



*DELAWARE HEALTH
AND SOCIAL SERVICES*
Division of Public Health

2021 Bond Bill Appropriation Drinking Water State Revolving Fund

Drinking Water State Revolving Fund Program

Since the inception of the Drinking Water State Revolving Fund in 1996, as an amendment to the Safe Drinking Water Act, public water systems in Delaware had just three options for financing infrastructure improvements: traditional bank lending, USDA (United States Department of Agriculture) Rural Development loans, and the Drinking Water State Revolving Fund (DWSRF).

Today, thanks to innovative thinking within the DWSRF program and the additional \$5 million in the 2021 Bond Bill Appropriation, there are more financing/funding options to consider: traditional low-interest loans, the Non-Federal Administration Account funds, and the Bond Bill Appropriation.

The traditional DWSRF loan fund requires applicants to comply with all state and federal requirements. The process takes about a year to complete and any debt incurred by the applicant, even if it comes with 100% principal forgiveness, is counted toward the applicant's total debt service. Applicants must be in good financial standing and comply with A-133 accounting standards. It is important to remember that the traditional loan fund, per federal requirements, cannot fund projects that are primarily for fire protection, routine maintenance or covered by other restrictions.

The non-federal administration account or "non-fed admin" account can be used for administration and associated DWSRF program activities. It is a by-product of the traditional loan fund as half of the interest from loan proceeds is deposited into this account. Projects that wouldn't be eligible for the traditional loan program such as planning grants and asset management grants are funded from this account. Those grants are typically used as a gateway or to provide a pipeline to the DWSRF loan fund.

In Fiscal Year 2021, the General Assembly provided \$5 million in a Bond Bill appropriation to the Department of Health and Social Services (DHSS) for drinking water projects. From that allotment, all \$5 million is being made available for important public health projects.

The DWSRF program identified six high-impact public health projects that do not fit or could more benefit from Bond Bill funds versus traditional DWSRF funds, whether it be a lack of eligibility, timeliness, or other unforeseen events. The six projects are identified below.

Project: Town of Cheswold Supplemental

Background: DWSRF staff started working with the Town of Cheswold in the spring of 2013 to install a public water system in Old Town. Old Town is the town center, currently served with private wells with no fire protection. Although residential interest was strong, and there have been at least two fires with fatalities. Parties could not reach a path forward until 2017. Tidewater Utilities owns the Certificate of Public Convenience and Necessity in and around the town, including Old Town. Tidewater Utilities applied to the DWSRF program to install a drinking water distribution system including fire hydrants. The project is primarily for fire protection and does not require residential hook-up.

In addition, this project has significant legislative backing from Senator David Lawson, Senator Trey Paradee, and Representative Eric Buckson – including identification of other funds. This project is being funded using 2019 Bond Bill funding, but the bids received exceeded the original cost estimate by \$759,580. Therefore, a request for additional funding is being secured from the 2021 Bond Bill funding.

Actual cost: \$1,395,426

Public Health benefit: Fire Protection

Funding Source: Bond Bill funds

Why Bond Bill funds are the best fit: The DWSRF loan program cannot fund projects that are primarily for fire protection per federal regulations.

Fiscal: Will be handled in-house by DWSRF staff akin to traditional loan reimbursement process.

Funding Sources: \$635,846 from the 2019 Bond Bill and \$759,580 from the 2021 Bond Bill

Next Action: Project Bid and Plan approval.

2021 Bond Bill fund Balance after project: \$4,240,420

Project: Sussex County/ Ellendale Water District Phase 2

Background: Due to poor water quality in and around the Town of Ellendale, (water sourced from private wells), DWSRF staff started working with the Town of Ellendale and surrounding communities, namely New Hope, in the spring of 2011 to install a public water system. Although interest in Ellendale proper was not popular, the desire for public water outside of town was strong. With political backing and the assistance of Artesian Water and Sussex County Council, parties reached path forward in 2019. Artesian Water Company owns a water plant on the north side of Town and is willing to partner with Sussex County to provide water, through a bulk rate agreement, to Ellendale’s surrounding communities.

In 2019, Sussex County applied for a \$5.7 million loan from the DWSRF program to resolve this long-standing issue. Although the traditional DWSRF program can provide subsidies, much more financial assistance is needed to make the project affordable to end users, thus \$4 million was provided to the County for Phase 1 of the project and Phase 2 covers the remaining balance.

Actual cost: \$6,070,000

Public Health benefit: Safe drinking water to low-income residents.

Funding Source: \$4 million from 2020 Bond Bill funds, \$2.07 million from 2021 Bond Bill funds and DWSRF funds

Why Bond Bill funds are the best fit: The DWSRF program cannot provide enough subsidies to move the project forward in an affordable manner

Fiscal: Will be handled in-house by DWSRF staff akin to traditional loan reimbursement process

Next Action: Plans are approved, construction can begin.

2021 Bond Bill fund Balance after project: \$2,170,420

Project: Town of Frederica Water Main Replacement and Upgrade

Background: The Town of Frederica is preparing for water main replacement and upgrades for service in multiple areas of their water system. Cast iron water main replacement is planned for Front Street between Market Street and David Street. Frederica is also planning to locate and eliminate cast iron pipe connections to the newer water main along Jackson Street. The final project planned under this effort is replacement of ten 50-year old fire hydrants.

The Front Street water main replacement work will include reconnecting water services to the new water main, installation of additional system control valves, repaving the streets in the area of construction, and repairing sidewalk and curb where necessary to restore disturbed surfaces.

Planning for these water main maintenance projects was identified through efforts of Town of Frederica Director of Public Works. The Front Street area was identified because of frequent leaks and breakages, due in part to the existing cast iron pipe and deposition of iron and sediment within the pipes. The water main replacement and upgrade will eliminate old water service connections, replace deteriorated pipe, improve water pressure, taste, and quality, and provide fire flow capacity increase.

Estimated cost: \$700,000

Public Health benefit: Minimizing contaminants of concern, such as lead, iron and sediment. Ensuring adequate water pressure and increasing fire protection capability.

Why Bond Bill funds are the best fit: The DWSRF program cannot provide enough subsidies to move the project forward in an affordable manner.

Next Action(s): Notice of Intent received.

2021 Bond Bill fund Balance after project: \$1,470,420

Project: Artesian Frankford Delaware Avenue extension

Background: The Delaware Avenue neighborhood is outside the corporate boundary of the Town of Frankford, and is comprised of 10 single family homes, one church and one

commercial building. The neighborhood begins at the railroad track, also the town boundary, and ends at Delaware Avenue's intersection with US Route 113. The properties have shallow, private wells, most of which are 50 feet deep or less. The wells tested have a high sulfur smell and high iron content, typical for the area, indicated by orange/brown water from the tap.

The residents of Delaware Ave., which could be considered an Environmental Justice community, have been trying to connect to town water for many years. The neighborhood is comprised of low to moderate income minority residents. The Town of Frankford recently put their water utility up for bid. The Town Council approved the sale of the company to Artesian in March 2020.

With the new private ownership came an opportunity to connect the Delaware Ave. residents to the safe public drinking water. After at least two decades of discussion, the DWSRF, along with the 2021 bond appropriation, has found a way to pay for the line installation as well as the laterals and connections to the individual properties that are currently on private wells.

Estimated cost: \$700,000

Public Health benefit: Provide drinking water to an historically underserved community

Why Bond Bill funds are the best fit: The DWSRF program cannot provide enough subsidies to move the project forward in an affordable manner.

Next Action(s): Bid project and begin construction

2021 Bond Bill fund Balance after project: \$770,420

Project: Brandywine Conservancy Source Water Protection

Background: Brandywine Conservancy will provide work in support of the protection and improvement of source water for Drinking Water Utilities in the State of Delaware. Under the provisions of the 2018 Farm Bill, the USDA Natural Resources Conservation Service (NRCS) offers financial and technical assistance for conservation practices, activities, and enhancements to help agricultural producers install improvements on their land. Among these are several practices and systems specifically designed to support source water protection through the reduction or elimination of pollutants entering local streams from agricultural practices. These include the creation of vegetative buffers, cover crop, management of water flows across agricultural lands and from agriculture structures, and management of nutrients.

The NRCS process includes the development of a conservation plan written by certified individuals, funding of conservation practices (at an incentive rate, and not necessarily full reimbursement rate) through an established internal process defining the scope of practices to be installed, contracting with the landowner for the practice payment rate and implementation schedule, and inspection and certification of said practices at which time funding is provided.

Estimated cost: \$45,000

Public Health benefit: Source water protection from possible contaminants of concern.

Why Bond Bill funds are the best fit: From inception, Bond Bill allotments have maintained the goals of providing safe drinking water where it may not have been previously available and to protect drinking water sources. This is a great fit for the latter concept and benefits water consumers New Castle County. No other project herein takes either into consideration.

Next Action(s): Create contract.

2021 Bond Bill fund Balance after project: \$725,420

Project: Pepper Ridge Manufactured Home Park

Background: The 1970's originated Pepperidge Mobile Home Park is a family-owned park located on Pepper Road north of the Town of Selbyville. The customers are considered disadvantage based on their low-income levels.

Previously, the owner, Mr. Howard Pepper, installed water mains for the park, ranging from two inches to four inches in various materials such as polyethylene pipe and PVC schedule 80, with only a 500-gallon hydropneumatics tank and no fire protection provisions. Since then, Mr. Pepper has had numerous water leaks, many of which required repair clamps in order to keep the system operational.

In 1994, the Town of Selbyville installed a 125,000 gallon elevated storage tank and disinfection system adjacent to the park at which time the town and Mr. Pepper reached an agreement to connect the park's water system to the town's along with installation of a master meter, which would allow Mr. Pepper to purchase water from the town. This was done not only to provide the park with potable water but also to relieve the park with its high iron level issue that was going to result in the drilling a third well in order to keep the park in compliance with State and Federal regulations.

The proposed project will replace the smaller existing distribution lines with larger more dependable lines that will be capable of providing the necessary water flow and pressure for both domestic use and fire protection. Thus, the proposed project will consist of new six-inch and 10-inch looped water system, valves, fire hydrants, service lines, meter pits and meters, and sample taps for compliance sampling.

Estimated cost: \$609,000

Public Health benefit: System-wide improvements for a disadvantaged community.

Why Bond Bill funds are the best fit: The DWSRF program cannot provide enough subsidies to move the project forward in an affordable manner.

Next Action(s): Bid project and begin construction

2021 Bond Bill fund Balance after project: \$116,420

Bond Bill fund Balance: \$116,420

This allotment is set-aside to help cover costs overruns, as needed.