. The final audit report for SFY19 is anticipated to be available in the first calendar quarter of 2020.

C. Assure that borrowers have a dedicated source(s) of repayment

Staff of the OS LI conducted an extensive review and evaluation of all loan applications submitted by Wyoming’s municipal public water systems. This evaluation determines whether or not an applicant has the ability to repay a loan. For all public water systems, the expected revenue stream from user fees, property assessments or other revenue source must be sufficient to repay the loan, pay operation, maintenance costs and pay for other necessary expenses.

D. Ensure recipient compliance with applicable federal cross-cutting authorities

Wyoming and all of its assistance recipients have complied with all applicable federal cross-cutting authorities.

The specific goals are as follows:

Minority Business Enterprise (MBE) - Construction 1.5% and Services 1.0%

Women Business Enterprise (WBE) - Construction 2.5% and Services 1.5%

Actual procurement value during SFY19 was \$21,214,717 for construction and \$0 for Services.

Actual procurement values during SFY18 were as follows:

MBE=\$0

WBE=\$0

E. Conduct environmental reviews

Using the State's environmental review procedures, DEQ reviewed and approved all projects receiving assistance during SFY19. We determined that no environmental impact statements were necessary. For all projects reviewed, the DEQ issued findings of no significant impacts or categorical exclusion determinations.

F. Environmental results

The environmental results will be reported, at least monthly, in the Drinking Water Project & Benefits Reporting (PBR) on-line application.

G. Implement operator certification program

The program, managed by DEQ, certifies operators of all community and non-transient non-community water systems, including systems without treatment. It meets or exceeds EPA's minimum standards for operator certification (February 1999 guidance).

H. Central Contractor Registration and Universal Identifier Requirements

- i. OSLI has, and will continue to, maintain the currency of information in the Central Contractor Registration (CCR) for prime awardee purposes.
- ii. OSLI has, and will continue to, maintain the currency of information in the Data Universal Numbering System (DUNS) for prime awardee purposes.
- iii. All potential recipients must submit certification of DUNS number to OSLI as part of the application process. The certification is maintained in the loan file as part of the application and will be received prior to disbursement of funds.

I. Additional Subsidies

- i. Additional subsidies in the form of principal forgiveness totaled \$2,491,409 of the awarded loans in SFY19. Additional subsidization was targeted toward communities with affordability issues by making them eligible to have a higher percentage of their loan forgiven, based on the annual median household income of

the loan recipient. Additional subsidization further supported sustainability by providing additional subsidization to projects that repair, replace, and/or upgrade infrastructure in existing communities.

J. Green Infrastructure

- i. The IUP includes qualified projects, or components of projects, that total an amount at least equal to twenty percent (20%) of the capitalization grant. On the FY19 IUP green infrastructure eligible projects and/or components totaled \$21,268,000. Additional subsidization, in the form of principal forgiveness, totaled \$85,022,000.
- ii. Green infrastructure projects, or components of projects, totaled \$1,900,000 of the awarded loans in SFY19.