

July 1, 2017 – June 30, 2018
INTENDED USE PLAN
For the
WEST VIRGINIA DRINKING WATER
STATE REVOLVING FUND

State of West Virginia

Department of Health and Human Resources
Bureau for Public Health
Office of Environmental Health Services
Environmental Engineering Division

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I. INTRODUCTION

The Safe Drinking Water Act (SDWA) amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems in financing the cost of the infrastructure needed to achieve or maintain compliance with SDWA requirements and protect public health. This Intended Use Plan (IUP) details the intended use for the State Fiscal Year 2018 (FFY 2017) Capitalization Grant funds totaling \$8,241,000 and will require a 20% state match of \$1,648,200. The available State Program Cash Match (1:1) is \$747,500. It is anticipated the West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) will commit the funds for the required 20% match at its July 2017 meeting.

From the FFY 2017 Capitalization Grant, \$5,458,468 (along with the state match, projected earned interest and loan repayments) shall be used to construct projects. These funds are the Drinking Water Treatment Revolving Fund (DWTRF). The 2% Technical Assistance is used to contract a Continuing Education Training program for water operator training and certification. The 4% Administration funding is used to manage the DWTRF program. The 10% Program Management funding is used for enhancing the Public Water Supply Supervision Program (PWSS). The 15% Local Assistance funding is used in implementing the required state Source Water Protection Program, assessing, and assisting in the technical, managerial and financial capacity of small systems.

II. PROJECTS

A. Project Funding Requirements

Approval from the Infrastructure Council is required for any project to receive DWTRF assistance. The Infrastructure Council, with recommendations from its Water Technical Review Committee and the Funding Committee, must approve all projects. Both of the following requirements must be considered for funding of projects:

- 1) At least 15% of the funds in the DWTRF must go to systems serving less than 10,000 total persons. Federal code allows crediting prior year's excess above the 15% for the annual requirement. One hundred percent (100%) of this year's planned funding will go to systems with less than 10,000 population.
- 2) West Virginia legislation authorizes the DWTRF requirement for disadvantaged communities. *"The division of health shall, in accordance with the provisions of the safe drinking water act, establish a program for loan subsidies to disadvantaged communities. Thirty percent of the federal capitalization grants made to this state shall be dedicated to the funding of projects for disadvantaged communities"* (Authority §16-13C-3). This requirement is not a federal requirement. At least 30% of the cumulative federal funds will be used for disadvantaged communities. The 30% requirement will be calculated on a cumulative basis of awarded grants. All planned funds will go to disadvantaged systems.

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B. The Project Priority List (PPL) Process

The PPL process uses an application that the water system must complete to be considered for DWTRF funding. This application process has improved the DWTRF program by listing only those systems that are truly interested in using low interest loan funds. This eliminates the need to bypass many projects that are not interested in using the DWTRF low interest loan money.

Each water system submits a pre-application through the Infrastructure Council, also:

- 1) Has its project scored using DWTRF criteria;
- 2) May be contacted concerning its interest in DWTRF funding; and
- 3) If the water system is interested in DWTRF, they submit a form to be included on the next priority list that is put out for public comment.

Water systems that are the closest to going to bid, (e.g., the project design is complete and a Public Service Commission application, where applicable, has been submitted, etc.) are given top priority when issuing binding commitment letters, thus, some projects which have not received other funding or have not been designed will be bypassed in accordance with the IUP.

In order to fund more projects with DWTRF funds, the PPL may be issued for public comment several times a year so that projects that have been approved by the Infrastructure Council and have been scored and ranked can be given binding letter of commitments sooner. The PPL will include a summary of the health benefits for the project.

Water systems that have been on the prior PPL, but have not received a funding commitment will be added to the new PPL unless we have information that would indicate they no longer wish to obtain DWTRF funding.

Projects requesting DWTRF funding assistance are prioritized using the DWTRF Project Priority Ranking System (Attachment 1). Three categories (public health, regulatory compliance, and affordability) are used to determine project scoring. Projects that apply for DWTRF funding are ranked on a PPL and are listed in the Project Priority List/Comprehensive List (Attachment 2). The PPL includes the name of the public water system, description of the project, priority assigned, expected financial terms, size of community served, and whether or not the system is disadvantaged. The highest ranked projects on the PPL are contacted concerning their project status to determine if funding from the DWTRF is appropriate and the project is ready to proceed. The PPL ranking system allows for higher public health ranking for utilities that have multiple violations as reflected in the Enforcement Tracking Tool (ETT). The ranking system allows coordination of projects funded with consideration of the enforcement agency. It is the ultimate responsibility of the water system to inform the DWTRF staff of changes to its readiness to proceed status.

Projects expecting to receive assistance from the FFY 2017 Capitalization Grant Funds are on the Funding List Detailed Description (Attachment 3). Projects that rank lower on the PPL may

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still receive funding should one or more of the higher ranked projects be bypassed using the bypass procedure described below. Projects on the most recent PPL are also eligible to receive funding from previously awarded capitalization grants or repayments.

All projects on the PPL will be designated as equivalency projects unless specifically stated on the PPL as not being an equivalency project. Only the McDowell County PSD project will not be an equivalency project.

C. Bypass Procedure

Prior to implementing the bypass procedure, water system projects listed on the PPL will be reviewed to determine their project status as compared to the ready to proceed project awaiting a funding commitment. Based on the review, DWTRF staff will determine whether to bypass the project and select another project for funding commitment consideration. The following provisions will be used to bypass a project on the PPL:

- 1) Even though the project is for a system with significant non-compliance of the SDWA, it is determined the proposed project will not ensure compliance.
- 2) The project is for a system that would not have operators properly certified to operate and maintain the system by the time the project is to receive funding.
- 3) The project changes significantly in scope and requires re-evaluation of the proposal using the DWTRF ranking system.
- 4) The project is unable to proceed in a timely manner.
- 5) Other project funding is not committed. Should the bypassed project be within the fundable range, it may be funded at a later date.
- 6) The project costs significantly exceed the anticipated loan amounts. The project scope could be reduced to within the available DWTRF loan amount provided the ranking does not change.
- 7) The system declines the assistance.
- 8) The project is not determined as technically and financially feasible by the Infrastructure Council.
- 9) The project is unable to meet the schedule developed and agreed upon by the project sponsor and the DWTRF staff.
- 10) A lower ranked project attains a higher rating due to revised information, such as an environmental or public health emergency.

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- 11) The water system is not considered as having the managerial, financial, and technical capacity, even after project completion, based upon a Capacity Development Assessment by the Office of Environmental Health Services (OEHS) staff.
- 12) If one or more Green Infrastructure Projects are required to be funded from the Capitalization Grant further down the list in grants that require Green Infrastructure Projects to be funded. For this specific IUP, this is not a grant requirement. OEHS does not have any requirements for Green Infrastructure Projects.

When OEHS bypasses a project, the project will remain on the PPL for consideration at a future time. If the project no longer needs or wants DWTRF funding, it is removed from future PPLs. OEHS will provide technical assistance (as needed) with bypassed projects to assist them in being eligible for the future funding. DWTRF will provide low interest design loans to increase the project pace, where needed.

In cases where a project is bypassed, the next project on the list (not being bypassed) will be funded within the funds available through the criteria outlined in this section. If a funded project comes in under cost, the remaining funds may be used to fund additional project work that can be associated with the project scope; to fund the next project on the PPL (if the cost does not exceed the available funds); or to fund other water system project needs as deemed appropriate by OEHS.

D. Emergency Projects

Projects to remediate an imminent significant hazard to a community's public health may be considered an "Emergency" project if approved by OEHS. An emergency project may not be required to be on the approved PPL if the evaluation by OEHS verifies the urgency of the project execution to avoid a major impact to the water system's customers. All emergency projects must be reviewed and approved by the Infrastructure Council.

E. Loan Terms and Fees

Eligible public water systems may use the DWTRF assistance to fund the cost of infrastructure needed to achieve or maintain compliance with the SDWA and other drinking water regulations. OEHS proposes to use \$7,106,668 (\$5,458,468 of federal funds and \$1,648,200 state matching funds) to provide loans to public water systems for infrastructure improvements. The DWTRF program interest rates will be below AAA Municipal Yield Market rates.

Interest Rate

- a) The affordability standard for the annual water user rate is set at 1.5% of Median Household Income (MHI) for 4,000 gallon monthly usage as defined by the Infrastructure Council rules or 1.25% for 3,400 gallons if approved by the Infrastructure Council after September 20, 2014. Projects previously reviewed by the Infrastructure Council will be 'grandfathered' for up to three years from the date of the change by the Infrastructure Council. The DWTRF program will use the same data and criteria for medium household income and typical residential usage rates as the Infrastructure Council to achieve consistency in affordability

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and financial evaluations by state funding agencies. The threshold of 1.25% may be lower than the rate the Infrastructure Council uses for its determination of disadvantaged rates. Water rates equal to or greater than this affordability standard will be considered disadvantaged. Water rates below this affordability standard will be considered non-disadvantaged.

Principal forgiveness funding assistance will typically be provided in combination with a DWTRF repayment loan for disadvantaged public water systems. Principal forgiveness may be provided to water systems for a design loan or for construction if special circumstances occur for the project. The disadvantaged loan interest rate will be 0.75%. The non-disadvantaged water systems will be eligible for 2.75% loans.

- b) If DWTRF funding replaces another agency's grantor loan funds on a previously approved Infrastructure Council project, additional subsidization can be provided to maintain the approved level of affordability.

Loan Terms

Terms are given up to 20 years for non-disadvantaged loans and up to 30 years for disadvantaged community water systems loans.

Administrative Fees

The OEHS administrative fee for projects is 0.5% of the loan amount to be repaid and the fee is paid evenly over the life of the loan. This administrative fee may be adjusted to make the project affordable. Administrative fees for principal forgiveness loans will be waived.

Design Loans

The DWTRF provides design loans to eligible public water systems for projects on the PPL. The purpose of design loans is to make the projects more attractive for outside additional funding and to decrease the time between project design and construction. The loans will be offered at the same terms as those determined for the full project infrastructure improvements as approved at Infrastructure Council or principal forgiveness, if eligible and necessary. Design loan payback will begin within nine months following the design's scheduled completion.

Graduated Loan Repayment

The DWTRF loan program can provide graduated loan repayment schedules to make projects more affordable to water systems. In this case, the water system will start repayments following construction completion, but the initial payments will be reduced until one or more existing loans are paid in full. Then, the water system will make accelerated DWTRF payments within the loan period. This will allow a level debt service payment for water systems to make infrastructure projects more affordable. The repayment of loans will still be completed in the same time period of the project's eligibility.

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F. Project Selection and Loan Activities

The PPL was developed from the projects on prior PPLs that did not receive funding commitments and new applications. Project representatives of prior listed projects were contacted to determine if they still desired DWTRF funding. Those projects which indicated they still desired to be considered for funding were kept on the list and any other project recently submitting an application to OEHS or applying for DWTRF funding through the Infrastructure Council was added to the list.

The PPL will be finalized after the public comment period. The Funding List Detailed Description (Attachment 3) describes the projects most likely to be funded from this Capitalization Grant.

G. Additional Subsidization

The Capitalization Grant requires that 20% of assistance provided is in the form of additional subsidies (principal forgiveness). OEHS has the authority to offer principal forgiveness loans in an amount up to 100% of a loan made by the State's DWSRF program. The intent of this program is to provide principal forgiveness to those water systems that have significantly higher user rates versus those that may barely meet the disadvantaged criteria. The Funding List Detailed Description includes four projects that are eligible to receive \$1,650,000 in subsidization for disadvantaged water systems. The 20% amount of the capitalization grant funds is \$1,648,200 so OEHS has a plan to meet the requirement for additional subsidization.

H. Green Infrastructure (Green Project Reserve – GPR)

The Capitalization Grant does not require any of the funds provided for projects to be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. OEHS does not have any requirements for green project reserve.

I. Davis Bacon Wage Rates (DB)

The Capitalization Grant requires all loan recipients to pay applicable DB or state prevailing wages (whichever is higher or applicable) for all construction contracts. All loan recipients must also follow all federal DB Wage Rate requirements.

J. Asset Management Implementation Effect on Loan Rates

The DWTRF program has required loan recipients to implement a BPH approved asset management plan (AMP) since 2009 to help ensure sustainability of their water systems by properly managing their assets. As many of these plans have been developed and approved by BPH, we are now assessing the required maintenance and use of the approved plan in subsequent loan applications. For those systems that have maintained and updated their AMP they will be eligible for a reduction of their eligible loan rate by 0.25%. Conversely, those systems who had an approved AMP, but have not maintained the AMP, will be assessed an additional 0.25% above their

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eligible loan rate. Loan recipients who have not maintained their AMP will be required to update their AMP as part of the funding process for a new loan.

K. American Iron and Steel

All projects funded by this IUP will follow all of the American Iron and Steel requirements as prescribed by EPA issued documents.

L. Disadvantaged Business Enterprise (DBE)

All projects funded by this IUP will follow all of the Disadvantaged Business Enterprise requirements as prescribed by EPA issued documents.

III. FINANCIAL STATUS

The DWTRF will be managed by OEHS with assistance, through a contract agreement, from the West Virginia Water Development Authority (WDA). The WDA maintains the financial records and insures bond conditions and audit requirements are met. OEHS manages the DWSRF set-aside funds. The DWTRF program financial status is healthy with a principal and interest repayment stream from loans exceeding \$6,500,000 per year. The Administrative fee from loans has an annual income exceeding \$600,000 which would sustain the administrative staff in perpetuity.

A. Total Amount of Funds in the DWSRF (Construction & Set-Asides)

The amounts available for the DWSRF program are as shown in Tables 1, 2, and 3. Table 4 summarizes all incoming funds through June 2017 and shows the projected disbursed and obligated amounts through 2016.

**TABLE 1. FUNDS AWARDED PRIOR TO STATE FISCAL YEAR 2016
(Construction & Set-Asides)**

U.S. Environmental Protection Agency (Total from 1998 through and including 2016)*	\$194,015,782
WV State Match – Infrastructure Council (Total from 1998 through and including 2016)	\$34,889,557
WVDHHR: 10% Set-Aside State Match (Total from 1998 through and including 2016)	\$12,729,100
SUB-TOTAL	\$241,634,439
Loan Repayments (Principal only 2858) as of 12/31/16	\$42,581,263
Admin. Fee plus Fee Investment Interest as of 12/31/16	\$4,972,887
Interest (2858 Interest Repayment) Loans as of 12/31/16	\$5,692,511
Interest Earnings (WVSTO Reinvestment Income 2858 & 2856) WV DWTRF as of 12/31/16	\$3,710,464
TOTAL	\$309,795,114

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* Table 1 does not include the in-kind services for the following grants:

FS-99390003 - \$10,000 for Northbridge Environmental Program Manager Support (4%)

FS-99390006 - \$134,176 for AWOP/PBT Contractor Support (10%)

2F-99390009 - \$250,000 for Admin Support of ARRA Projects (4%)

FS-99390010-1 - \$250,000 for Admin Support of Projects (4%)

FS-99390010-1 - \$200,000 for Compliance/Enforcement Contractor Support (10%)

FS-99390011 - \$150,000 for Administration Support of Projects (4%)

FS-99390011 - \$74,458 for Compliance/Enforcement Contractor Support (4%)

FS-99390011 - \$25,542 for Compliance/Enforcement Contractor Support (10%)

FS-99390011 - \$100,000 for AWOP/PBT Contractor Support (15%)

FS-99390012 - \$125,000 for Project Administration Contractor Support (4%)

FS-99390012 - \$20,000 for AWOP/PBT Support (15%)

FS-99390013 - \$175,000 for project administration supports (4%)

FS-99390014 - \$400,000 for Source Water Protection (15%)

FS-99390014 - \$200,000 for Capacity and Development (15%)

FS-99390015 - \$200,000 for Capacity and Development (15%)

FS-99390015 - \$300,000 for Source Water Protection (15%)

**TABLE 2. FUNDS AWARDED DURING STATE FISCAL YEAR 2017
(Construction & Set-Asides)**

U.S. Environmental Protection Agency (FS-99390016) (Grant)	\$8,312,000
WV State Match - Infrastructure Council (FS-993900016)	\$1,662,400
WVDHHR: 10% Set-Aside State Match (FS-993900016) (Approp)	\$647,500
TOTAL	\$10,621,900

**TABLE 3. FUNDS AWARDED DURING STATE FISCAL YEAR 2018
(Construction & Set-Asides)**

U.S. Environmental Protection Agency (FS-99390017) (Grant)	\$8,241,000
WV State Match - Infrastructure Council (FS-993900017)	\$1,648,200
WVDHHR: 10% Set-Aside State Match (FS-993900017) (Approp)	\$747,500
TOTAL	\$10,636,700

Table 3 includes (FS-99390017) \$75,000 for Source Water Protection (15%) In-Kind Services

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TABLE 4. SET-ASIDE FUNDS DISBURSED OR PROJECTED THROUGH STATE FISCAL YEAR 2018 & CONSTRUCTION LOANS & COMMITMENTS THROUGH JUNE 2018 (Construction & Set-Asides)

(Table 4 “Cumulative Grant Funds Received Thru 6/30/2016” includes the in-kind services for the capitalization grants)

Set-Aside Funds	Cumulative Grant Funds Received Thru 6/30/2016	Additional Funds From FS-99390017	Minus In-Kind Services	Total Incoming Funds	Cumulative Funds Disbursed as of 12/31/16	Projected Disbursements From Jan '17 Thru June '18	Funds Remaining 6/30/2018
Administration (4%)	\$6,513,376	\$250,000	\$1,013,137	\$5,750,239	\$5,224,806	\$375,000	\$150,433
Small Systems Technical Assistance (2%)	\$3,365,491	\$230,000		\$3,595,491	\$3,122,044	\$420,000	\$53,447
Program Management Federal (10%)	\$14,699,352	\$1,302,532	\$359,718	\$15,642,166	\$13,976,456	\$1,600,000	\$65,710
Program Management State Match (10%)	\$13,284,132	\$747,500		\$14,031,632	\$12,067,133	\$1,380,000	\$584,499
Total Program Management	\$27,983,484	\$2,050,032	\$359,718	\$29,673,798	\$26,043,589	\$2,980,000	\$650,209
Local Assistance (15%)	\$22,873,130	\$1,000,000	\$1,286,300	\$22,586,830	\$20,383,167	\$1,710,000	\$493,663
Total Set-Aside Funds	\$60,735,481	\$3,530,032	\$2,659,155	\$61,606,358	\$54,773,606	\$5,485,000	\$1,347,752
	Cumulative Construction Funds 6/30/2016	Construction Funds SFY2017 July 1, 2016 to Dec. 31, 2016	Projected Funds from January 2017 to June 2017	Projected Activity in SFY2018	Cumulative Construction Funds 6/30/2018		
Construction Assistance Funds From Cap Grant	\$146,564,433		\$5,967,468	\$0	\$152,531,901		
20% State Match For Cap Grant	\$34,889,557		\$1,750,000	\$0	\$36,639,557		
Loan Repayments (Principal Only)	\$39,581,263	\$3,000,000	\$3,000,000	\$6,000,000	\$51,581,263		
Interest On Loans	\$4,652,887	\$320,000	\$320,000	\$640,000	\$5,932,887		
Interest Earnings	\$5,342,511	\$350,000	\$350,000	\$700,000	\$6,742,511		
Total Funds For Loans	\$231,030,651	\$3,670,000		\$7,340,000	\$253,428,119		
Closed Loans	\$216,347,000	\$12,158,438	\$0	\$0	\$228,505,438		
Letters of Commitment	\$0	N/A	\$0	\$0	\$0		
Planned Future Letters of Commitment		0	\$16,716,000	\$8,206,681	\$24,922,681		
Total Committed/Planned Funds	\$0	\$0	\$16,716,000	\$8,206,681	\$24,922,681		
Funds Remaining To Be Committed					\$0		\$0
	Cumulative Administration Fees Thru 6/30/2016	Administration Fees SFY2017 July 1, 2016 to Dec. 31, 2016	Projected Fees from January 2017 to June 2017	Projected Fees in SFY 2018	Cumulative Administration Fees 6/30/2018		
Administrative Fees on DWTRF Assistance	\$4,652,887	\$320,000	\$320,000	\$640,000	\$5,932,887		
Administrative Fees Withdrawals	\$192,136	\$50,852	\$44,000	\$95,000	\$381,988		
Net Administrative Fees	\$4,460,751	\$269,148	\$276,000	\$545,000	\$5,550,899		\$5,550,899
Total Program Funds	\$296,226,883	\$7,469,180	\$2,935,155	\$69,491,358	\$313,141,824		\$6,898,651

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B. Uses of the New Funds (Construction & Set-Asides)

Below in Table 5 is a summary of the amounts to be used for each activity. Any funds not used for set-aside activities will be used for construction projects. Please note that the DWTRF interest earnings are utilized to supplement the construction funds, specifically for project overruns, as necessary. Planned disbursement of these funds will be included in the payment schedule included in the grant application.

**TABLE 5. USES OF NEW/REQUESTED FUNDS
(Construction & Set-Asides)**

Sources and Uses of Funds							
Uses of Funds	Federal Funds	Infrastructure Council Grant Match	State Program Match	Admin Fee/Admin Interest	Interest Earnings	Loan Repayments	Total
Administration	\$250,000	\$0	\$0	\$0	\$0	\$0	\$250,000
Technical Assistance	\$230,000	\$0	\$0	\$0	\$0	\$0	\$230,000
State Program Management	\$1,302,532	\$0	\$747,500	\$0	\$0	\$0	\$2,050,032
Local Assistance	\$1,000,000	\$0	\$0	\$0	\$0	\$0	\$1,000,000
Construction	\$5,458,468	\$1,648,200	\$0	\$0	\$0	\$0	\$7,106,668
Total	\$8,241,000	\$1,648,200	\$747,500	\$0	\$0	\$0	\$10,636,700

Notes to Table 5:

- Administrative Fees, Interest Earnings, and Loan Repayments are included in the grant application.
- The State Program Management match includes \$555,032 from the PWSS Overmatch “Gift”.
- Local Assistance includes \$75,000 for in-kind services for Source Water.
- Cash draws for loan disbursements will be proportional to the federal construction and matching state funds.
- There are no plans to transfer funds between the DWTRF and the Clean Water State Revolving Fund.

C. Types of Projects Funded

OEHS is proposing to fund four projects as described in Attachment 3. These projects include distribution system upgrades and extensions to new customers. Projects solely for economic growth or projects solely for fire protection are not eligible for DWTRF assistance.

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D. Project Benefits Reporting (PBR) and National Information Management System (NIMS)

OEHS will report appropriate information into the PBR and NIMS systems as required by EPA. This IUP will be administered as required by the Operating Agreement between OEHS and EPA.

IV. GOALS OF THE DWSRF

A. Short Term Goals

- 1) Increase source water protection for surface water by further developing a surface source water/early warning detection system: River Alert Information Network (RAIN) in the Monongahela River Basin and examine feasibility of duplicating that system into other drainage basins in West Virginia.
- 2) Support the Stream Gaging Network for the purpose of collecting stream flow data that is used to document variations in flow over time for various rivers in West Virginia. These data are used to develop more accurate flow models for future protection area generation and determining more accurate time of travel models for waterborne contaminants.

B. Long Term Goals

- 1) Provide the necessary infrastructure replacement, upgrade, and service with the overall goal of upgrading water quality for existing public water customers and providing water to new customers whose water currently does not comply with the SDWA or is unreliable. The DWTRF has a utilization goal of meeting or exceeding the national average and the average of EPA's Region 3 states by achieving a 2018 fund utilization goal of 95%.
- 2) Develop the DWTRF to ensure the long term perpetuity of the fund where after the initial capitalization years, the loan repayments in the fund will be used to finance additional projects.
- 3) Close the DWTRF loans to recipients within twelve months of a letter of binding commitment.
- 4) Continue implementation of the Capacity Development Strategy including assisting existing public water supplies in acquiring and maintaining the technical, managerial, and financial capacity to comply with the federal SDWA. Provide assistance to ensure that all new community water supplies and new non-transient non-community supplies have the technical, managerial, and financial capacity to comply with current regulations and those regulations likely to be in effect, when the system initiates operations.
- 5) Continue development, enhancement, and improvement of the PWSS through improved methodology and consistency of the sanitary surveys. This includes completion of a full

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complement of staffing in the district offices and final development of an automated data collection system for private laboratories to forward results of total organic compounds.

- 6) Protect source water from future contamination through Source Water Assessment and Protection (SWAP) and Well Head Protection (WHP) programs.
- 7) Continue to implement an operator training continuing education program focusing on training course/instructor criteria and operator training requirements.
- 8) Continue to strive to minimize unliquidated obligations (ULOs) by expeditiously disbursing both set-aside and construction funds in a timely manner. The goal is to attain a half year or less balance for the 2%, 10% and 15% set-asides at the time a new grant is awarded. Set-aside amounts requested in this IUP are supportive of minimizing ULOs.

V. SET-ASIDE ACTIVITIES

In addition to the DWTRF construction fund, there are four “set-aside” or non-project accounts to be administered by OEHS. These separate accounts include Administration of the Loan Program, Technical Assistance, State Program Management, and Local Assistance. In addition to funding for staff expenses, there are also programs being undertaken to improve the health and safety of State water systems. These activities are described in more detail in the associated grant application work plan. The set-aside programs demonstrate compliance with the capacity development authority, capacity development strategy, and operator certification program provisions in order to avoid withholdings.

The different set-aside accounts are specified in the SDWA to enable the State to finance the cost of administering and managing the DWTRF program and supporting local public water systems. These accounts are described in more detail below.

The goals, objectives, methods, outputs, and outcomes for these set-asides are located in the grant work plan.

A. Administration (\$250,000)

The SDWA authorizes the State to use 4% of the Capitalization Grant for administration of the DWTRF program. Only \$250,000 of the 4% is being requested for this activity reserving the right to use the remaining \$79,640 in future SRF Grants. The State plans to use this set-aside for administration of the program. Administrative tasks include but are not limited to:

- 1) Developing legislation regarding issues related to the DWSRF.
- 2) Preparing the Capitalization Grant agreement.
- 3) Developing memorandums of understanding between federal and state agencies.
- 4) Reviewing West Virginia Infrastructure Council applications.

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- 5) Preparing the IUP.
- 6) Providing project review, priority ranking procedures, environmental reviews, and required DWTRF project information coordination (project scheduling, advertisements, loan closure).
- 7) Providing project inspections, administration of the funds.
- 8) Tracking and accounting of the funds.
- 9) Auditing of the funds.
- 10) Processing payment requests, and managing loan repayments.
- 11) Assisting Compliance & Enforcement staff in providing monitoring.
- 12) Provide grants as available for planning and evaluation of proposed projects.

The DWTRF program will fully utilize the WDA, which already administers state-funded construction loans to public wastewater and water systems.

B. State Program Management (\$1,302,532 – Federal; \$747,500 - State Match Cash; \$555,032 State Gift Non-Cash) (Includes \$478,432 reduction of federal fund reserves)

The SDWA authorizes the state to use up to 10% from the federal Capitalization Grant to support the Public Water Supply Supervision (PWSS), Data Information System Management, PWS operator certification and programs. The federal funds will utilize \$478,432 from the 10% set-aside reserves. It will support the water systems needing to improve their facilities and security through source water grants. This year federal funds are requested from the reserve account. These funds require a dollar-for-dollar match and this match is made through state appropriations and the “Gift That Keeps on Giving”.

C. Technical Assistance (\$230,000 which includes \$164,820 from this grant plus a reduction of the 2% reserve account in the amount of \$65,180)

The SDWA authorizes the State to use up to 2% of each capitalization grant to provide technical assistance to small water systems. The full amount of the 2% is being requested plus \$65,180 from reserves of previous SRF Grants for this activity. Small water systems are defined as those that serve less than 10,000 persons. These set-aside funds will be used for technical, financial, and managerial continuing education training of water system operators to meet their certification and training requirements. A contractor, meeting the state requirements, will coordinate the technical assistance program.

D. Local Assistance and Other State Activities (\$1,000,000)

The SDWA authorizes the State to use up to 15% of the federal capitalization grant for this set-aside, but no more than 10% may be used for any one activity. Only \$1,000,000 is being requested for this set-aside and adds \$236,150 to the construction fund for this grant. These set-aside funds will be used for the Capacity Development Program, the Wellhead Protection (WHP) Program and grants, to support the Interstate Commission on the Potomac River Basin (ICPRB),

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Data Information System Management, improving GIS capabilities, to support the mobile training unit, to support the River Alert Information Network (RAIN), an internet website for GIS support, and a stream gauge network for local waters. Working in conjunction with the Compliance and Enforcement Program, the Capacity Development Program will provide support to non-compliant systems not needing infrastructure investment. \$75,000 In-Kind Service funds from this set-aside will be used for the EPA or its contractor to support the Source Water Assessment program evaluation study of the Public Water Supplies Source Water Protection Plans as well as the effects on surface water and groundwater resources.

VI. PUBLIC COMMENT PROCESS

The public comment process for this IUP is described in attachment 4.

ATTACHMENT 1

DWTRF Project Priority Ranking System

System: _____ County: _____ Date _____

Project#: _____ Project: _____

DWTRF Project Priority Ranking System

(1) _____ **PUBLIC HEALTH** (0 to 50 points - 50 points maximum)

Up to fifty points may be given to a project for public health. The public health categories are listed below. A particular project may apply to several categories. In such cases, the project will be given the highest rating.

(A) _____ **Projects to correct acute health hazards** - (50 points) Fifty points will be given to projects that propose to eliminate a problem that poses an acute, ongoing health hazard to the consumer. Violations should be included in the Enforcement Tracking Tool (ETT). Examples are listed below.

- Projects that address documented nitrate or nitrite violations.
- Projects that address documented exceedances of primary inorganic MCL's
- Projects that address a problem where a system has significant turbidity violations. The project must ensure compliance in order to receive DWTRF assistance.
- Projects that address a problem where a system has significant microbiological violations. The project must ensure compliance in order to receive DWTRF assistance.
- Projects that propose filtration for surface water source that currently do not have filtration.
- Projects that propose disinfection for a system that currently do not have disinfection.
- Projects that address documented or potential water outages for extended periods (1 week or more) due to contamination or system/design deficiencies.

(B) _____ **Correct chronic health hazards** - (40 points) Forty points will be given to projects that propose to eliminate a chronic health hazard to the consumer. Examples are listed below.

- Projects that address occasional turbidity violations for a system that has a moderate ETT score.
- Projects that address occasional microbiological violations for a system that has a moderate ETT score.
- Projects that address exceedances of the Lead and Copper Rule.
- Projects that address documented exceedances of primary organic MCL's.

- Projects that address documented exceedances of radiological MCL's.
- Projects that address treatment technologies for the SWTR.
- Projects that address documented or potential water outages (1 to 6 days) due to contamination or system/design deficiencies.
- Projects that enhance source water protection to prevent widespread contamination throughout the distribution system via alternate water sources or additional storage.

(C). _____ **Correct periodic health hazards** - (30 points) Thirty points will be awarded to projects that propose to eliminate a documented health hazard which has occurred periodically. Examples are listed below.

- Projects that address low chlorine residuals.
- Projects that address periodic exceedances of a primary MCL.
- Projects that address periodic water outages to some customers for at least a day due to design or system deficiency.
- Projects to bring existing facilities to current design standards which affect water quality: treatment, chemical application, pumping facilities, finished storage and distribution systems.

(D) _____ **Correct potential health hazards** - (20 points) Twenty points will be given to projects that propose to eliminate potential health hazards. Examples are listed below.

- Projects for line extensions to areas with poor water quality or limited quantity.
- Projects to develop new source to augment existing sources where there is no other health hazard associated with the project. Dams and reservoirs are not eligible.
- Projects for installation / upgrade of waste disposal facilities.

(E) _____ **System Improvements** - (10 points) Ten points will be given to projects that propose general system improvements. Examples are listed below.

- Projects to replace / repair old, undersized, or malfunctioning equipment.
- Projects to replace leaking water line.
- Projects to improve aesthetic quality of the water such as iron, manganese, taste and odor.

(2) _____ **REGULATORY COMPLIANCE** (0 to 20 points, 20 points maximum)

(A)_____ Correction of chronic non-compliance - 20 points

Compliance with administrative orders, agreements, statutes, or regulatory requirements.

(B)_____ Compliance with periodic and potential non-compliance - 10 points

Compliance with sanitary survey recommendations, NPDES permits, new

- regulations, or design standards.
- (C)_____ Protection against non-compliance -5 points
Compliance with proposed regulations.
- (D)_____ Line extensions with documented cases of fecal coliform - 3 points
- (3) _____ **AFFORDABILITY** (0 to 30 points) (Based on post-project user rates)

Rates = 0% to 0.49% MHI (0 points)
Rates = 0.50% to 0.99% MHI (5 points)
Rates = 1.00% to 1.24% MHI (10 points)
Rates = 1.25% to 1.49% MHI (15 points)
Rates = 1.50% to 1.74% MHI (20 points)
Rates = 1.75% to 1.99% MHI (25 points)
Rates \geq 2.0% MHI (30 points)

Note: MHI = median household income by county or municipality as published by the West Virginia Infrastructure and Jobs Development Council (IJDC) at time of approval for funding by IJDC.
Rates based on 4,000 gallons if approved by IJDC prior to September 20, 2014 or 3,400 gallons if approved by IJDC after September 20, 2014.

Public Health	
Compliance	
Affordability	
Total Points	

Tie Breaker:

In the event that two or more systems have the same score, the following will be used as the tie-breaker.

1. Whichever system has the highest public health rating will be ranked highest.
2. In the event there is still a tie, then the system with the smaller population served will be ranked higher.

Definitions

EPA -- Environmental Protection Agency

Intended Use Plan, July 1, 2017-June 30, 2018

MCL -- Maximum Contaminant Level
MHI -- Median Household Income
ETT -- Enforcement Tracking Tool
SWTR -- Surface Water Treatment Rule

ATTACHMENT 2

Project Priority List/Comprehensive List

WEST VIRGINIA 17DWTRFA PROJECT PRIORITY LIST (PPL) COMPREHENSIVE LIST																			
RANKING	SYSTEM	COUNTY	PROJECT NAME	PROJECT DESCRIPTION	LJDC NUMBER	1¼ PERCENT MHI	3400*/4000 CURRENT	3400*/4000 PROPOSED	AFFORD-ABILITY	DISADVANTAGED	DWTRF TERMS	NEW POPULATION	POINTS	HEALTH	COMPLIANCE	AFFORD-ABILITY	DWTRF FUNDING REQUESTED	TOTAL COST	BYPASS RATIONALE
1	McDowell County PSD	McDowell	Elkhorn Creek Water Project Phase II	This project will replace the existing water system serving Upland, Powhatan, Kyle, Northfork and Keystone communities and provide a second source for the Maybeury WTP. It will consist of approx. 13 miles of waterline, 42 fire hydrants, an emergency water intake and all necessary water meters, service lines and appurtenances.	2014W-1513	\$18.73	\$52.34	\$54.58	3.64	Yes	Principal Forgiveness	962	100	50	20	30	\$500,000	\$6,000,000	Project is dependent upon receiving SCBG. Will fund if SCBG is awarded.
2	*Elkins Road PSD	Upshur	Phase 3 - Water System Extension and Improvements	This project will make improvements to the Elkins Road PSD's existing water distribution system and extend potable water to Beech Run, Hawkins Road, Upper Childers Run, Jackson Road/Wintery Road, Wolfe Ridge Road, Fortney/Snyder Road, Audra Road/Braddock Lane, Radabaugh Ridge/Handy Camp Road, Kedron Road and Osbornor Run Road.	2016W-1632	\$28.56	\$34.23	\$49.07	1.63	Yes	0.5%, 0.5% Admin., 30 yrs, Principal Forgiveness	2,765	70	30	10	30	\$0	\$6,500,000	Project design has not started and is not ready for construction.
3	Cameron, City of	Marshall	Water System Improvements	This project is to replace deteriorated water line within the City of Cameron and to extend water service to 52 new customers along County Route 25 to the Pennsylvania border. The project will consist of approximately 3.3 miles of water line (5,500 LF of 2" 10,300 LF of 6" and 1,700 LF of 8" water line), 16 fire hydrants, painting of the existing 500,000 gallon water storage tank, new radio read system and all necessary valves and appurtenances. The extension would provide the new customers, currently served by private water wells, with not only a safe and reliable source of potable water, but also provide them with fire protection.	2013W-1448	\$26.17	\$29.00	\$33.70	1.61	Yes	0.5%, 0.5% Admin., 30 yrs	1,164	60	30	10	20	\$404,361	\$1,710,951	Project design has not started and is not ready for construction; waiting for a SCBG
4	Salt Rock PSD	Cabell	Miscellaneous Waterline Extension Projects	This project will extend water to 84 new customers in the Upper Tom's Creek, Big Cabell Creek, Lower Heath Creek, Raccoon Creek, and the Dale Woodrum/Jack Chapman areas. Project will consist of approx. 8 miles of waterline, 23 fire hydrants and all necessary valves and appurtenances.	2014W-1492	\$30.30	\$48.93	\$48.93	2.02	Yes	0.5%, 0.5% Admin., 30 yrs, Principal Forgiveness	9,062	50	20	0	30	\$1,988,000	\$2,271,000	Project design has not started and is not ready for construction.
5	Town of Hartford	Mason	Water Distribution System Improvements Project	This project proposes to replace the entire Town of Hartford's water distribution system (constructed in 1964) and abandon their existing water treatment plant including their Sliding Hill Creek Storage Tank and California Street groundwater well and begin purchasing water from the Town of New Haven. The project will consist of the replacement of approximately 10 miles (51,400 LF) of 8-inch and smaller diameter waterline, 22 fire hydrants, 59 gate valves, one master meter and vault, 336 new touch read meters and settings.	2014W-1539	\$34.06	\$25.18	\$47.12	1.73	Yes	0.5%, 0.5% Admin., 30 yrs, Principal Forgiveness	612	40	10	10	20	\$2,430,000	\$3,430,000	Project Design is complete. Awaiting the completion of the Town of New Haven design to proceed towards construction.
6	*Tomlinson PSD	Hancock	New Water Treatment Plant and Distribution System Upgrades	This project proposes to build a new 640 GPM water treatment plant. The project will include a 250,000 gallon water storage tank, a 100,000 gallon water storage tank, 2 new booster pump stations, approximately 44,000 LF of 8-inch and smaller water line, and miscellaneous fire hydrants, valves and other appurtenances	2017W-1694	\$40.17	\$31.18	\$40.17	1.25	Yes	0.75%, 0.5% Admin., 30 years	2,012	40	20	5	15	\$8,316,000	\$8,316,000	Project design has not started and is not ready for construction.
7	Chapmanville Municipal Water Works	Logan	Phase 2 - Distribution Line Improvements	The project will replace 3 miles of deteriorated leaking water mains, install fire hydrants and any necessary valves and appurtenances in an effort to improve the system's high unaccounted for water losses and increase the reliability of providing clean drinking water to customers.	2013W-1440	\$24.04	\$27.58	\$31.72	1.65	Yes	0.5%, 0.5% Admin., 30 yrs	2,311	40	10	10	20	\$984,000	\$2,529,000	Project design is progressing; will soon be ready for construction.
8	*City of Follansbee	Brooke	Water Treatment Plant and Distribution System Upgrades	This project proposes to make improvements to the Hooverson Heights water treatment plant including the raw water intake. Portions of the distribution system of both the Hooverson Heights and Follansbee systems will be replaced to help reduce the high unaccounted water loss. Four existing tanks need to be cleaned and two others tanks will need to be painted, as well as correct any identified deficiencies in the latest Sanitary Survey.	TBD	\$42.32	\$18.12	\$42.32	1.25	Yes	0.75%, 0.5% Admin., 30 years	4,970	35	10	10	15	\$4,500,000	\$4,500,000	Project design has not started and is not ready for construction.
9	Town of New Haven	Mason	Waterline Upgrade and Replacement Project	This project will include the replacement of the entire distribution system and storage tanks and installing an interconnection for the Town of Hartford. The project will consist of a new booster pump station, approximately eleven (11) miles of 2", 6" & 8" water line, demolition of two (2) 150,000 gallon water storage tanks (Downtown Tank (1936) and Haven Heights Tank (1962) which were both painted in 2004), a 500,000 gallon water storage tank, forty-six (46) fire hydrants, twenty-five (25) blow-off assemblies and all necessary service lines, flow meters, telemetry, valves and appurtenances.	2014W-1540	\$30.76	\$21.36	\$40.33	1.64	Yes	0.5%, 0.5% Admin., 30 yrs, Principal Forgiveness	1,615	30	10	10	10	\$5,794,000	\$6,643,000	Project design is progressing.

The projects denoted with an asterisk (*) indicate that they were evaluated on 3,400 gallons of monthly usage. All remaining projects were evaluated using 4,000 gallons of monthly usage.

The McDowell County PSD project will not be considered an equivalency project.

ATTACHMENT 3

Funding List Detailed Description With

- Green Project Reserve**
- Additional Subsidization**

2017 Funding List Detailed Description

RANKING	SYSTEM	PROJECT DESCRIPTION	DWTRF TERMS	POPULATION	ESTIMATED DATE OF CONSTRUCTION	GREEN PROJECT DESIGNATION	GREEN PROJECT RESERVE	PRINCIPAL FORGIVENESS	TOTAL DWTRF ASSISTANCE FROM GRANT	TOTAL PROJECT COST
1	McDowell County PSD	This project will replace the existing water system serving Upland, Powhatan, Kyle, Northfork and Keystone communities and provide a second source for the Maybeury WTP. It will consist of approx. 13 miles of waterline, 42 fire hydrants, an emergency water intake and all necessary water meters, service lines and appurtenances.	Principal Forgiveness	962	November-17	N/A	\$0	\$650,000	\$650,000	\$6,000,000
2	Tomlinson PSD	This project proposes to build a new 640 GPM water treatment plant. The project will include a 250,000 gallon water storage tank, a 100,000 gallon water storage tank, 2 new booster pump stations, approximately 44,000 LF of 8-inch and smaller water line, and miscellaneous fire hydrants, valves and other appurtenances	0.5%, 0.5% Admin., 30 yrs	2,012	October-17	N/A	\$0	\$0	\$3,000,000	\$8,316,000
7	Chapmanville Municipal Water Works	The project will replace 3 miles of deteriorated leaking water mains, install fire hydrants and any necessary valves and appurtenances in an effort to improve the system's high unaccounted for water losses and increase the reliability of providing clean drinking water to customers.	0.5%, 0.5% Admin., 30 yrs	2,311	September-17	N/A	\$0	\$0	\$984,000	\$2,529,000
9	Town of New Haven	This project will include the replacement of the entire distribution system and storage tanks and installing an interconnection for the Town of Hartford. The project will consist of a new booster pump station, approximately eleven (11) miles of 2", 6" & 8" water line, demolition of two (2) 150,000 gallon water storage tanks [Downtown Tank (1936) and Haven Heights Tank (1962) which were both painted in 2004], a 500,000 gallon water storage tank, forty-six (46) fire hydrants, twenty-five (25) blow-off assemblies and all necessary service lines, flow meters, telemetry, valves and appurtenances.	0.5%, 0.5% Admin., 30 yrs, Principal Forgiveness	1,615	September-17	N/A	\$0	\$1,000,000	\$2,472,668	\$6,794,000
Total							\$0	\$1,650,000	\$7,106,668	\$23,639,000

2017 Capitalization Grant Amount: \$8,241,000

\$0	\$1,648,200	\$7,106,668
Green Project Reserve Required	20% Principal Forgiveness Required	Total Amount of Grant Construction Funds Available

ATTACHMENT 4

Public Comment Process/Response

JULY 1, 2017 – JUNE 30, 2018
INTENDED USE PLAN
PUBLIC COMMENT PROCESS

The public comment for this IUP occurred during the period of March 10, 2017 through April 12, 2017. OEHS posted the IUP on the website and made it available at all district offices and the central office. The draft IUP was sent to key stakeholders for comment. A public notice was published in the West Virginia Register (State Register) on March 10, 2017 concerning the web posting and public comment period. A public meeting was held on March 29, 2017 in the OEHS central office to receive public comments.

Key Comments/Revisions during the Public Comment Period:

1. There were no public comments during the meeting or sent to the program staff.
2. Two projects expressed interest in obtaining DWTRF funding prior to or during the comment period. These two projects were added to the Project Priority Comprehensive List and ranked accordingly. The projects were Tomlinson PSD and the City of Follansbee.
3. BPH program staff has requested \$75,000 for in-kind services for Cadmus to perform some reviews of the Source Water Protection Plans submitted to BPH. This amount will be added to the 15% set-aside for the grant.