

Delaware Health and Social Services

Intended Use Plan

2015 Federal Allocation

Background

The Intended Use Plan (IUP) is a document that Delaware Health and Social Services (DHSS) submits annually as part of the grant application to US EPA to request the DWSRF capitalization grant under the Safe Drinking Water Act (SDWA).

DHSS is eligible for \$8,845,000 in federal capitalization grant funds. DHSS will allocate \$6,103,050 in federal funds plus \$1,769,000 in state funds (20% required state match) for infrastructure improvement projects. \$2,741,950 will be used for Set-Aside activities.

Long Term Goals

- Maintain the Drinking Water State Revolving Funds (DWSRF) in perpetuity by judicious use and management of the assets by utilizing an adequate rate of return
- Target resources and funds to address the most significant public health and compliance problems facing the State's drinking water resources
- Assist public water systems with achieving affordable compliance and public health protection through DHSS personnel and Set-Aside contracts

Short Term Goals

- Provide funding to upgrade infrastructure for five public water systems in Delaware
- Decrease public health risks in drinking water in 2015-2016, for 176,710 Delaware residents
- Meet Program Activity Measure of 92% of fund utilization rate, as negotiated with EPA by continuing to encourage expeditious spending with loan recipients and sub-grantees
- Continue to contract with Delaware Rural Water Association (DRWA), to provide Asset Management, including CUPSS training and strategies to small and mid-size municipalities.
- Continue to provide operator education through contracts with Delaware Technical and Community College
- Offer Cyber Security training and 1:1 assessments through a contract with Kash Group LLC
- Continue to hold quarterly meetings with Set-Aside recipients to monitor activity progress and evaluate expeditious spending
- Perform on-site audits on all applicable DWSRF projects on the 2015 PPL once construction begins, to ensure compliance with Davis Bacon and Buy American Iron and Steel requirements, and provide assistance to borrowers on problematic requirements
- Develop reporting and utilization procedures for the Drinking Water to Clean Water Transfer with EPA assistance
- Utilize Set-Aside funds as outlined in the Work Plan
- Manage the Non-Fed Admin account judiciously
- Update state loan and contract documents to reflect Omni Circular requirements as applicable

- Provide evaluation, and assistance, if needed on DWSRF applications to ensure that applicants meet technical, managerial, and financial capabilities in accordance with the SDWA.

Project Selection and Loan Activities

In April 2015, Notice of Intent (NOIs) were ranked and placed in priority order, based on public health protection and SDWA compliance.

Listed below are projects that are ready to proceed as of April 21, 2015. The Comprehensive and Ready to Proceed Project Priority Lists (PPLs) are attached. *Note: small systems are defined as 10,000 in population or less.

1. City of Harrington – Main upgrades, elevated tower installation, well improvements
 --Refinance existing USDA debt for 2 projects (Emergency Water Upgrades and Clark Street Mains)
 Total project cost: \$4,828,522 (see PPL for breakdown)
 Population: 3,715
 Description: main upgrades, elevated tower installation, well improvements, refinance existing debt
 Source: ground water
 Subsidy: \$1,653,500
 Small system status: Yes
 Disadvantaged system status: Yes
2. Sussex County Council – Herring Creek Water District
 Total project cost: \$2,500,000
 Population: Estimated >1000
 Description: Water mains to be installed, water district to be created, and failing wells to be abandoned
 Source: ground water
 Subsidy: \$1,000,000
 Small system status: Yes
 Disadvantaged system status: Yes
3. City of Wilmington – Treatment Plant upgrades
 Total project cost: \$2,000,000
 Population: 75,525
 Description: upgrades to filter plants throughout the City
 Source: surface water
 Subsidy: \$0
 Small system status: No
 Disadvantaged system status: No
4. Town of Laurel – Well #7 and treatment
 Total project cost: \$770,000

Population: 3,912
Description: replacement of a high nitrate well
Source: ground water
Subsidy: \$0
Small system status: Yes
Disadvantaged system status: Yes

5. City of Newark – Curtis Treatment Plant intake upgrades

Total project cost: \$3,350,000
Population: 32,549
Description: upgrades to intake from White Clay Creek
Source: surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

6. City of Newark – Academy Street station interconnection and upgrades

Total project cost: \$1,350,000
Population: 32,549
Description: replace antiquated booster station with upgraded technology
Source: surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

7. City of Wilmington – distribution improvements

Total project cost: \$5,000,000
Population: 71,525
Description: upgrade distribution system throughout City
Source: surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

8. Town of Smyrna – South Main Street and Market Street utility replacement (2 projects, see PPL for breakdown, tie)

Total project cost: \$1,407,900
Population: 10,960
Description: upgrade distribution system on S Main St and Market St
Source: ground water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

9. Town of Laurel – Transite main replacement (supplemental)

Total project cost: \$1,602,360

Population: 3,912
Description: replacement of transite (asbestos) water mains
Source: ground water
Subsidy: \$0
Small system status: Yes
Disadvantaged system status: Yes

10. Town of Laurel – West 7th Street distribution upgrades

Total project cost: \$729,800
Population: 3,912
Description: replacement of undersized 4” water mains on W 7th St
Source: ground water
Subsidy: \$0
Small system status: Yes
Disadvantaged system status: Yes

11. City of Newark – South Well Field treatment plant upgrades

Total project cost: \$2,350,000
Population: 32,549
Description: treatment plant modernization
Source: surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

12. City of Newark – Curtis Treatment Plant facility upgrades

Total project cost: \$900,000
Population: 32,549
Description: treatment plant modernization
Source: surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

13. Town of Middletown – Wood Road utility rehab

Total project cost: \$21,000
Population: 19,600
Description: main replacement for five customers
Source: ground water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

14. Tidewater Utilities Inc – Camelot

Total project cost: \$1,200,000
Population: 900

Description: distribution system installation
Source: ground water
Subsidy: \$0
Small system status: Yes
Disadvantaged system status: No

Subsidy Requirements (20% to 30% of \$8,845,000)

DHSS will meet the minimum of 20% subsidy requirements by providing principal forgiveness to:

- Communities identified as Disadvantaged
- The next most 'in need' communities as identified by the financial review and affordability criteria mentioned herein
- The top two ranked systems will receive principal forgiveness totaling \$2,653,500 thus meeting the 30% maximum

Public Review of IUP/PPL

The Ready to Proceed PPL and IUP was presented to the Water Infrastructure Advisory Council, stakeholders, and members of the public on April 15, 2015. Documentation is enclosed.

Bypass Procedures

Upon written notice, DHSS can bypass a project on the fundable portion of the PPL based on the following:

- Project is withdrawn by the applicant
- Project is not ready to proceed
- System is unwilling to address any Significant Non-Compliance (SNC) issues
- System is lacking technical, managerial, or financial capacity
- System is out of compliance and demonstrates unwillingness to correct A133 Audit or Davis Bacon, or Buy American Iron and Steel issues
- System is not current on loan repayments from prior closed loans
- An emergency project is approved

DHSS will provide applicant written notice if their project(s) will be bypassed. DHSS will reinstate bypassed projects if funds become available and the project meets all criteria above. Funds that become available due to project bypass will be offered to the next project on the PPL.

Emergency Project Requirements

EPA allows States to establish procedures to identify and prioritize Emergency Projects under consideration for DWSRF funding. Projects necessary to alleviate emergency situations that result in an imminent threat to public health can be immediately elevated to the top of the PPL upon recommendation by DHSS and the concurrence of the Cabinet of State Planning Issues. As of April 1, 2015, DHSS has not received any emergency project applications.

Loan Guidelines

DHSS proposes to use a total of \$7,872,050 of federal and state funds in addition to other sources to provide low interest loans to public water systems for infrastructure improvement projects.

*Please refer to the Sources and Uses Chart for more details

Loan terms are:

DWSRF Program Interest Rate Policy

- All loans on the 2015 PPL will be offered an interest rate of 2%. This interest rate policy will sunset on 12/31/15. DNREC/DHSS will negotiate interest rate policies for the Drinking Water Program thereafter and report the policy to EPA.
- Additional loan subsidies in the form of lower interest rates, principal loan forgiveness, and/or longer loan repayment terms up to 30 years may be provide if a proposed project will increase existing drinking water user rates above 1.0% of a community's Median Household Income (MHI), or 2.0% of MHI for combined drinking water and wastewater user rates.

Disadvantaged Community Program

A community may be considered for the DWSRF Disadvantaged Community Program may receive additional loan subsidies as outlined above.

Possible DWSRF Administrative Loan Fees

DWSRF Administrative Loan Fees have been waived for the 2015 PPL/applicants.

Other Project Information

Tie-breaking procedures

The project with the greatest number of points under the Quality Deficiencies will receive the higher ranking. If there is still tie, the system with the greater population will receive the higher ranking.

Public Review

- The Public Workshop Review process developed and accepted by EPA as stated in the Operating Agreement establishes the process for soliciting funding applications, developing the project priority lists, and the public comment review process.
- Additionally, any amendments to the IUP will be posted to the DHSS/DWSRF website for public review and comment. Significant PPL or financial amendments will be presented to the Water Infrastructure Advisory Council for review, public comment, and approval.
- Changes will be noted in the Annual Report as well.

Leveraging

DHSS does not anticipate the need to reserve the right to transfer Capitalization Grant and loan repayments monies between the State's Water Pollution Control Revolving Fund (WPCRF) and Safe Drinking Water Revolving Loan Fund programs as necessary to ensure the full utilization of the federal assistance during this grant year.

Cross Collateralization between SRF programs—Transfer Use

As of April 1, 2015, \$31,161,802.92 is available for drinking water project loans and current loan

disbursement. This ‘transfer back’ to the DWSRF may begin in calendar year 2015. DHSS will coordinate with DNREC to receive regular account summaries. Those summaries will be reported in the next corresponding Annual Report. *Please refer to the Sources and Uses attachment for details.*

1. Cross Collateralization between SRF programs

The DWSRF program transferred \$27,050,178 in Federal funds and \$5,410,035 in State funds to the CWSRF program. Of this, \$1,298,408 was used for administrative costs (4% from both Federal and State). This leaves \$31,161,802 available for project loans.

It is the understanding between both DNREC and DHSS that these funds will be made available back to DHSS for payments on existing loans and to make additional loans when needed by the DWSRF program on a cash flow basis.

Funds for both new and existing DWSRF loans will be used in the following order: first from the Federal capitalization grants, second from the DWSRF repayment & interest fund, then when these funds are exhausted, from the previously transferred funds to the CWSRF program.

An accounting of these funds will be included in the Sources and Uses table for both the IUP and Annual Report for both SRF programs.

To date, no funds have been transferred back to the DWSRF program.

DWSRF Coordination of funding priorities with State Drinking Water Enforcement Agency

The DWSRF program coordinates with the Office of Drinking Water by performing a five year compliance review for each loan applicant. In addition, offices collaborate throughout the year to offer technical assistance through DRWA systems that are on Public Notice.

Davis Bacon Compliance

DHSS agrees to comply with Davis Bacon requirements as outlined in guidance distributed by EPA. Additionally, DHSS performs site inspections during construction.

Green Project Reserve

DHSS is not participating in Green Project Reserve for 2015, as it is not in federal grant requirements.

Sustainability Policy Description

Fix It First

DHSS does not fund projects that are primarily for growth. Applicants are encouraged to study existing infrastructure to determine most critical needs, and then base their DWSRF applications on those needs.

Capacity Development for Loan Applicants

The DWSRF program requires the CDP to review the Capacity Development portion of each full application, work with systems to increase technical, managerial, and financial capacity; and report any serious, outstanding problems to the DWSRF program so that they may be addressed before loan closing.

Asset Management

DHSS has been proactive in encouraging applicants to implement the CUPSS program. To date, approximately 13 systems have either completed CUPSS entry or are scheduled to implement the system. DHSS contracts with DRWA for this activity. Please refer to the Work Plan for more information. In addition, the DWSRF program will host a Sustainability Conference in October 2015 using State funds.

Program Management

DHSS designates all loans to requirements of Single Audits, DBE, Crosscutters, Davis Bacon, FFATA, and Buy American Iron and Steel

DBE Participation

Loans using the capitalization grant and state match funds will conform to Disadvantaged Business Enterprise (DBE) steps as outlined by EPA. Borrowers must document and demonstrate good faith efforts consistent with federal regulations.

Davis Bacon Act Participation

Loans using the capitalization grant and state match funds will conform to Davis Bacon wage determinations, wages, and activities as outlined by EPA. Borrowers must document and demonstrate efforts consistent with federal regulations.

Efficient Expenditure

- Loans- the DWSRF program will use a “First in-First Out” approach when making loan payments
- Set-Asides- the DWSRF program will prepare one year set-aside budgets. During the second year of the grant, the program will review expenditures and re-budget set-aside funds for additional set-aside work or project loans per EPA approval. All funds will be expended by the end of the final year of the grant.

Policy to Assure Competency of Organizations Generating Environmental Measurement Data (pertaining to the 10% Set-Aside budget item of \$115,000 for laboratory analysis)

- Use of the \$115,000 for laboratory analysis is of similar nature of the scope of work for the use or generation of environmental data in previous grant awards.
- DHSS has a Quality Management Plan that has been approved by EPA through March 1, 2019.

Reporting

DHSS will make all efforts to report all applicable information to: FFATA, Projects Benefits,

Report, and NIMs in accordance with applicable due dates set forth by EPA.

Non-Fed Admin Account Projected Use

Description	Amount
DW Matching Planning Grant	\$300,000
DW Innovation/Technology Grant	\$150,000
DW Asset Management Grant	\$500,000
20% Match	\$1,790,000
Lab Equipment (Inductively Coupled Plasma Mass Spectrometer)	\$150,000
DNREC Salaries	\$155,311
Total	\$3,045,311

Set-Aside Activities

The SDWA allows states to use part of the Capitalization grant to support Set-Aside activities. DHSS proposes to use \$2,741,950 from the grant to fund the following Set-Asides.

*Please refer to the Set-Aside Work Plan for more details.

Small Systems Technical Assistance (2%) \$176,900

Provide assistance to small systems through contractor personnel. Funds provide technical assistance to public water systems serving less than 10,000 people. Contracts with DRWA (\$88,450) and DTCC (\$88,450) continue to provide technical assistance and training.

DRWA contracts:

- Provide 200 on-site technical assistance visits, formal classroom training, and system specific guidance for asset management, compliance, rate studies, and operation and maintenance
- Coordinate with ODW to provide onsite training and assistance to 15 seasonal water systems such as campgrounds to maintain compliance with Total Coliform Rule
- Provide two training classes, onsite technical assistance, and distribute materials needed for completing the Distribution Sampling Plans for seasonal water systems
- Shall deploy, upon request, the mobile training unit to demonstrate system specific needs to at least three DWSRF borrowers or applicants
- Provide monthly DWSRF circuit rider reports of technical assistance visits, significant contacts made, travel reimbursement reports, and mileage consumed to meet contract requirements no later than the 10th working day of each month

DTCC contracts:

- Certify and provide continuing education for approximately 100 Operators-In-Training and licensed water operators
- Provide Base Level Water Operators Course to approximately 30 new operators
- Recruit students through advertisement in the local press to enter a drinking water training program

- Provide tuition assistance for up to three students to cover the cost of tuition for over a one-year period
- Administrative Support and Oversight - Administrative salary funding will be utilized for the following: to plan operations; recruit and interview prospective students; counsel students regarding course schedules; assist with tutoring needs; development of job building skills; and assist with employment opportunities. In addition, staff will assist with registering students, and will report and track the funding for students enrolled in this program.

Program Administration (4%) \$353,800

Administration of DWSRF program

1.0 DNREC FAB positions will be funded and 2.0 DHSS positions will be funded using the 4% Set-Aside. A combination of 4% grant funds and for the second time, the Non-Fed Administrative account will be used to fund 1.4 DNREC positions.

State Program Management (10%) \$884,500

The PWSS, Operator Certification, and UIC programs will be funded through this Set-Aside as follows:

- Operator Certification \$3,000
- PWSS \$570,852
- UIC \$313,852

Operator Certification

Operator Certification expenses are absorbed by funding positions with the PWSS grant, with the exception of \$3000 to proctor two sets of Operator Base Level tests. Should Operator Certification expenses become burdensome on the PWSS grant, DHSS has the ability to use the DWSRF grant as a source of funding.

- Monitor, track, and report water operator licensures
- Report communication to operators
- Provide water operator licenses renewals
- Coordinate with DTCC to provide provisions and proctoring for Drinking Water Operator examinations
- Enhance communication actions such as participating in state-wide conferences and alerting operators about educational opportunities through the ODW newsletter
- Ensure public water systems that are required to have an operator do so through on-site staff or through a contract

Public Water Supply Supervision (PWSS)

- Monitor, track, and report compliance for approximately 500 PWS
- Work with EPA towards implementing lab-to-state in calendar year 2015
- Continue to utilize the new EPA reporting under Enforcement Response Policy and Electronic Tracking Tool (ETT)

Underground Injection Control

- Review at least 20 Large on-site wastewater treatment and disposal system permit applications

- Perform at least 250 inspections of large on-site wastewater treatment and disposal systems
- Perform recon inspections to identify and close (if found) automotive floor drains, large capacity cesspools, and industrial discharges with direct discharges to ground water (if existing)
- Continue to identify water treatment facilities that discharge brine backwash to the subsurface to determine their impact to ground water
- Conduct workshops and public outreach to educate the Regulated community and public on the revised Underground Injection Control regulations
- Implement comprehensive regulations governing Large OWTDS's; revise permit requirements based on the updated regulations.
- Revise and update Delaware's Underground Injection Control regulations
- Perform at least 250 Class V injection well inspections
- Complete database upgrades
- Finalize data base User Manual(s)
- Participate in public outreach and educational events
- Participated in the development of a pollution control strategy for the Chesapeake Basin Watershed

Local Assistance and Other State Programs (15%) \$1,326,750

The Capacity Development and Source Water Protection Programs will be funded through this Set-Aside as follows:

- Capacity Development \$805,146
- Source Water Protection \$521,604

Capacity Development

- Provide assistance to all new drinking water systems to ensure that before water is available for consumption, the water system owner/operator has demonstrated technical, managerial, financial capacity, and that the water meets all applicable SDWA limits
- Monitor, assist, and track assistance to new public water systems in lead and copper rule compliance, schedules, and reporting
- Report the name of new water systems or applications evaluated for the Semi-Annual DWSRF Set-Aside reports
- Assist systems high on the ETT Tracker to compliance
- Provide assistance to public water systems that are in need
- Evaluate and report the technical, managerial, and financial capacities of at least one third of Delaware's water systems
- Monitor and assist public water systems in lead and copper rule compliance, schedules, and reporting
- Assess Technical, Financial, and Managerial capabilities of all DWSRF applicants, provide 1:1 assistance when needed, and approve DWSRF loans

DRWA and DTCC Contracts through Capacity Development

- Provide technical assistance visits to any of the previous systems that have completed CUPSS

- Identify new systems to assist within the program
- Develop and market needed training and provide a minimum of eight, four hour formal classroom training sessions, such as Asset Management, CUPSS, Rate Setting, Cost Recovery, Capital Improvements Planning, Workshop In a Box, or other related topics to any Delaware Public Water Systems
- Provide technical assistance to the previous CUPSS recipients under SIAP which will include all tasks, updates, changes, and troubleshooting related to EPA funded CUPSS installation
- Provide on-site technical assistance to all new SRF recipients with the recommendation of the Drinking Water State Revolving Fund program management
- Online Course Development – DTCC shall develop two 30-36 hour water operator certification endorsement online courses. The courses will be self-paced and approved for continuing education credits for water operators. The online format will allow students to work on individual modules at their own pace. All modules will include assessments so that students must demonstrate competency before continuing to the next. The online format and content will be submitted to the Office of Drinking Water and Board of Certification for approval
- Development of Continuing Education Courses – DTCC shall develop and offer a seven-hour technical training online course to be available for continuing education credits for water operators
- Assess and Purchase New Automated Training Devices – DTCC shall research, assess, and purchase training equipment, curriculum, and/or software pertaining to water quality control and processes to enhance classroom instruction and improve field skills

Source Water Protection

- Source Water Assessment, Characterization and Monitoring – This includes revising and updating source water assessments (e.g. delineation, contaminant sources, susceptibility assessment), providing assistance to solve source water problems, and resource characterization activities
- Prioritization of State SW Protection Activities – This includes support of local efforts to develop source water protection ordinances and comprehensive plans or other local approaches, support to SWP-related UIC activities, and related needs
- Integration of SWAPP with other state, federal, and local programs – This includes work with the federal, state agencies, private organizations, and local governments
- Motivating Local SWP Activities – This includes technical assistance, committee representation, information dissemination; review of local development plans and comprehensive land use plans as part of the Preliminary Land Use Service (PLUS) process
- Managing Information – This includes data collection, data storage, and recovery; GIS development, web availability, state and federal data reporting capacity

Combined CWSRF/DWSRF Public Workshop Information

April 15, 2015

See attached.