July 1, 2013 – June 30, 2014
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

January 2013
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1. INTRODUCTION

The Safe Drinking Water Act (SDWA) amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) program to assist public water systems to finance 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 2014 (FFY 2013) Capitalization Grant funds estimated to be $9,000,000. The total federal grant amount requested is $9,000,000 and will require a twenty-percent state match of $1,800,000. The State Program Match (1:1) is $900,000. The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) will commit the funds for the required 20 percent match at one of its 2013 meetings when the final federal allotment for West Virginia is established.

From the FFY 2013 Capitalization Grant, $6,210,000 (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. In-Kind Services are also being requested for the 4% and 15% set-asides.

2. 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.

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 thirty percent of the cumulative federal
funds will be used for disadvantaged communities. The 30% requirement will be calculated on a cumulative basis of awarded grants.

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.

After each water system submits an application through the Infrastructure Council it:

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, it submits 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 PSC application has been submitted, etc.) are given top priority when giving out binding commitment letters, thus, some projects which have not received other funding or have not been designed will be bypassed in accordance with our 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 approved by the Infrastructure Council and have been scored and ranked, can be given binding letter of commitments sooner.

Also, prior to putting the PPL out for public comment, water systems that have been on the prior PPL, but have not received a funding commitment, will be contacted about the status of their project(s) and if they still potentially wish to be funded by the DWTRF.

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 Electric Tracking Tool (ETT). It is the ultimate responsibility of the water system to inform DWTRF staff of changes to their readiness to proceed status.

Projects expecting to receive assistance from the DWTRF FFY 2013 Capitalization Grant Funds are on the Funding List Detailed Description (Attachment 3). Projects that rank lower on the
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PPL may 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.

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 for their project. 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 Safe Drinking Water Act, 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.

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.
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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. OEHS 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 at the Infrastructure Council and approved by it.

E. Loan Terms and Fees

Eligible public water systems 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 $8,010,000 ($6,210,000 of federal funds and $1,800,000 state matching funds) to provide loans to public water systems for infrastructure improvements.

Interest Rate

a) The affordability standard for annual water user rates is set at 1.5% of Median Household Income (MHI) for 4,000 gallon monthly usage. The DWTRF program will use the same data and criteria as the Infrastructure Council to achieve consistency in affordability and financial evaluations by state funding agencies. Water rates equal to or greater than this standard will be considered disadvantaged. Water rates below this standard will be considered non-disadvantaged.

Principal forgiveness funding will typically be provided in combination with funding at a 0% loan for disadvantaged public water systems. Non-disadvantaged water systems will be eligible for 2% loans. These rates will be effective for any water system project approved at the Infrastructure Council prior to July 15, 2011.
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For those projects approved at Infrastructure Council after July 15, 2011, a 0.5% loan for disadvantaged public water systems will be provided with principal forgiveness. Non-disadvantaged water systems will be eligible for 2.5% 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.

c) 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
OEHS administrative fee for projects approved by the Infrastructure Council prior to July 15, 2011, is 1% of the loan amount to be repaid and the fee is paid evenly over the life of the loan. For projects approved by the Infrastructure Council after July 15, 2011, the OEHS administrative fee 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 IJDC. Loan payback will begin within 9 months following the design 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 debts 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.

F. Project Selection and Loan Activities

The PPL was developed from the projects on prior PPLs but did not receive fund commitments. Project representatives were contacted to determine if they were still desired DWTRF funding. Those projects who 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 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 not less than 20% but not more than 30% of assistance provided is in the form of additional subsidies. OEHS has the authority to offer principal forgiveness and negative interest loans in an amount up to 100% of a loan made by the State’s DWSRF program. The Funding List Detailed Description includes three projects that are eligible to receive $2,050,000 in subsidization for disadvantaged water systems. The 20% to 30% amount of the capitalization grant funds is $1,800,000 to $2,700,000 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) for all construction contracts.

3. 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.

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 shows the projected disbursed and obligated amounts through 2013.
**TABLE 1. FUNDS AWARDED PRIOR TO STATE FISCAL YEAR 2013**

(Construction & Set-Asides)

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Environmental Protection Agency (Total from 1998 through and including 2012)*</td>
<td>$159,582,782</td>
</tr>
<tr>
<td>WV State Match – Infrastructure Council (Total from 1998 through and including 2012)</td>
<td>$28,016,557</td>
</tr>
<tr>
<td>WVDHHR: 10% Set-Aside State Match (Total from 1998 through and including 2012)</td>
<td>$11,055,032</td>
</tr>
<tr>
<td><strong>SUB-TOTAL</strong></td>
<td><strong>$198,654,371</strong></td>
</tr>
<tr>
<td>Loan Repayments</td>
<td>$26,106,718</td>
</tr>
<tr>
<td>Admin. Fee (typ. 1%)/Fee Invest Interest</td>
<td>$3,050,000</td>
</tr>
<tr>
<td>Interest Earnings WV DWTRF</td>
<td>$3,534,420</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$231,345,509</strong></td>
</tr>
</tbody>
</table>

* 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 TetraTech Support of ARRA Projects (4%)
  - FS-99390010-1 - $200,000 for Compliance/Enforcement Contractor Support (10%)
  - FS-99390011 - Administration - $224,458 for Project Administration & Compliance support
  - FS-99390011 - Program Management - $25,542 for Compliance & Enforcement support
  - FS-99390011 - Local Assistance - $100,000 for AWOP/PBT support

** Includes loans and investment interest earnings (not including interest on administrative fee).

**TABLE 2. FUNDS AWARDED DURING STATE FISCAL YEAR 2013**

(Construction & Set-Asides)

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Environmental Protection Agency (FS-99390012) (Grant) (include $31,282.39 ERG Grant carry over)</td>
<td>$9,006,282</td>
</tr>
<tr>
<td>WV State Match - Infrastructure Council (FS-993900012)</td>
<td>$1,801,257</td>
</tr>
<tr>
<td>WVDHHR: 10% Set-Aside State Match (FS-993900012) (Approp)</td>
<td>$700,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,507,539</strong></td>
</tr>
</tbody>
</table>

Table 2 includes the following in-kind services:
  - FS-99390012 - $125,000 for Project Administration Contractor Support (4%)
  - FS-99390012 - $20,000 for AWOP/PBT Support (15%)

**TABLE 3. FUNDS REQUESTED DURING STATE FISCAL YEAR 2014**

(Construction & Set-Asides)

<table>
<thead>
<tr>
<th>Fund Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Environmental Protection Agency (FS-99390013) (Grant)</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>WV State Match - Infrastructure Council (FS-993900013)</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>WVDHHR: 10% Set-Aside State Match (FS-993900013) (Approp)</td>
<td>$700,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$11,500,000</strong></td>
</tr>
</tbody>
</table>

Table 3 includes the following in-kind services:
  - FS-99390013 - $175,000 for project administration supports (4%)
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### TABLE 4. SET-ASIDE FUNDS DISBURSED OR PROJECTED THROUGH STATE FISCAL YEAR 2011 & CONSTRUCTION LOANS AND COMMITMENTS THROUGH NOVEMBER 2012 (Construction & Set-Asides)

<table>
<thead>
<tr>
<th>Set-Aside Funds</th>
<th>Grant Funds Received Thru SFY 2013*</th>
<th>Additional Funds From FS-99390013*</th>
<th>Minus In-Kind Services</th>
<th>Total Incoming Funds</th>
<th>Funds Disbursed as of 11/30/2012</th>
<th>Funds Remaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration (4%)</td>
<td>$5,221,256</td>
<td>$360,000</td>
<td>$1,013,137</td>
<td>$4,568,119</td>
<td>$3,658,381</td>
<td>$909,738</td>
</tr>
<tr>
<td>Small Systems Technical Assistance (2%)</td>
<td>$2,785,751</td>
<td>$180,000</td>
<td>$2,965,751</td>
<td>$2,312,282</td>
<td>$653,469</td>
<td></td>
</tr>
<tr>
<td>Program Management Federal (10%)</td>
<td>$12,144,452</td>
<td>$900,000</td>
<td>$359,718</td>
<td>$12,884,734</td>
<td>$10,437,828</td>
<td>$2,246,906</td>
</tr>
<tr>
<td>Program Management State Match (10%)</td>
<td>$10,500,000</td>
<td>$700,000</td>
<td>$11,200,000</td>
<td>$9,281,817</td>
<td>$1,918,183</td>
<td></td>
</tr>
<tr>
<td>Local Assistance (15%)</td>
<td>$17,918,380</td>
<td>$1,350,000</td>
<td>$120,000</td>
<td>$19,148,380</td>
<td>$15,577,765</td>
<td>$3,570,615</td>
</tr>
<tr>
<td><strong>Total Set-Aside Funds</strong></td>
<td><strong>$48,569,839</strong></td>
<td><strong>$3,490,000</strong></td>
<td><strong>$1,492,855</strong></td>
<td><strong>$50,566,984</strong></td>
<td><strong>$41,268,072</strong></td>
<td><strong>$9,298,912</strong></td>
</tr>
</tbody>
</table>

| Construction Assistance Funds | $121,512,943 | $6,210,000 | | $127,722,943 | |
| 20% State Match | $28,016,557 | $1,800,000 | | $29,816,557 | |
| Loan Repayments | $22,231,418 | $3,875,300 | | $26,106,718 | |
| Interest On Loans | $1,041,415 | $16,000 | | $1,057,415 | |
| Interest Earnings | $3,514,740 | $19,680 | | $3,534,420 | |
| **Total Funds For Loans** | **$176,317,073** | **$11,920,980** | | **$188,238,053** | |
| Closed Loans | | | | **$179,513,921** | |
| Letters of Commitment | | | | **$8,724,132** | |
| Total Committed/Planned Funds | | | | **$188,238,053** | |
| Funds Remaining To Be Committed | | | | **$0** | |
| Fees on DWTRF Assistance (Including Interest Earnings) | $2,668,601 | $381,399 | $3,050,000 | $0 | $3,050,000 |
| **Total Program Funds** | **$227,555,513** | **$15,792,379** | **$15,300,000** | **$241,855,037** | **$229,506,126** | **$12,348,912** |

*Table 4 “Funds Received” includes the in-kind services for the following capitalization 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-99390011 - $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%)
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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)

<table>
<thead>
<tr>
<th>Uses of Funds</th>
<th>Federal Funds</th>
<th>Infrastructure Council Grant Match</th>
<th>State Program Match</th>
<th>Admin Fee/Admin Interest</th>
<th>Interest Earnings</th>
<th>Loan Repayments</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>$360,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$360,000</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>$180,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$180,000</td>
</tr>
<tr>
<td>State Program Management</td>
<td>$900,000</td>
<td>$0</td>
<td>$700,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>Local Assistance</td>
<td>$1,350,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$1,350,000</td>
</tr>
<tr>
<td>Construction</td>
<td>$6,210,000</td>
<td>$1,800,000</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$8,010,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$9,000,000</strong></td>
<td><strong>$1,800,000</strong></td>
<td><strong>$700,000</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$0</strong></td>
<td><strong>$11,500,000</strong></td>
</tr>
</tbody>
</table>

Notes: Administrative Fees, Interest Earnings, and Loan Repayments are included in the grant application.

The state program match will use $200,000 from the 1993 PWSS Overmatch to meet the 1:1 match requirement.

C. Types of projects to be funded

OEHS is considering funding three projects as described in Attachment 3. These projects include water treatment plant upgrades, 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.

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.

4. GOALS OF THE DWSRF

A. Short Term Goals

1) The DWTRF achieved fund utilization of 94.1% in 2011 and 93.8% in 2012. These levels of utilization are a result of providing water systems a combination of principal forgiveness with base loan agreements. The DWTRF has a utilization goal of meeting or exceeding the
July 1, 2013 – June 30, 2014 Intended Use Plan

national average and the average of EPA’s Region 3 states. The planned 2013 fund utilization goal is 95%.

OEHS will continue to focus on the following actions:

- Continue use of an application process for water systems expressing a specific interest in obtaining DWTRF funds.
- Recommend DWTRF funding for Infrastructure Council applications when the water system could take a DWTRF loan and not exceed a reasonable percent of medium household income (MHI).
- Generate and advertise a project priority list more frequently than once per year to enable water systems more access to the DWTRF fund.
- Market the DWTRF fund at funding agency meetings and utility system conferences.
- Commit DWTRF funds to the highest amount possible but not to exceed reasonable federal funding commitments, repayments, and interest.

2) Provide design loans (or grants if available) to water systems to enable them to fund the design stage of the project to move the project forward at a faster pace. Projects tend to stagnate because engineering consultants are reluctant to absorb the up-front design costs until the project goes to bid. They typically require water systems to fund the design and other soft costs through a design loan.

3) Provide financial assistance to eligible drinking water systems to eliminate drinking water problems and improve drinking water quality in the state, closing 75% of the construction loans within 12 months.

4) Protect source water from future contamination through Source Water Assessment and Protection (SWAP) and WHP programs:
   - Continue developing and implementing SWAP/WHP programs.
   - Determine if water sources are groundwater under the direct influence (GWUDI) of surface water.
   - Continue collaborating with West Virginia Department of Environmental Protection’s (WVDEP) Underground Injection Control (UIC) Program.
   - Update and expand Geographic Information System (GIS) capabilities.

5) 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.
July 1, 2013 – June 30, 2014 Intended Use Plan

6) Continue development, enhancement, and improvement of the Public Water Supply Supervision (PWSS) through improved methodology and consistency of the sanitary surveys. This includes completion of a full 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.

7) Continue to implement an operator training continuing education program focusing on training course/instructor criteria and operator training requirements.

8) Continue to participate in the monthly meetings of the Infrastructure Council by performing technical reviews on all proposed water projects; and, coordinate and recommend the most feasible funding sources in accordance with established state rules and procedures.

9) Enact “Summary of OEHS Action Items” based on comments by the US EPA for the SFY 2011 Site Review. There were no actions identified in the last EPA review.

10) Continue to strive to minimize unliquidated obligations (ULOs) by expeditiously disbursing both set-aside and construction funds in a timely manner.

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 private customers whose water currently does not comply with the SDWA. The above will be achieved through the following:

- Capacity Development Program: Continue to conduct financial, managerial and technical capacity assessments on public water systems and provide necessary assistance to ensure compliance with the SDWA.
- Continue to participate in the Infrastructure Council process on a monthly basis to oversee the technical review committee for the technical review of applications and to maximize all available state and federal funding sources.

2) Continue to develop the Safe Drinking Water Information System (SDWIS) database of existing public water systems to include:

- System infrastructure mapping
- System inventory
- Compliance history
- Sampling history
- Operator certification
July 1, 2013 – June 30, 2014 Intended Use Plan

This can be utilized to quickly assess an existing system as well as evaluate proposed new projects/systems. The database will also have capability of interfacing with other existing databases.

3) 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. Long term funding will be achieved as follows:

- Conduct financial, managerial, and technical capacity assessments under the Capacity Development Program on potential loan recipients to assure fiscal responsibility.
- Monitor repayment activity of loan recipients and take aggressive action for collection of delinquent payments from loan recipients.
- Market the DWTRF through various conferences (WV Rural Water Association Conference, American Water Works Association, Infrastructure Council Meetings, etc.), pamphlets/brochures, and quarterly newsletters on DWSRF program activities.
- Provide drinking water infrastructure design loans as needed to increase the project completion rate.
- Evaluate the long term perpetuity of the fund by considering loan interest rates to help mitigate the impact of inflation on the fund. The EPA financial planning model can be used to project the fund viability into the far future. This IUP is consistent with financial planning to maintain the financial health of the fund.

4) Maintain the DWTRF utilization rate at the national average, or EPA Region III average.

5) Close the DWTRF loans to recipients within twelve months of a letter of binding commitment.

5. 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 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 work plan.
July 1, 2013 – June 30, 2014 Intended Use Plan

A. Administration ($360,000; includes $175,000 In-Kind Services Request)

The SDWA authorizes the state to use 4% of the Capitalization Grant for administration of the DWTRF program. The full 4% is being requested for this activity (no reserve requested). The state plans to use 4% of the Capitalization Grant solely for administration costs of the program. This grant will provide $175,000 in-kind contract services through EPA to supplement staff oversight of the DWTRF 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.
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.

OEHS, WDA, Infrastructure Council, State Treasurer, and Auditor’s Offices have been involved in coordinating efforts to expedite disbursing construction funds to the state’s public water systems and meeting critical construction needs.

B. State Program Management ($900,000– Federal; $700,000 - State Match Cash; $200,000 - State Gift Non-Cash)

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, and PWS operator certification and programs. It will support the Interstate Commission on the Potomac River Basin (ICPRB), and water systems needing to improve their facilities and security. This year all of the funds are being requested (no reserve requested). These funds require a dollar-for-dollar match and this match is made through state appropriations and the “Gift” (PWSS Overmatch).
C. Technical Assistance ($180,000)

The SDWA authorizes the state to use up to 2% of each capitalization grant to provide technical assistance to small water systems. The full 2% is being requested for this activity (no reserve requested). 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 to 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 ($1,350,000)

The SDWA authorizes the state to use up to fifteen percent (15%) of the federal capitalization grant for this set-aside, but no more than ten percent (10%) may be used for any one activity. The full amount of the available funds is being requested for this set-aside. These set-aside funds will be used for the Capacity Development Program, the Wellhead Protection (WHP) Program, Data Information System Management, improving Geographical Information System (GIS) capabilities, and an internet website for GIS support. Working in conjunction with the Compliance and Enforcement Program, the Capacity Development Program will provide support to non-compliant systems not needing infrastructure investment. Grants provided to sub-recipients for capacity improvement or compliance will have selection criteria including need, compliance, effect on public health, and affordability.

6. PUBLIC COMMENT PROCESS

The public comment period for this IUP was January 11 through February 12, 2013. OEHS posted the IUP on the web site 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) in January 2013 noting the web posting and public comment period. A public meeting was held on February 6, 2013 in the OEHS central office to receive public comments. There was no one in attendance at the public meeting except for the SRF program manager. There were no written comments submitted during the public comment period. The PPL was updated to show all active projects that had submitted a DWTRF funding application.
ATTACHMENT 1

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 water outages for extended periods (1 week) due to system or 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 water outages due to system or design deficiencies.
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.

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.

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.

REGULATORY COMPLIANCE (0 to 20 points, 20 points maximum)

Correction of chronic non-compliance - 20 points
Compliance with administrative orders, agreements, statutes, or regulatory deadlines.

Compliance with periodic and potential non-compliance - 10 points
Compliance with sanitary survey recommendations, NPDES permits, new regulations, or design standards.

Protection against non-compliance -5 points
Compliance with proposed regulations.

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 0.5% MHI (0 points)
Rates = 0.51% to 1.0% MHI  (5 points)
Rates = 1.01% to 1.5% MHI  (10 points)
Rates = 1.51% to 1.75% MHI (20 points)
Rates = 1.76% to 2.0% MHI  (25 points)
Rates > 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. Rates based on 4,000 gallons.

<table>
<thead>
<tr>
<th>Public Health</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>Affordability</td>
<td></td>
</tr>
<tr>
<td>Total Points</td>
<td></td>
</tr>
</tbody>
</table>

**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
MCL -- Maximum Contaminant Level
MHI -- Median Household Income
ETT -- Enforcement Tracking Tool
SWTR -- Surface Water Treatment Rule
ATTACHMENT 2

Project Priority List/Comprehensive List
<table>
<thead>
<tr>
<th>RANKING</th>
<th>SYSTEM</th>
<th>COUNTY</th>
<th>PROJECT NAME</th>
<th>PROJECT DESCRIPTION</th>
<th>AICD NUMBER</th>
<th>IN PERCENT</th>
<th>ROAD CURRENT</th>
<th>ROAD PROPOSED</th>
<th>ADOPTION ABILITY</th>
<th>DELEGATE TAG</th>
<th>DEBT TERM</th>
<th>NEW POPULATION</th>
<th>PARTS</th>
<th>REALIFE</th>
<th>COMPLIANCE</th>
<th>AFFORDABILITY</th>
<th>DWP/District Funding Requested</th>
<th>TOTAL COST</th>
<th>DWP/District Amount Committed</th>
<th>GRANT AMOUNT REMAINING</th>
<th>GRANT CONSTRUCTION AMOUNT AVAILABLE</th>
<th>BYPASS RATIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Duncan County PDD No. 4</td>
<td>Roanoke</td>
<td>Midlothian to State Line levee repair</td>
<td>This project is to remove approximately 600 linear feet of levee by constructing approximately 1,900 linear feet of levee within the proposed levee area in accordance with the plan and specifications.</td>
<td>2011W-1294</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>2</td>
<td>Crook PDD</td>
<td>Norton</td>
<td>Chicken water line extension</td>
<td>This project will extend water service to the areas of Norton for the purpose of providing drinking water. Some of the residents have no clean water in their wells.</td>
<td>2011W-1295</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>3</td>
<td>Harrison (PDD) (Richland, Dickson &amp; Macon)</td>
<td>Randolph</td>
<td>Harrison Reservoir Waste Line Improvements</td>
<td>This project will extend water line to the areas of Richland, Dickson, and Macon for the purpose of providing drinking water.</td>
<td>2011W-1296</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>4</td>
<td>Jefferson County PDD</td>
<td>Jefferson</td>
<td>Jefferson Creek Reservoir Waste System Improvements</td>
<td>This project will extend water line to the areas of Jefferson Creek Reservoir for the purpose of providing drinking water.</td>
<td>2011W-1297</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>5</td>
<td>Pulaski 1</td>
<td>Pulaski</td>
<td>Pulaski Drainage System Improvements</td>
<td>This project will extend water line to the areas of Pulaski for the purpose of providing drinking water.</td>
<td>2011W-1298</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>6</td>
<td>Campbell/Bluefield Water Works</td>
<td>Logan</td>
<td>Logan System Improvements</td>
<td>This project will extend water line to the areas of Logan for the purpose of providing drinking water.</td>
<td>2011W-1299</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>7</td>
<td>Campbell/Bluefield Water Works</td>
<td>Logan</td>
<td>Logan System Improvements</td>
<td>This project will extend water line to the areas of Logan for the purpose of providing drinking water.</td>
<td>2011W-1300</td>
<td>20.14</td>
<td>25.98</td>
<td>30.38</td>
<td>3.06</td>
<td>Yes</td>
<td>0.0%</td>
<td>0.0%</td>
<td>30 yrs</td>
<td>6.182</td>
<td>50</td>
<td>20</td>
<td>0</td>
<td>38</td>
<td>$39,075,079</td>
<td>$1,595,015</td>
<td>$0</td>
<td>$0</td>
</tr>
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</table>

**Note:** The above table provides a summary of the project information, including the ranking, system name, county, project name, project description, AICD number, in percent, road current, road proposed, adoption ability, delegate tag, debt term, new population, parts, realife, compliance, affordability, district/funding requested, total cost, district amount committed, grant amount remaining, and grant construction amount available.
ATTACHMENT 3

Funding List Detailed Description With
– Green Project Reserve
– Principal Forgiveness
### 2013 Funding List Detailed Description

<table>
<thead>
<tr>
<th>RANKING</th>
<th>SYSTEM</th>
<th>PROJECT DESCRIPTION</th>
<th>DWTRF TERMS</th>
<th>POPULATION</th>
<th>ESTIMATED DATE OF CONSTRUCTION</th>
<th>GREEN PROJECT DESIGNATION</th>
<th>GREEN PROJECT RESERVE</th>
<th>PRINCIPAL FORGIVENESS</th>
<th>DWTRF ASSISTANCE FROM GRANT</th>
<th>TOTAL PROJECT COST</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Preston County PSE No. 4 (Hudson to State Line)</td>
<td>This application is to serve approximately 656 new customers by constructing approximately 71 miles of new waterline (94,837 LF of 2&quot;, 75,843 LF of 4&quot;, 162,132 LF of 6&quot; and 83,073 LF of 8&quot;), five (5) 100,000 gallon water storage tanks, three (3) 223 CFM booster stations.</td>
<td>0.5%, 0.5%, 30 years</td>
<td>4,922</td>
<td>August-13</td>
<td>$0</td>
<td>$0</td>
<td>$3,607,427</td>
<td>$19,570,819</td>
<td></td>
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<tr>
<td>4</td>
<td>Jefferson County PSE</td>
<td>The Caveland and Glen Haven water systems are 25-30 years old and in need of system improvements. Both systems serve a combined 116 customers. The project consists of 14,000 linear feet of 4&quot; and 2&quot; water lines and water treatment upgrades.</td>
<td>0.5%, 0.5%, 30 years, Princ Forgive</td>
<td>276</td>
<td>August-13</td>
<td>$0</td>
<td>$935,600</td>
<td>$1,970,000</td>
<td>$3,401,000</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Simwood, City of</td>
<td>This municipality's water system has 42% water loss from deteriorated leaking lines. This project will replace approximately 8 miles of water line to prevent future breaks, outages, and boil water notices.</td>
<td>1% @ 30 yrs, Princ Forgive</td>
<td>2,706</td>
<td>December-13</td>
<td>$0</td>
<td>$1,050,000</td>
<td>$3,300,000</td>
<td>$3,253,000</td>
<td></td>
</tr>
</tbody>
</table>

| Total | | | | | | | | $0 | $2,035,000 | $8,877,427 | $26,286,819 |

#### 2013 Capitalization Grant Amount: $9,000,000

<table>
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<tr>
<th></th>
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<th>$1,800,000 to $2,700,000</th>
<th>$8,010,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Project Reserve Required</td>
<td>20% to 36% Principal Forgiveness Required</td>
<td>Total Amount of Grant Construction Funds Available</td>
<td></td>
</tr>
</tbody>
</table>
ATTACHMENT 4

Legal Notice/Public Hearing Summary/Response to Comments
Bureau for Public Health  
Office of Environmental Health Services  
2013 Intended Use Plan Review

Notice of Public Meeting and Public Comment Period

The Bureau for Public Health, Office of Environmental Health Services, will hold a public meeting on February 6, 2013 from 3:00 p.m. to 3:30 p.m. to accept written or oral comments on the proposed July 1, 2013 through June 30, 2014 Draft Intended Use Plan (IUP) for the West Virginia Drinking Water State Revolving Fund program, including the construction loan fund. The meeting will be held at the West Virginia Bureau for Public Health, Environmental Engineering Division, Room 345, 350 Capitol Street, Charleston, WV and is open to the public.

A copy of the proposed IUP will be available for public review on or before January 11, 2013 at the following locations:

- Charleston Central Office (304) 356-4301
- Wheeling District Office (304) 238-1145
- Philippi District Office (304) 457-2296
- Kearneysville District Office (304) 725-9453
- Beckley District Office (304) 256-6666
- St. Albans District Office (304) 722-0611

A copy of the proposed IUP will also be available for public review on the Bureau for Public Health website at http://www.wvdhhr.org/oehs/eed/i&cd/

The public may submit written comments by mail, e-mail, facsimile (304-558-0691) or other delivery to:

Robert W. DeCrease  
Bureau for Public Health  
Office of Environmental Health Services  
Environmental Engineering Division  
350 Capitol Street, Room 313  
Charleston, WV 25301-3713  
Email: robert.w.decrease@wv.gov

All comments must be received by 12:00 noon, February 12, 2013.

Please include your name, return address, e-mail address, daytime telephone number and indicate any organization that you may represent. Prior to any final action on this IUP, the Bureau for Public Health will address only comments relevant to IUP issues.