

DEVELOPMENT OF PROJECT PRIORITY LIST FOR INTENDED USE PLAN (DPPLIUP)

Safe Drinking Water Revolving Loan Fund (Infrastructure Projects)

(Revised: 07-01-14) – Final

<http://www.orinfrastructure.org/assets/docs/IFA/SDWhandbook13.pdf>

- A. Project Priority List Rating Criteria:** Using information from the applicant’s Letter of Interest (LOI) the Drinking Water Services (DWS) will assign points only to eligible projects—that is, one needed to correct *existing* or *future* non-compliance with *current* or *future* state and federal drinking water standards, that addresses the most serious human health risks, or that is essential to create a new drinking water system improvement that will substantially benefit public health.

In addition, a project primarily intended to meet other types of objectives, such as growth or water rights, will not be scored, thus making such a project ineligible for further consideration. Points are assigned to each proposed safe drinking water project rating segments based upon the following six (6) rating criteria areas. They include:

1. **Risks to Human Health & Health Protection:** Points are assigned to projects that propose to eliminate risks to human health from contaminants in drinking water. *(One assignment of points for the “Risks to Human Health” category per project, selecting highest that’s applicable; maximum 40 points.)*

(40 pts)

- (a.) **Acute risks:** *E. coli*, or Nitrate/Nitrite contamination above the Maximum Contaminant Level (MCL) or confirmed source contamination, inadequate treatment technique or facilities which result in Surface Water Treatment Rule violations or the presence of pathogenic organisms at levels that presents a significant risk of waterborne disease.

(30 pts)

- (b.) **Chronic risks:** lead, inorganic, synthetic or volatile organic chemical contamination including disinfection by-products, or radionuclides above the MCL, or Action Level (AL).

(c.) Risk levels less than those considered to be Acute or Chronic risks:

(20 pts)

1. Total coliform above the MCL or a chemical or radionuclide that exceeds 50 percent of the MCL or AL.

(15 pts)

2. Groundwater contamination at or above the MCL that is within 1,000 feet up-gradient from a PWS well or spring, or is within the two-year time of travel to a PWS well or spring, or is within 2,500 feet up-gradient from a PWS surface water intake.

(15 pts)

3. Significant deficiencies identified by DWS or partner staff and documented in writing.

(15 pts) (5 pts)

4. Distribution or storage conditions which may result in drinking water contamination violations, such as an inability to maintain a minimum pressure of 20 psi (pounds per square inch) at all service connections at all times (OAR 333-061-0025(7)), or leaking pipe due to age or having out-lived its useful life with documented finished water loss. (15 points – *if acceptable documentation is provided: Water Loss Study, documentation of issues in current Master Plan, or similar documentation*) (5 points – *if no acceptable documentation is provided*)

(10 pts)

5. Emergency related risks (i.e., caused by a natural disaster before LOI submitted) which could lead to contamination or damage to the water system.

(5 pts)

6. Prevention of future or potential microbial issues or installation of other chemical treatments that are beneficial to public health.

(5 pts)

7. Security related issues that create a potential health risk as described in a vulnerability assessment.

(0 pts)

8. This project does not propose to reduce risks to human health from contaminants in drinking water.

2. **Compliance with Safe Drinking Water Act:** Points will be assigned to applicants whose project; achieves, maintains or improves a water systems ability to comply with federal and state drinking water regulations. *(One assignment of points for the “Compliance with SDWA” category per project, selecting highest that’s applicable; maximum 30 points)*

(30 pts)

(a.) System is not in compliance with existing Oregon Administrative Rules (OAR) and project will return the system to compliance.

(20 pts)

(b.) Project will allow system to comply with a future deadline in a drinking water law or Oregon Administrative Rule (OAR) (e.g., meeting a revised MCL or a new treatment requirement by a specific deadline).

(10 pts)

(c.) Project will help maintain compliance with existing Oregon Administrative Rules (OAR) to prevent future violations.

(0 pts)

(d.) System has no state or federal compliance issues.

3. **Drinking Water Source Protection (DWSP):** Bonus points will be assigned to water systems that have implemented measures which reduce the risk of future drinking water regulation violations. *This is also applicable for those systems that purchase water from a system that has implemented substantial or initial DWSP measures and therefore benefit from it. (One assignment of points for the “DWSP” category per project, selecting highest that’s applicable; maximum 15 points)*

(15 pts *BONUS*)

(a.) Applicant is considered by OHA and DEQ to have achieved *substantial* implementation of DWSP measures.

(5 pts *BONUS*)

(b.) Applicant is considered by OHA and DEQ to have achieved *initial* implementation of DWSP measures.

(0 pts *BONUS*)

(c.) Applicant has not implemented any DWSP measures.

4. **Community Affordability:** Points will be assigned based on drinking water system cost to residents on a per household basis. Drinking water system cost will include user fees, system debt including property tax assessments for water system obligations and other miscellaneous costs charged to system users on a system-wide basis. Points will be assigned based on comparing the household cost of each LOI applicant to all others. The numerical household cost of all LOI applicants will be divided into four logical groupings and points assigned to each grouping. Each LOI applicant will be assigned the number of points for the grouping in which it lies. (15, 10, 5, 0 points) *****SCORED BY DWSRF PROGRAM COORDINATOR*****

5. **Cost Effectiveness:** Points will be assigned based on the amount of requested SDWRLF funds divided by the population served by the water system compared to all other LOI applicants. The numerical “per capita cost requested” of all LOI applicants will be divided into four logical groupings and points assigned to each grouping. Each LOI applicant will be assigned the number of points for the grouping in which it lies. (10, 7, 3, 0 points) *****SCORED BY DWSRF PROGRAM COORDINATOR*****

6. **Consolidation or Partnership of Two or More Systems:** Points will be assigned for any project that includes consolidation of separate existing water systems. *(One assignment of points for the “Consolidation or Partnership” category per project, selecting highest that’s applicable; maximum 20 points)*

(20 pts)

(a.) A consolidation or partnership involving a physical connection of two or more systems where a single system remains.

(10 pts)

(b.) New consolidation or partnership of ownership and/or management involving the purchase of water from another system that meets drinking water standards and requirements.

(5 pts)

(c.) New consolidation or partnership of ownership and/or management with no physical connection of two or more systems.

(0 pts)

(d.) N/A

7. **Green Project Reserve (GPR):** Please note GPR projects and activities must further the goals stated in section 1452 of the Safe Drinking Water Act for the project to receive any additional subsidy incentives. Points are no longer assigned to applicant’s request whose project utilizes a green infrastructure activity/project to address water and energy efficiency improvements and/or provide for environmentally innovative activities, thus improving upon the water system’s sustainability and operational effectiveness. The rating criteria is only included as an *indicator* to DWS Staff rating the project if it is eligible to receive additional subsidy incentives for “green” components that are categorical or would require a business case. Please review EPA’s Part B – DWSRF GPR Specific Guidance (DWSRF Eligibility Principles). *(Points are no longer applicable)*

N/A

(a.) “Categorical” Green Projects – include one or more of the following: Water or Energy Efficiency improvements; green infrastructure; and/or environmentally innovative activities recognized by the EPA’s Part B GPR Guidance.

- (b.) “Business Case” – the proposed “green” projects will need to be supported (evidence) by a business case in order for the proposed project to be eligible for further subsidy incentives.

CHECK ALL GPR CATEGORIES THAT APPLY

- Green Infrastructure (GIF) Water Efficiency (WTR)
 Energy Efficiency (ENG) Environmentally Innovative (EIN)

****Readiness-to-Proceed:** Points have been removed for DWS technical rating processes since this element to each project is specifically important for our partners, Business Oregon, Infrastructure Finance Authority (IFA) to determine. DWS Tech Staff will not be able to make that determination solely based on what is provided on the LOI**

- B. Total Score and Ranking:** Points received by project proposals for each category in subsections 1, 2, 3, 4, 5 and 6 of section A of this document above, will be summed and placed in the Technical Project Rating Summary Chart below. Resulting total scores from chart below will then be ranked from highest to lowest on the PPL.

◆ *See Technical Project Rating Summary Chart below* ◆

Safe Drinking Water Revolving Loan Fund TECHNICAL PROJECT RATING SUMMARY CHART

APPLICANT:

PWSID#:

COUNTY:

PROJECT TITLE:

LOI APPLICANT #: SD- -

Letter of Interest (LOI) Evaluation Criteria

ELIGIBLE PUBLIC WATER SYSTEMS

- Community Water System – (Public or Private Ownership)
- Non-Profit Non-Community Water System – (Public or Private Ownership)
- INELIGIBLE** – (Briefly Describe Why in Short Project Summary to DWS Tech Staff)

ELIGIBLE ACTIVITIES – (see LOI for specifics)

- Design, Planning & Engineering Treatment Storage / Reservoir
- Supply Transmission / Distribution Construction
- System Purchase Restructuring System Security Features
- Water Source Construction (wells, well head pumps & intakes)
- Land or Easement Acquisition

| Point Summary to be Entered on PPL | | |
|--|-----------------|---------------|
| <i>(Total up points checked from above & place them in their respected Rating Criteria Sections below)</i> | | |
| | Points Possible | Actual Points |
| 1 Risks to Human Health & Health Protection | 40 | |
| 2 Compliance with Safe Drinking Water Act | 30 | |
| 3 Drinking Water Source Protection | 15 | |
| 4 Community Affordability | 15 | |
| 5 Cost Effectiveness | 10 | |
| 6 Consolidation of Two or More Systems | 20 | |
| TOTAL | 130 | |

RATED BY:

DATE: 3/25/2014

Do not forget to include a short project summary (see Section D below)

C. **Project Priority List (PPL):** For each capitalization grant year, the State will create PPL's which will list system projects in a rating and ranked order based off of the compliance and health risk related needs of the State. The following process will be used:

1. To create the PPL, current ranking from section B of this document is combined with (and uniformly ranked according to total scores of) still eligible projects from the previous list (*Ranked Order* and *Comprehensive* lists). An existing eligible project is one that had been on the list for either only one year or—depending on inter-annual timing of recent federal capitalization grant awards—up to a maximum of two years from the approval of the Intended Use Plan (IUP).
2. Those water systems that are ready to proceed on the *Comprehensive* PPL for the available loan money will be invited to submit a final application for project funding to Business Oregon, Infrastructure Finance Authority (IFA) as soon as the US Environmental Protection Agency (USEPA) has reviewed and approved that year's Intended Use Plan (IUP). This process is only specific for the use of the federally appropriated SRF funds. State repayment and interest earned funds can be used to fund projects at anytime throughout the year (as demonstrated in the newly proposed and developed "Summary of Implemented Programmatic Changes – Version 2" located in **Attachment G** of the IUP).
3. A project's relative ranking and fundability may be in jeopardy if the water system has not submitted a final application to IFA before the end of the two year approval date of the IUP (dates shown at the top of the *Comprehensive* PPL).
4. A water system may submit a new LOI for the project, which depending on new information or other factors may be rated differently than before.
5. All projects from at least two years prior will not be part of the new *Comprehensive* PPL, unless a new LOI is submitted.

D. **"Rater's" Responsibility:** Once an LOI has officially been submitted, the DWSRF Program Coordinator will distribute all rating materials along with the LOI to the "Rater" (i.e., Regional Tech Staff) who will then review the LOI and utilize all of the rating materials (reference "What You Need to Rate Projects" document) to determine an appropriate rating (i.e., score) for that specific project. When the "Rater" has completed their rating, they will forward the entire DPPLIUP document back to the Coordinator for retention purposes. In addition, the "Rater" will compose a short project summary of how and why they rated the project the way they have and then forward the summary back to the Coordinator as well. The Coordinator will keep all returned documents for each LOI that has been submitted. On a quarterly basis (see Annual LOI Status List in IUP for details), the Coordinator will forward the newly rated LOIs and materials for that quarter to management and update the DWSRF I:drive folder for DWS Tech Staff review and comments. During SFY months of July, October, January, and April DWS Tech Staff will have the opportunity to collaborate in person or by "GoToMeeting," and make final rating decisions for projects submitted the most recent SFY quarter.

During the Tech Staff meeting, the "Rater" will take a moment to explain why they rated the project that way and field any questions at that time. Once the "Rater" has explained their short project summary to Staff and if there are no comments or if comments have been addressed, the rating of that project can be considered final and then officially placed on the PPL.

Once the project has been reviewed, rated, approved by DWS Tech Staff, and ranked on the PPL, the Coordinator will forward the PPL to EPA Region X for their review and approval of the project for eligibility purposes before the project is incorporated in to the quarterly public notice process. These additional steps are now mandatory due to the nature of having an "Open" LOI process that can be funded with State and Federal funds year-round.

E. Ranking & PPL Relationship: The LOI will demonstrate a rating (i.e., score) that is ranked differently based off of the type of PPL that it's on. The three (3) lists include:

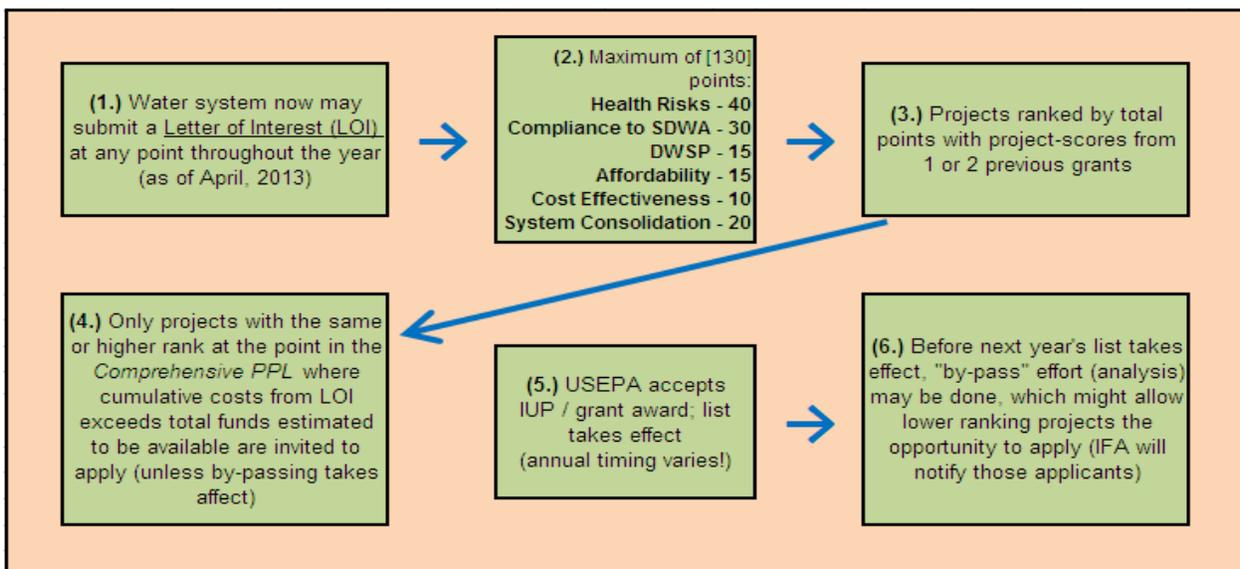
1. *“Ranked Order” PPL (multi-year)* – This is the first PPL developed during this phase of the process. This list's primary purpose is to demonstrate the ratings and rankings with existing and new LOI's submitted over the last two State Fiscal Years (SFY). It breaks down the ratings by each of the six (6) rating criterias. The ranking of an LOI for this PPL is based off of its score on this specific list. This PPL is nice because it's a good comparison from one project to the next by showing how it was scored.

2. *“Fundable” PPL (single year)* – The primary focus for this PPL is that it's specific to the current SFY that an LOI was submitted, rated and ranked. Therefore, it will be ranked in order with only the projects submitted during that SFY. Plus it's the most detailed PPL which the EPA utilize when reviewing project eligibilities in a grant application. The ranking of an LOI in this list compared to the “Ranked Order” and “Comprehensive” lists are typically going to differ from each other.

3. *“Comprehensive” PPL (multi-year)* – This is the final PPL that LOI projects are added to. The ranking of a project on this list is going to be similar to the “Ranked Order” PPL, but this list will show a little more detail (but not as much as the “Fundable” PPL). This list is primarily used by our partnering agency IFA for funding purposes. This PPL will include all projects over the last couple of SFY in ranked order of the project ratings. Most likely, projects will be in a similar order as the “Ranked Order” PPL. This PPL is actually the most important PPL out of the three.

F. By-passing: A lower ranked water system may submit a final application for funds with IFA, as the funding opportunities become available through the bypassing process—after accounting for the difference between actual award amounts and requested amounts—to include the next highest-ranking water system projects, as water system projects are removed from the list for the following reasons:

1. Funding has been received from another source, rendering an SDWRLF award redundant.
2. Water system or project is determined to be no longer eligible for funding.
3. A water system lacks sufficient capacity and is judged not to be able to achieve sufficient capacity within a two-year period and the funding wouldn't help the system achieve capacity.
4. A project cannot proceed within the two-year period due to other environmental issues.



G. Emergencies: An “emergency project” may be funded at any time during the year. If a final application for such a project is approved, it will be funded using available State and/or Federal program funds. All other projects may still be funded as final applications are received and approved by the IFA; however, if an “emergency project” is funded, other projects may be forced to wait until the succeeding year for funding. To find out more information to see if an infrastructure project would be considered for emergency funds, please see section, 2.2 “Eligible Project Activities,” in the most recently amended Program Guidelines and Handbook.

For DWSP emergency projects, please visit the General Information link located in the DWSP section in the Safe Drinking Water Revolving Loan Fund (SDWRLF) webpage, <http://healthoregon.org/srf>.

H. Public Notice Policy

| DWSRF Public Notice Policy | |
|--|-------------------------|
| Project Type: | Days Published* |
| Infrastructure (non-emergency loans) | 30 |
| Infrastructure (Emergency loans) | 30 |
| | |
| DWSP (non-emergency grants and/or loans) | 30 |
| DWSP (Emergency grants only) | N/A** |
| DWSP (Emergency grants with loans) | grant: N/A** & loan: 30 |
| * Required days published prior to project moving forward in the funding process | |
| ** Courtesy 7-day public notice is published, but no comment period is required | |

I. Adding to the Project Priority List (PPL):

1. DWS will accept projects with each annual cycle in anticipation of submission of a new IUP to the USEPA. The new LOI’s will be included on the PPL, submitted with the IUP, according to the process outlined above in sections A to D of this document. It becomes final upon acceptance of the IUP by USEPA. Again as mentioned above, this is only for the federally appropriated funds. State repayment and interest earned funds may be used throughout the year as explained in our “Summary of Implemented Programmatic Changes – Version 2” located in **Attachment G** of the IUP.
2. As of April 2013, DWS began accepting LOI’s anytime throughout the year for infrastructure related projects. The PPL is officially updated on a quarterly basis (after the public notice period ends) and the most recently updated PPL will be what is submitted with each annual SRF grant application.

J. Removal from Project Priority List (PPL):

1. IFA may remove a project from the PPL for the reasons indicated in the above sections, or if the following occurs:
 - (a.) IFA and DWS determine that the project scope, cost, schedule or other commitments have substantially changed, or
 - (b.) The two year period from the IUP approval date for that LOI grant year has expired and the applicant water system has not moved the project forward to either one or more of the following phases:
 - The loan preparation phase; or
 - The applicant water system has not substantially completed final design; or
 - The applicant water system has not moved the project to the initial stages of construction; or

- The applicant water system has not provided a written request to remain on the project priority listing due to unforeseen circumstances such as significant financial or operational changes. Such written request must be submitted to IFA within 60 calendar days prior to the expiration date; or
 - Funding has been received from another source, rendering an SDWRLF award redundant; or
 - The applicant water system requests removal from the listing.
2. Before IFA removes a project from the PPL, based on an informed determination of project eligibility, two-year readiness, substantial change or comparable matter, written notice will be given to the applicant for the project. The applicant will then have 30 days after provision of the notice to demonstrate the system/project's respective eligibility, feasibility, capacity, ability to precede, conformance with proposed project, *etc.*, to the satisfaction of IFA and/or DWS.
 3. DWS and IFA will assist the applicant water system in its efforts to be ready for funding in the next fiscal year, as practicable.

◆ *End of document* ◆