

**Drinking Water
State Revolving Fund
State Fiscal Year 2024 Annual Report**



**State of Delaware
Department of Health and Social Services
Division of Public Health**



DELAWARE HEALTH AND SOCIAL SERVICES
Division of Public Health

November 2024

Drinking Water State Revolving Fund State Fiscal Year 2024 Annual Report

November 2024

Delaware Department of Health and Social Services
Division of Public Health

For more information, contact:
Delaware Health Systems Protection
Division of Public Health
417 Federal Street
Dover, DE 19901
302-744-4817
Fax: 302-739-3839

<https://www.dhss.delaware.gov/dhss/dph/hsp/dwsrf.html>



DELAWARE HEALTH AND SOCIAL SERVICES
Division of Public Health

Citation: Delaware Department of Health and Social Services, Division of Public Health, Drinking Water State Revolving Fund State Fiscal Year 2024 Annual Report, November 2024.

Contents

I. Executive Summary	1
II. Goals and Accomplishments	2
A. Progress toward long-term goals.....	2
B. Progress toward short-term goals	3
III. Drinking Water State Revolving Fund (DWSRF) Loan and Set-Aside Activities.....	5
A. Equivalency	5
B. Sources of DWSRF funding	7
1. Capitalization Grants.....	7
2. Investment Earnings	7
3. Repayments	7
C. Use of DWSRF Funds.....	8
1. Loan Assistance Status.....	9
2. Project Priority List	11
3. Project Bypass	14
4. Funded Projects.....	14
5. Small Systems	24
6. Disadvantaged Community Systems	25
7. Disbursements	26
8. Set-Aside Activity Status	26
1. Set-Aside: Small Systems Technical Assistance (2%).....	26
2. Set-Aside: Administration (4%)	27
3. Set-Aside: State Program Management (10%)	27
4. Set-Aside: Local Assistance and Other State Programs (15%).....	28
IV. Financial Summary	31
A. Status of Loans	31
B. Loan Disbursement/Cash Draw Proportionality.....	31
C. Set-Aside Disbursements	31
D. Annual Repayment/Aging of Accounts	31
E. Loan Portfolio Analysis.....	31
F. Funds Transferred to Clean Water from Drinking Water	31
G. Financial Statements.....	32

V. Compliance with Operating Agreement and Grant Conditions 32

- A. Operating Agreement 32
- B. Grant Conditions 32
- C. Administrative Conditions 32
 - 1. General Terms and Conditions 32
 - 2. Correspondence Conditions 32
 - 3. Extension of Project/Budget Period Expiration Date 32
 - 4. Disadvantaged Business Enterprise 32
- D. Programmatic Conditions 32
 - 1. Payment Schedule 32
 - 2. Cash Draws 32
 - 3. State Match 32
 - 4. Intended Use Plan and Operating Agreement 33
 - 5. Set-Aside Work Plan 33

APPENDIX A - Financial Information 37

APPENDIX B - Financial Statement Of Funds Transferred To Clean Water 38

APPENDIX C - Most Recent Program Evaluation Report 39

I. Executive Summary

The Delaware Department of Health and Social Services (DHSS), Division of Public Health presents the annual report for the Drinking Water State Revolving Fund (DWSRF) for State Fiscal Year 2024. The report addresses the operation of the DWSRF between July 1, 2023, and June 30, 2024.

The federal Safe Drinking Water Act (SDWA), as amended in 1996, created the national DWSRF program to help public water systems (PWSs) achieve or maintain compliance with SDWA requirements and protect public health by funding drinking water infrastructure projects. Section 1452 of the SDWA authorizes the Environmental Protection Agency (EPA) to award capitalization grants to state DWSRF programs. The federal capitalization grants are combined with state matching funds to create a permanent source of funding for drinking water infrastructure projects.

This comprehensive annual report is provided to the public and to the EPA Region III to detail the activities undertaken to reach the goals and objectives set forth in the Intended Use Plan (IUP) developed for State Fiscal Year 2024. The report documents the status of the program by describing the progress made toward long- and short-term program goals, the sources and uses of all funds, the financial status of the DWSRF, and compliance with federal DWSRF requirements.

The report is presented in five major sections. Section I is the Introduction. Section II provides a summary of progress made toward reaching the program's long- and short-term goals. Section III details loan and set-aside activities. Section IV provides an overview of the financial conditions of the program. Section V reports on compliance with the operating agreement and provisions of the federal capitalization grant agreement.

Delaware Drinking Water State Revolving Fund Overview State Fiscal Year 2024 • Federal Fiscal Year 2024

Number of Projects: 24

Project Funding: \$85,095,757

Total Population Served: 273,287

Average Interest Rate: 0.93%

Average Repayment Period: 21.5 Years

Small Systems Funded: Five for \$17,557,995

Disadvantaged Community Loan Subsidies: \$39,846,391

Sources: Delaware Department of Health and Social Services, Division of Public Health; and the Delaware Department of Natural Resources and Environmental Control, Environmental Finance, October 2024

II. Goals and Accomplishments

The Delaware Department of Health and Social Services (DHSS), Division of Public Health (DPH) developed goals for the State Fiscal Year 2024 IUP/2023 Federal Allotment. Long-term goals provide a framework that guides management decisions for the Drinking Water State Revolving Fund (DWSRF) program. Short-term goals support the implementation of the program’s long-term goals.

A. Long-term goals and progress made

1. *Maintain the Drinking Water State Revolving Funds (DWSRF) in perpetuity by thoughtful use and management of the assets by expecting an adequate rate of return and positive cash flow trend, utilizing the Cash Flow Modeling prepared by the Delaware Department of Natural Resources and Environmental Control, Environmental Finance (DNREC).*
 - Although DHSS is committed to assisting those most in need by providing subsidy, and adhering to additional subsidy requirements each year, per grant requirements, this may have a negative impact of the corpus loan account in the future. A recent review of financing and cash flow utilization in the DWSRF illustrates an end-of-year cash balance at over one-half of its current total in only three years due to not having repayments of those loans with principal forgiveness. If subsidy requirements are lowered, DHSS would achieve additional cost savings. The DWSRF program uses the Financial Operations and Cash Flow Utilization System (FOCUS), a cash flow model for forecasting fund usage to allow for improved planning and funding.

Table 1. Delaware Drinking Water State Revolving Fund (DWSRF) Financial Operations and Cash Flow Utilization System (FOCUS) Model, 2024-2027

State Fiscal Year	2024	2025	2026	2027
New Commitments	\$23,132,253	\$69,682,732	\$85,000,000	\$85,000,000
Disbursements including Loans in Construction	\$24,472,895	\$164,838,823	\$97,088,757	\$69,234,705
Loan Repayments	\$10,427,393	\$13,756,553	\$17,154,491	\$21,469,026
Capitalization Grant Payments	\$105,326,257	\$66,181,000	\$66,181,000	\$66,181,000
State Match	\$3,112,900	\$5,529,200	\$5,218,400	\$5,218,400
End of Year Cash Balance (Not Discounted)	\$191,664,366	\$99,984,679	\$70,933,702	\$74,051,314

Footnote: New commitments for State Fiscal Year (SFY)24 represent loans pending settlement as of SFY24 year end. SFY25 commitments are the remaining loans on the Federal Fiscal Year (FFY) 24 Project Priority List (PPL). SFY26-27 are estimates. Capitalization Grant Payments for SFY24 include the remaining balances from SFY23 grants received. SFY25-27 are assumed at SFY24 level. 80% of portfolio is traditional with a 20-year term at 2%, and 20% of portfolio is small community with a 30-year term at 1%. Principal forgiveness of \$61 million has been committed and is assumed at the minimum requirement amounts of the Cap Grant in future years. Assumes a \$5 million minimum cash balance.

Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, October 2024

2. *Target resources and funds to address the most significant public health and compliance problems facing the state's drinking water resources.*
 - DHSS' priority ranking criteria ensures that the most significant public health needs are addressed.
 - A revision to the ranking criteria was approved by the Region 3 Project Officer on February 13, 2024. See page 40 of the [SFY24 IUP](#).
3. *Assist public water systems with achieving affordable compliance and public health protection through DHSS personnel and Set-Aside contracts.*
 - DHSS has continued to protect public health via contracts with Delaware Rural Water Association (DRWA) and Delaware Technical Community College (DTCC) to effectively provide affordable 1:1 compliance assistance and water operator training.

B. Progress toward short-term goals

1. *Revise the Operating Agreement with the Delaware Department of Natural Resources and Environmental Control and the Delaware Department of Finance to transfer most financial duties to DPH from DNREC.*
 - Ongoing, upper leadership conversations have led to an agreement to let the program administrators of the programs work through internal process and memo revisions before any revisions to the Operating Agreement are initiated.
2. *Provide funding to upgrade infrastructure for 14 public water systems in Delaware.*
 - Ten public water systems closed 24 loans; one is from the 2021 Federal Fiscal Year Project Priority List (FFY PPL); 12 are from the 2022 FFY PPL; and 11 are from the 2023 FFY PPL.
 - An additional two projects from the 2021 FFY PPL and two projects from 2023 FFY PPL have binding commitment letters and will close during the next reporting period of 2024.
3. *Decrease public health risks and maintenance of compliance in drinking water in 2023-2024 for 273,287 Delaware residents.*
4. *Meet Program Activity Measure of 96% of fund utilization rate, as negotiated with EPA, by continuing to encourage expeditious spending with loan recipients and sub-grantees.*
 - Pending. The program joined the EPA's Timely and Expeditious Use Work Group to ensure it is aligning fund usage with expectations.
5. *Continue to contract with technical assistance providers to offer training along with strategies to small and mid-size municipalities to maintain and return to compliance with state and federal regulations.*
 - Successful contracts with DRWA allow a wide range of activities to happen in Delaware, from operator assistance to workforce development.
6. *Adopt and implement interest rate and affordability policy.*
 - In January of 2024, an analysis was conducted by DNREC's Environmental Finance Office financial management analysts in coordination with the State's financial advisory consultant, PFM, LLC. The benchmarks for this policy were recommended in concert with historical trends of the Bond Buyer Index over the last three years. This policy was proposed and shared during a public meeting with no

adverse comments. The March 2024 State Water Infrastructure Advisory Council voted in favor of adoption and in March 2024, the DWSRF program adopted the newest interest rate and affordability policy. Interest plus fee rates is set at 2% per annum. Administrative fees are set at 50% of the overall interest rate. Interest plus fee rates for all Lead Service Line Replacement loans are set at 0% per annum.

- Income Data – 1.5% of Median Household Income (MHI) will be considered affordable for a single wastewater or drinking water residential user rates; 3% of MHI will be considered affordable for combined wastewater and drinking water residential user rates. Delaware’s affordability criteria accounts for existing system costs relative to Operations and Maintenance (O&M) and Capital, as well as proposed project O&M and Capital costs as a function of MHI (1.5% water or wastewater; 3% if both services are provided) for the project area. MHI is based on the most recent census data for the municipality or county. Clean Water State Revolving Fund (CWSRF) loan applicants whose MHI is not representative of the census data may be required to provide documentation to obtain principal forgiveness or additional subsidization. Documentation will be in the form of a representative income survey of most of the residents of the project area.
7. *Continue to provide operator education through contracts with Delaware Technical Community College (DTCC).*
 - Successful contracts with DTCC allow a wide range of operator training to occur.
 8. *Continue to offer sustainability assessments through a contract with Kash Group, LLC.*
 - Sustainability assessments were performed with DWSRF applicants, with small municipalities as the priority. The assessments are now an integral part of financial and capacity development reviews.
 9. *Continue to hold quarterly meetings with Set-Aside recipients to monitor activity progress and evaluate expeditious spending.*
 - Quarterly meetings were held. Refer to semi-annual reports for details (Appendix D).
 10. *Ensure borrowers are following crosscutter requirements on construction projects.*
 - DHSS makes every effort to ensure borrowers are following crosscutter requirements. These requirements are integral to loan closing documents and the DHSS Office of Engineering’s mandatory pre-bid meetings.
 11. *Continue to track the Drinking Water to Clean Water Transfer with EPA assistance.*
 - This strategy is ongoing (Appendix B).
 12. *Utilize Set-Aside funds as outlined in the Work Plan.*
 - The goal was accomplished as intended through contracts and program activity. Refer to the Set-Aside Reports for further details.
 13. *Manage the Non-Federal Administration Account (NFAA) judiciously.*
 - Ongoing, internal conversations between the DWSRF team and the DNREC Environmental Finance Office are allowing for avenues to create transparency and accountability. Additionally, the DWSRF team is beginning conversations and financial planning to allow the transfer of calculated amounts of the NFAA from DNREC to DHSS for specific uses.

14. *Continue to develop an Agriculture Strategy in accordance with input from partners and EPA.*
 - The DWSRF Cover Crop Funds helped support the 83,649 acres planted in Sussex County in the fall of 2023.
15. *Continue to implement two new technologies in the Underground Injection Control program: EQulS and 'Tracer'.*
 - Implementation is in progress. Refer to the Set-Aside Reports for further details.
16. *Review Program Evaluation Report (PER) Action Items.*
 - The review covered the period July 1, 2021, through June 30, 2023. EPA conducted its site visit between April 9 through April 11, 2024, to review the period July 1, 2022, through June 30, 2023. EPA has not issued the PER as of September 2024.

III. DWSRF Loan and Set-Aside Activities

Detailed discussion of the DWSRF assistance activities during State Fiscal Year 2024 is provided in this section including sources of funding, status of loan activities, and the status of set-aside activities.

A. Equivalency

DHSS considers all projects on Project Priority Lists as equivalency projects. This is less confusing for borrowers with multiple projects, provides ease of use with federal Cross Cutters, and is easily reported.

Table 2 provides information about the sources and uses of DWSRF funding and shows all sources of DWSRF funds available in State Fiscal Year 2024. Table 2 also shows the set-aside and the usage of project funding, in accordance with the Operating Agreement. All disbursements are handled by DNREC's Environmental Finance Office.

Table 2. Delaware Drinking Water State Revolving Fund Sources and Uses of Funds, through June 30, 2024

Source of Funds	Cumulative as of 6-30-2023	FY23 Revenue as of 6-30-2024	Cumulative as of 6-30-2024
SDWA CAP. GRANT	\$307,205,729	\$62,382,000	\$369,587,729
STATE MATCH (20%)	\$46,219,699	\$3,112,900	\$49,332,599
Repayment Principal and Interest	\$110,867,817	\$10,427,393	\$121,295,210
Investment Earnings	\$8,000,571	\$3,784,852	\$11,785,423
Grant Amount Transferred to CW	\$(27,050,176)	-	\$(27,050,176)
State Match Transferred to CW	\$(5,410,035)	-	\$(5,410,035)
Sub-Total Sources	\$439,833,605	\$79,707,145	\$519,540,750

Detail Sources Amounts Allocated to Set-Asides/Projects			
Technical Assistance (2%)	\$4,406,248	\$337,699	\$4,743,947
1452 (G) (2) - (10%)	\$22,054,177	\$1,197,325	\$23,251,502
1452 (K) - (15%)	\$28,609,368	\$2,637,607	\$31,246,975
Administration (4%)	\$9,969,766	\$2,052,850	\$12,022,616
Total Set-Asides	\$65,039,559	\$6,225,481	\$71,265,040

Cumulative Amount Available for Projects	\$374,794,046	\$73,481,664	\$448,275,710
---	----------------------	---------------------	----------------------

Project Uses of Funds			
Cumulative Amount of Assistance Provided	\$285,063,670	\$85,095,757	\$370,159,427
Loans Issued Binding Commitments in SFY24 but not settled		\$23,132,253	\$23,132,253
Net Project Use of Funds			\$ 393,291,680

Uncommitted Loan Fund Balance for SFY 2024*	\$54,984,030
--	---------------------

Set-Aside Uses of Funds	Cumulative as of 6-30-2023	Expenses as of 6-30-2024	Cumulative as of 6-30-2024
Less Cumulative 2%	\$3,875,564	\$341,780	\$4,217,344
Less Cumulative 4%	\$8,760,211	\$1,668,560	\$10,428,771
Less Cumulative 10%	\$20,300,796	\$814,773	\$21,115,569
Less Cumulative 15%	\$25,803,972	\$2,020,605	\$27,824,577
Total Set-Aside Expenditures			\$63,586,261
Less Encumbered/Planned Expenses			\$(7,678,779)
Cumulative Remaining Awarded Set-Asides			\$-

Total Remaining Uncommitted Funds (Loans & Set-Asides)	\$54,984,030
---	---------------------

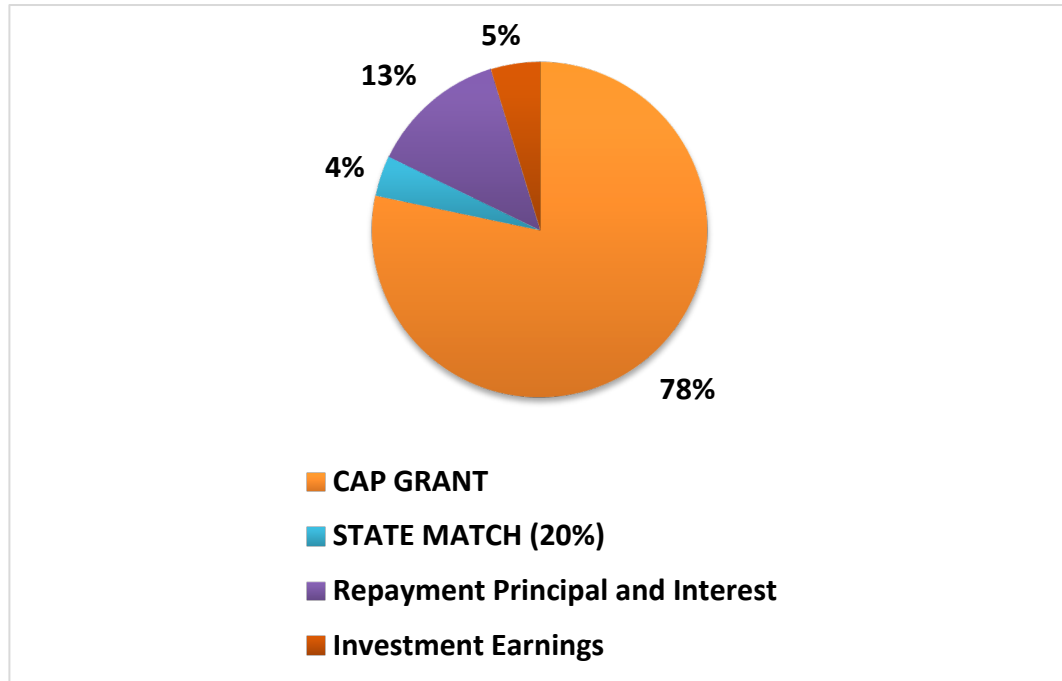
*Remaining SFY24 PPL loans total \$69 million which exceeds the uncommitted loan fund balance for SFY 2024.

Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, October 2024

B. Sources of DWSRF funding

The funding available for the DWSRF program during State Fiscal Year 2024 totaled \$79,707,145 (Figure 1).

Figure 1. Available Funds for Drinking Water State Revolving Fund Program, Delaware, 2024



Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, October 2024

1. Capitalization Grants

EPA awarded DHSS \$5,037,000 in federal base capitalization grant funds. The State of Delaware provided \$1,007,400 as the required 20% state match for the State Fiscal Year 2024. EPA also awarded DHSS \$57,345,000 in federal Bipartisan Infrastructure Law (BIL) capitalization grant funds. President Biden signed the BIL on November 15, 2021. The BIL appropriations will be available for five years. There are three distinct grants under the BIL, and they include: General Supplemental (\$21,055,000), Emerging Contaminants (\$7,640,000) and Lead Service Line (LSL) Replacement (\$28,650,000) capitalization grants. The State of Delaware provided \$2,105,500 as the required 20% state match for the BIL General Supplemental grant for State Fiscal Year 2024. The state matches were provided from the 2024 State Bond Bill via allocated State Capital Funds.

2. Investment Earnings

The DWSRF received \$3,784,852 on investments in this reporting period.

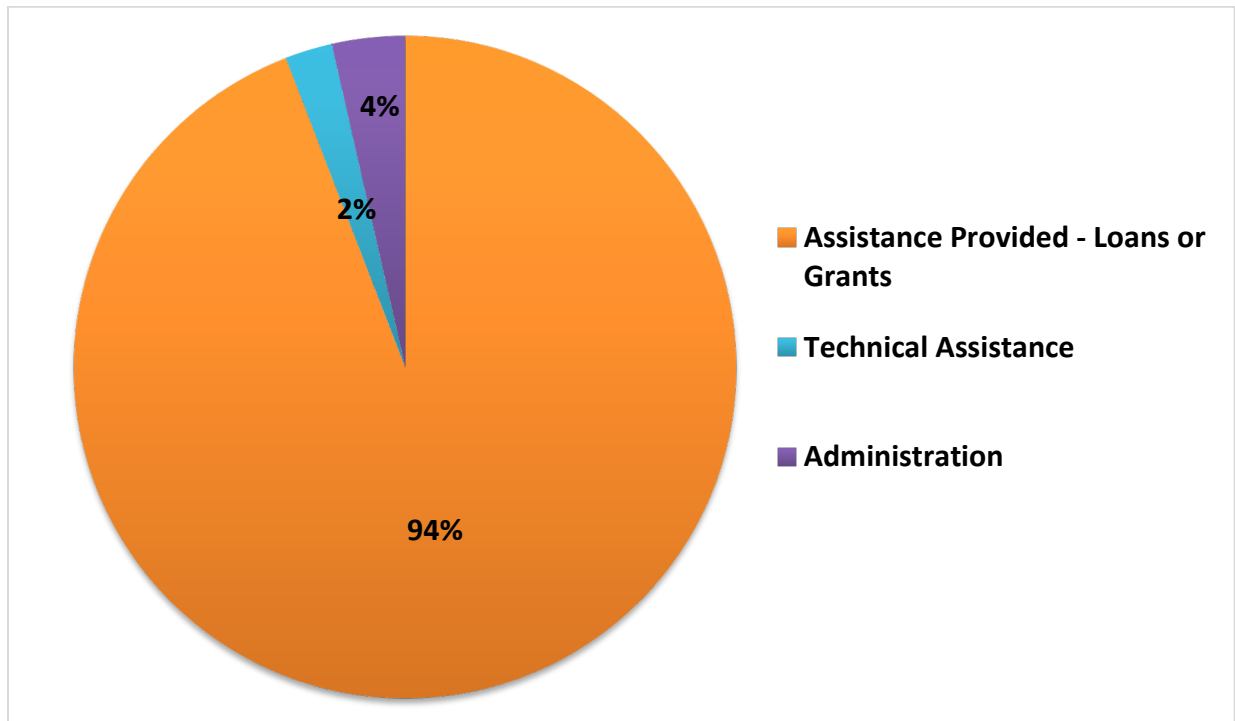
3. Repayments

DHSS received \$10,427,393 in repayments during State Fiscal Year 2024.

C. Uses of DWSRF Funds

The DWSRF provided \$85,095,757 in loans and a grant to public water systems. The program committed \$2,100,310.50 in set-aside assistance to technical assistance providers. The program committed \$3,189,186 to administration.

Figure 2. Percentage of Allocations of Drinking Water State Revolving Fund Funds, Delaware, 2024

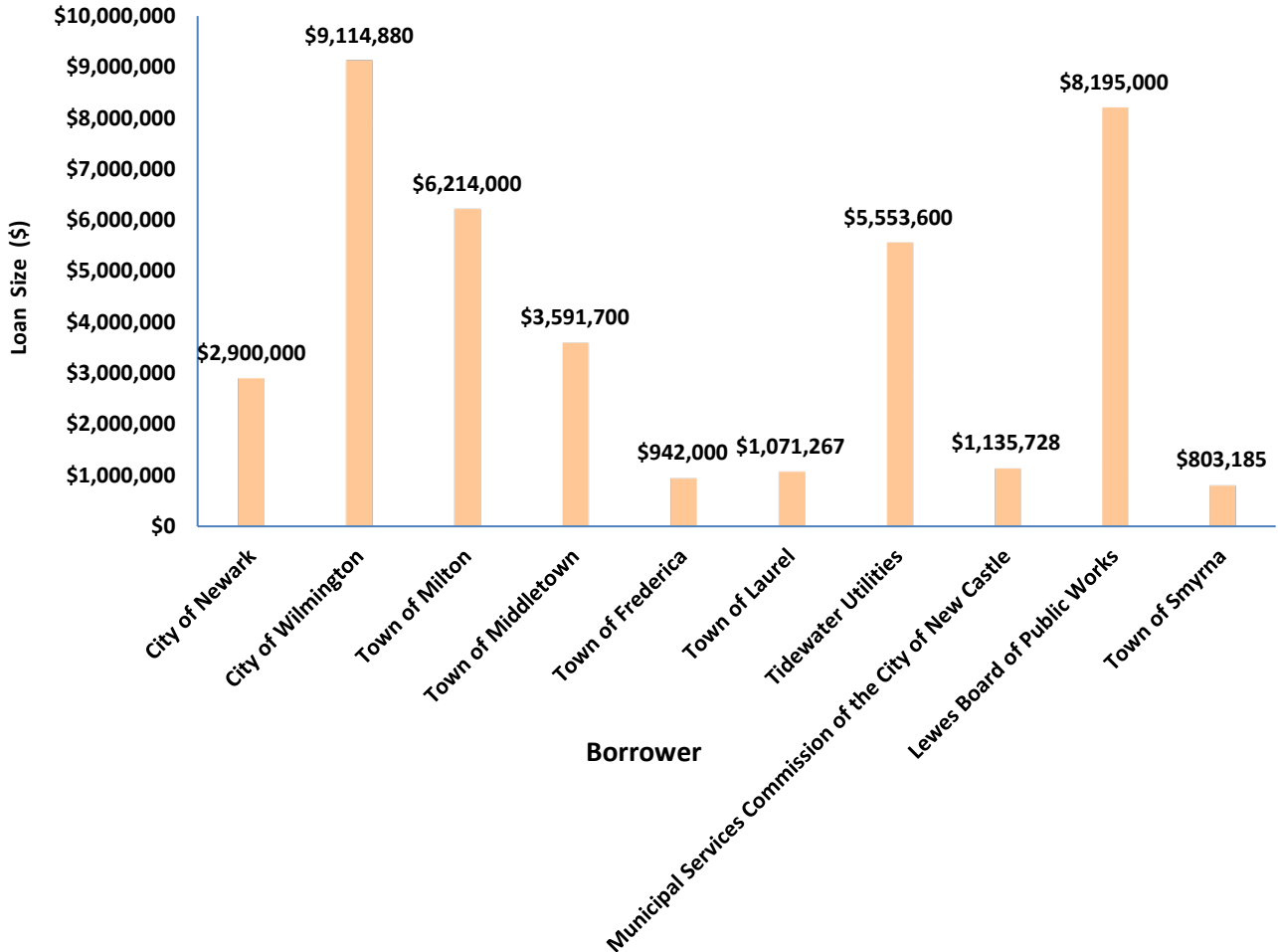


Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, August 2024

1. Loan Assistance Status

Figure 3 highlights 24 loan agreements the DWSRF entered, with 10 public water systems totaling \$85,095,757 in this reporting period. The loans range in size from \$102,000 to \$18,501,872.

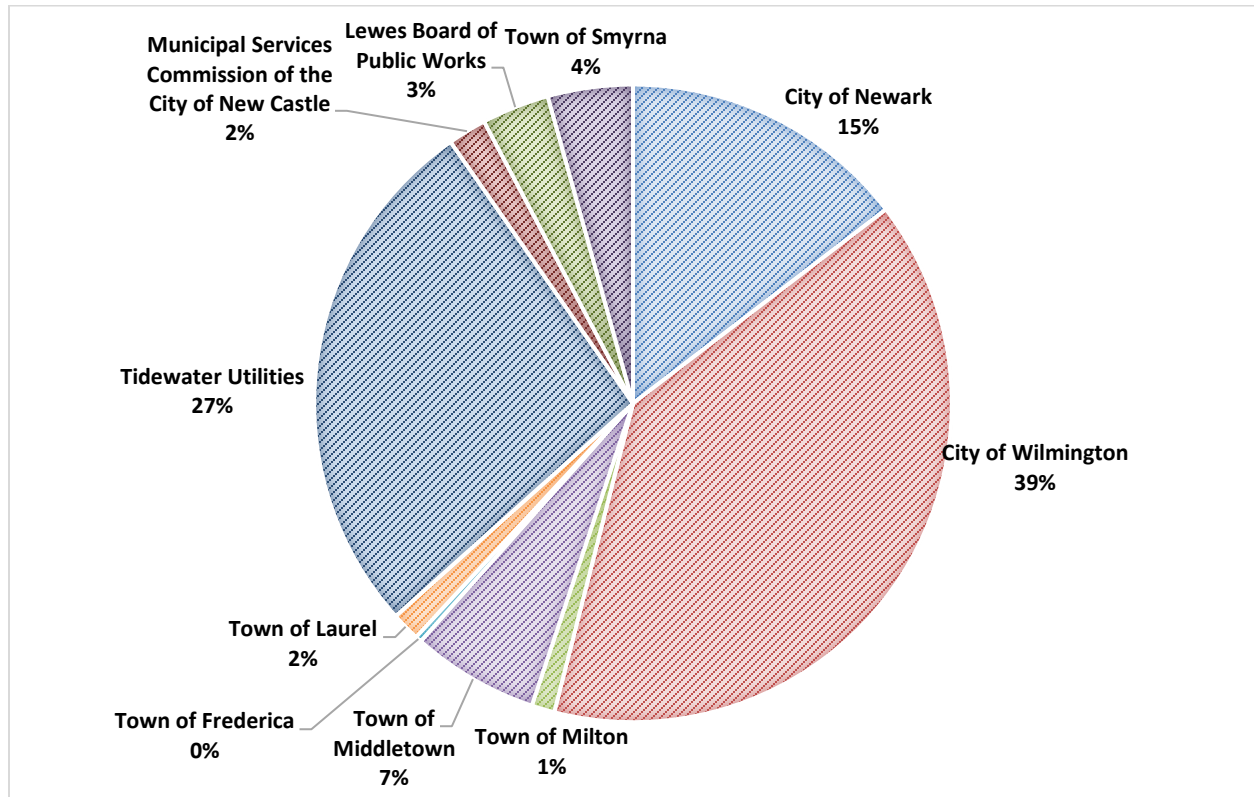
Figure 3. Distribution of Drinking Water State Revolving Fund Loans and Grants by Amount, Delaware, 2024



Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, August 2024

Figure 4 shows the percentage of total population served. The City of Wilmington serves the greatest population amount of 107,976 people and the Town of Frederica serves the smallest population amount of 870 people.

Figure 4. Percentage of Total Population Served by Drinking Water State Revolving Fund Loan and Grant Funds, Delaware, 2024

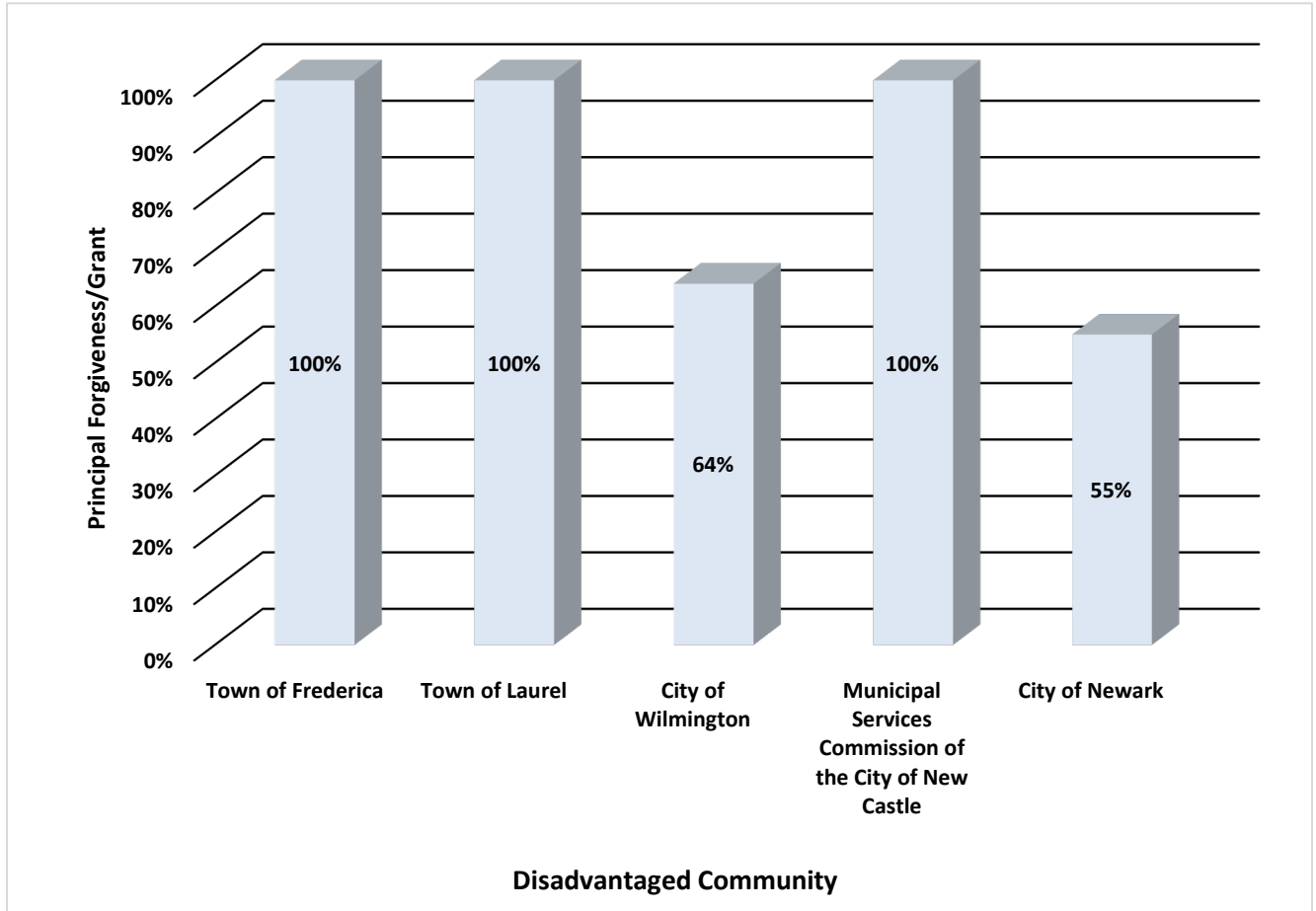


Footnote: The loan term for loans are 21.5 years, with an average interest rate of 0.93%. The water systems receiving the funding serve 273,287 Delawareans (Safe Drinking Water Information System).

Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, August 2024

Figure 5 shows the water systems receiving funding and a visual representation of the distribution of loans with principal forgiveness or grants across disadvantaged communities.

Figure 5. Distribution of Disadvantaged Community Subsidy Using Drinking Water State Revolving Fund Dollars, Delaware, 2024



Footnote: Five disadvantaged communities, the Town of Frederica (100%), the Town of Laurel (100%), the City of Wilmington (64%), the Municipal Services Commission of the City of New Castle (100%), and the City of Newark (55%) received loans with principal forgiveness.

Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, August 2024

2. Project Priority List

Table 3 lists SFY23 DWSRF Projects in priority and ready to proceed order.

Table 3. Delaware Drinking Water State Revolving Fund Ready to Proceed Project Priority List, Federal Fiscal Year 2023

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, E, W,	Total Points	Anticipated subsidy
1	City of Wilmington	DE0000663	107,976	Lead Removal	Replacement of watermains and lead service lines	\$10,000,000	E,W	720	LSLR
2	Town of Milton	DE0000629	3,200	Water Main Replace	Replacing 3500ft of water main	\$1,785,000		695	
3	Bridgeville	DE0000559	2,256	Small Diameter Waterline Replacement	replace/update waterlines	\$2,090,000	A*	570	2023 Base DAC & 2022
4	New Castle MSC	DE0000634	5,364	PFAS WTF Expansion	PFAS system modifications	\$1,135,920	A*	530	EC
5	Town of Selbyville	DE0000654	3,502	Tingle Acres MHP	Replace 59 service connections	\$707,000	A*	480	2022 Base Congressional & 2023 Base DAC
6	Town Laurel	DE0000597	3,984	P-3 Transite Supplemental Funding	Supplemental funding DWSR Loan 21000094	\$1,071,267	A*	465	2022 Base Congressional & 2023 Base Congressional
6	Town Laurel	DE0000597	3,984	P-4 Transite Water Main Replace	water mains, 36 water services, 5 isolation valves, 3 fire hydrants	\$1,280,800	A*	465	2023 Sup DAC
7	Town Laurel	DE0000597	3,984	New WTP & Well	This project will replace well number 5, adding another well into the rotation.	\$4,989,260	A*	445	EC
8	City of Wilmington	DE0000663	107,976	Emerging Contam/PFAS Remove	Upgrades to PFAS removal	\$39,000,000	E,W	440	EC
9	City of Wilmington	DE0000663	107,976	Water Distribution and Transmission Improvements Lead Removal	LSLR and Main Work	\$17,800,000	E,W	400	2023 Sup DAC
9	Town of Millsboro	DE0000622	6,863	Lead Service Line Inv.	Update GIS to track LSL	\$79,000	A*,E,W	400	LSLR
9	Town of Milton	DE0000629	3,200	Chandler St. Improvements	Improvements and upgrades to SCADA	\$579,000		400	
10	City of Newark	DE0000630	4,000	Water Main Replace	Replace water mains or line interior to minimize main breaks	\$3,300,000		370	
11	Town of Selbyville	DE0000654	3,502	Lead Service Line Replace	1900 service line connections replacement for compliance	\$18,900,000		320	

Table 3. Delaware Drinking Water State Revolving Fund Ready to Proceed Project Priority List, Federal Fiscal Year 2023 (continued)

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, E, W,	Total Points	Anticipated subsidy
11	Tidewater	DE0000221	29,416	Bethany Bay WTF	Additional well expansion/PFAS mitigation	\$2,610,000		320	
12	City of Newark	DE0000630	4,000	Lead Pipe Id & Replace	Lead Component Service Line Replacements	\$2,250,000		300	
12	City of Newark	DE0000630	4,000	Water Main Assessment	Determine remaining life on pipes	\$3,500,000		300	
12	Bethany Beach	DE0000556	1,000	North Atlantic Ave	redirecting 4in main to 8in main	\$865,000		300	
13	Town of Milford	DE0000616	9,800	Lead Service Remediation	Lead Service Line Inventory and Replacement	\$2,789,800	*A	290	LSLR
14	Town of Milton	DE0000629	3,200	Federal St. Water Tower	Installation 500K gallon water storage tower	\$3,850,000		280	
14	Tidewater	DE0000991	29,661	Kendale IC	Updates to main from 12" to 16"	\$1,060,000		280	
15	City of Newark	DE0000630	4,000	Facilities Site/Security Upgrade	Update system to include security fencing, signage, camera installations, etc.	\$2,100,000		260	
16	City of Newark	DE0000630	4,000	Finished Water Tank	Replace inefficient standpipes with elevated storage tank	\$5,150,000		230	
17	Tidewater	DE0000263	>10,000	LCR Excavations	Develop lead service line inventories	\$576,000		210	
18	Tidewater	DE0000991	29,661	Minos Conway	Upgrades to connector and hydrants	\$922,000		200	
18	Tidewater	DE0000124	17,208	Lochmeath Puncheon Run	Updates to infrastructure	\$700,000		200	
19	Delmar	DE0000567	2,027	Lead Service Line Inv.	Update LCRR to compliance	\$362,984		180	
						\$129,453,031	*=Anticipated, pending final financial review		

[Sources: Delaware Department of Health and Social Services, Division of Public Health, October 2024; and Delaware Department of Natural Resources and Environmental Control, Environmental Finance, August 2024, dwsrfpl2024.pdf](#)

3. Project Bypass

DWSRF State Fiscal Year 2024 applications were due on June 21, 2024.

DHSS can bypass a project on the fundable portion of the PPL based on any of the following criteria:

- 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 an unwillingness to correct A133 Audit, Single Audit requirements, Davis Bacon, or Buy America Build America (BABA) Act.
- System is not current on loan repayments from prior closed loans.
- An emergency project is approved

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.

The City of Wilmington's \$10,000,000 Lead Removal Project ranked number one on the 2023 PPL, however, it was bypassed as this project was a part of the LSL only solicitation that took place from September 15, 2023, to October 15, 2023. DWSRF did not receive the City of Wilmington's full application until January 31, 2024, and it was missing information. The missing information was sent to DWSRF on March 15, 2024.

The Municipal Services Commission (MSC) of the City of New Castle \$1,135,728 PFAS Water Treatment Facility Expansion Project, ranked number four on the 2023 PPL, and was bypassed because DWSRF did not receive the full application until October 2023.

The Town of Selbyville's \$707,000 Service Connection Replacement Project ranked number five on the 2023 PPL and was bypassed because DWSRF did not receive the Town's full application until February 26, 2024.

The City of Milford's \$2,789,800 Lead Service Line Inventory and Replacement Project ranked thirteenth on the 2023 PPL and was bypassed. This was a part of the LSL solicitation, and the Notice of Intent was received on October 2023; however, DWSRF did not receive all necessary information.

4. Funded Projects

City of Newark

Rank: 19 on [2022 PPL](#)

Project Name: SWFWTP PFAS Treatment

Score: 380

Project Description: Emerging Contaminants Treatment

Population: 40,000
Project Cost: \$2,900,000
Interest Rate: 2%
Term: 20 years
Binding Commitment Date: March 17, 2023
Loan Closing Date: July 21, 2023
Subsidies: \$1,591,169
Disadvantaged Community: Yes
Public Health Benefit: This project will be able to provide safe drinking water to the existing City of Newark customers by installing additional treatment for emerging contaminants. The treatment upgrade will comply with the EPA Maximum Contaminant Level (MCL) for PFAS.

City of Wilmington

Rank: 9 on [2023 PPL](#)
Project Name: Water Distribution and Transmission Improvements Lead Removal
Score: 400
Project Description: Water System Upgrades
Population: 107,976
Project Cost: \$17,700,000
Interest Rate: 2%
Term: 25 years
Binding Commitment Date: December 15, 2023
Loan Closing Date: March 22, 2024
Subsidies: \$10,316,950
Disadvantaged Community: Yes
Public Health Benefit: The project consists of the elimination of any exposure that potable water may have with lead material in the distribution system by replacing old cast iron pipe with modern day cement-lined, ductile iron pipe with an engineered rubber gasket. The City expects to replace approximately four miles of water main in its distribution system.

City of Wilmington

Rank: 8 on [2023 PPL](#)
Project Name: Emerging Contaminant/PFAS Removal
Score: 440
Project Description: Emerging Contaminants Treatment
Population: 107,976
Project Cost: \$1,500,000
Interest Rate: 2%
Term: 25 years
Binding Commitment Date: December 15, 2023
Loan Closing Date: March 22, 2024
Subsidies: \$1,500,000
Disadvantaged Community: Yes
Public Health Benefit: The project consists of the removal of PFAS from the City's source, currently recognized to be the addition of Granular Activated Carbon (GAC) contact vessels in the treatment process.

City of Wilmington

Rank: 6 on [2022 PPL](#)

Project Name: Wilmington Water Distribution and Transmission

Score: 620

Project Description: Lead Service Line Inventory to comply with Lead and Copper Rule Revision Requirements.

Population: 107,976

Project Cost: \$18,501,872

Interest Rate: 2%

Term: 25 years

Binding Commitment Date: March 14, 2023

Loan Closing Date: August 7, 2023

Subsidies: \$18,501,872

Disadvantaged Community: Yes

Public Health Benefit: This project will be able to provide safe drinking water to City of Newark customers by installing additional treatment for emerging contaminants. The treatment upgrade will comply with the EPA Maximum Contaminant Level (MCL) for PFAS.

City of Wilmington

Rank: 25 on [2022 PPL](#)

Project Name: Wilmington Reliability Improvements

Score: 330

Project Description: Water System Upgrades

Population: 107,976

Project Cost: \$11,000,000

Interest Rate: 2%

Term: 25 years

Binding Commitment Date: March 7, 2023

Loan Closing Date: August 7, 2023

Subsidies: \$0

Disadvantaged Community: Yes

Public Health Benefit: The City of Wilmington's primary electrical service equipment at the Porter Filter Plant, specifically the electrical metering, switchgear, and transformers, are 1950's vintage and in need of renewal. The treatment and distribution of water to residents is directly related to the power supply that feeds the plant and the reliability of water service is critical for the City. Upgrading the electrical equipment now will provide increased reliability and efficiency for over 40 years, ensuring that the customers of the City will receive high-quality, clean water at an affordable cost.

City of Wilmington

Rank: 13 on [2022 PPL](#)

Project Name: Wilmington PFAS Removal

Score: 450

Project Description: Emerging Contaminants Treatment

Population: 107,976

Project Cost: \$4,787,405

Interest Rate: 2%

Term: 25 years

Binding Commitment Date: March 7, 2023

Loan Closing Date: August 7, 2023

Subsidies: \$4,787,405

Disadvantaged Community: Yes

Public Health Benefit: The project consists of the removal of PFAS from the City's source, currently recognized to be the addition of Granular Activated Carbon (GAC) contact vessels in the treatment process.

City of Wilmington

Rank: 19 on [2022 PPL](#)

Project Name: Wilmington Clearwell

Score: 380

Project Description: Water System Upgrades

Population: 107,976

Project Cost: \$1,200,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: March 7, 2023

Loan Closing Date: March 22, 2024

Subsidies: \$0

Disadvantaged Community: Yes

Public Health Benefit: This City of Wilmington project will mitigate the water quality risk of a leaking Clearwell. The Clearwell is the last component of the treatment process before potable water is delivered into distribution for service to the customer. This project will significantly elevate the level of service to the City's water consuming community, especially disadvantaged customers, by eliminating the risk of potential water quality incidents and providing a significant increase in operating storage for improved flows, pressure, and fire reserve capacity. The new Clearwell will promote more automated operations with computer-generated reporting to meet regulatory guidelines established by the State of Delaware.

Lewes Board of Public Works (BPW)

Rank: 31 on [2022 PPL](#)

Project Name: Elevated Water Storage Tank

Score: 290

Project Description: Elevated Water Storage Tank

Population: 3,000

Project Cost: \$5,250,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: June 27, 2023

Loan Closing Date: September 22, 2023

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: The project will install a new 750,000-gallon to 1,000,000-gallon elevated water storage tank at the Jones Farm site off Kings Highway in Lewes, Del. This project will provide increased peak capacity, fire reserve storage, emergency storage, and equalizing reserve storage, as well as additional redundancy on the BPW's water supply and distribution system. The BPW currently operates only one 300,000-gallon elevated water storage tank approximately 8,000 feet away from its wellfield with 245,000 gallons available for reserve and emergency storage. In addition, the project will replace aging, cast iron well field header pipe in the vicinity of the new tank. The header pipe collects water

supply from five BPW production wells discharging to the BPW's existing water treatment facility.

Lewes Board of Public Works (BPW)

Rank: 31 on [2022 PPL](#)

Project Name: Savannah Road Bridge Canal Crossing Water Main

Score: 290

Project Description: Water System Upgrades

Population: 3,000

Project Cost: \$2,945,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: June 27, 2023

Loan Closing Date: September 22, 2023

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: The goal of the Canal Crossing project is to replace an existing water main that crosses under the Lewes-Rehoboth Canal at the Savannah Road Bridge in Lewes. The existing water main has become exposed due to Canal shoreline erosion occurring at this location. After becoming exposed, the water main was damaged and repaired during a Delaware Department of Transportation (DelDOT) bridge rehabilitation project in 2019. The original repair failed earlier this year and was fixed again, but this repair has been determined to be "temporary." The project will replace an extremely vulnerable water main that is required to maintain an acceptable level of service to the "beachside" of the BPW water distribution system. The replacement will not face the same vulnerabilities as the existing water main.

Municipal Services Commission of the City of New Castle

Rank: 4 on [2023 PPL](#)

Project Name: PFAS WTF Expansion

Score: 530

Project Description: PFAS system modifications

Population: 5,364

Project Cost: \$1,135,728

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: March 21, 2024

Loan Closing Date: May 3, 2024

Subsidies: \$1,135,728

Disadvantaged Community: No

Public Health Benefit: The Project will modify the existing PFAS filtration system at the School Lane Water Treatment Facility and remove the PFAS compounds. The Project will provide treatment system and regional water system interconnection resilience, compliance with PFAS regulations and improve water quality.

Tidewater Utilities

Rank: 11 on [2023 PPL](#)

Project Name: Bethany Bay Water Treatment Facility

Score: 320

Project Description: Additional Well Expansion/PFAS Mitigation.

Population: 29,416
Project Cost: \$2,610,000
Interest Rate: 2%
Term: 20 years
Binding Commitment Date: February 6, 2024
Loan Closing Date: May 17, 2024
Subsidies: \$0
Disadvantaged Community: No
Public Health Benefit: The construction of a new water treatment facility at Bethany Bay will have the capability to provide treatment for iron and manganese, nitrates, and PFAS as necessary for the four supply wells.

Tidewater Utilities

Rank: 14 on [2023 PPL](#)
Project Name: Kendale Road Interconnection
Score: 280
Project Description: Water System Upgrades
Population: 29,661
Project Cost: \$1,164,400
Interest Rate: 2%
Term: 20 years
Binding Commitment Date: February 6, 2024
Loan Closing Date: May 17, 2024
Subsidies: \$0
Disadvantaged Community: No
Public Health Benefit: DeIDOT is currently in the process of upgrading portions of Route 1 and adjacent roadways in the vicinity of and south of Minos Conaway Road, located in Sussex County, Del. The Borrower has significant existing infrastructure throughout the proposed DeIDOT project. As a part of the project, all existing mains within the DeIDOT project area will be relocated and upgraded as appropriate and required for the DeIDOT project to proceed. The proposed main replacements will serve the needs of the current service area throughout the interconnected Tidewater, Rehoboth, Angola, and Meadow water systems. The DeIDOT project identified many areas where the existing water main is under the proposed travel lane. Main breaks and subsequent repair work pose safety concerns. The new main will be installed outside of the travel lanes.

Tidewater Utilities

Rank: 18 on [2023 PPL](#)
Project Name: Minos Conaway Main Replacements
Score: 200
Project Description: Water System Upgrades
Population: 29,661
Project Cost: \$1,011,700
Interest Rate: 2%
Term: 20 years
Binding Commitment Date: February 6, 2024
Loan Closing Date: May 17, 2024
Subsidies: \$0
Disadvantaged Community: No
Public Health Benefit: DeIDOT is currently in the process of upgrading portions of Route 1 and adjacent roadways in the vicinity of and south of Minos Conaway Road, located in

Sussex County, Del. The Borrower has significant existing infrastructure throughout the proposed DeIDOT project. As a part of the Project, all existing mains within the DeIDOT project area will be relocated and upgraded as appropriate. The relocation of the existing mains in the DeIDOT project area is required for the DeIDOT project to proceed. The main replacements proposed as part of the Project will serve the needs of the current service area throughout the interconnected Tidewater, Rehoboth, Angola, and Meadow water systems. The DeIDOT project identified many areas where the existing water main is under the proposed travel lane. Main breaks and subsequent repair work pose safety concerns. The new main will be installed outside of the travel lanes.

Tidewater Utilities

Rank: 18 on [2023 PPL](#)

Project Name: Lochmeath to Puncheon Run Main Relocations

Score: 200

Project Description: Water System Upgrades

Population: 17,208

Project Cost: \$765,500

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: February 6, 2024

Loan Closing Date: May 17, 2024

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: DeIDOT is currently upgrading portions of U.S. Route 13 between Lochmeath Way and the Puncheon Run Connector, located in Kent County, Del. The Borrower has significant existing infrastructure throughout the proposed DeIDOT project. As a part of the project, the existing mains within the DeIDOT project area will be relocated and upgraded as appropriate. The project will eliminate an old water main that is prone to leaks and breaks. It will also improve current distribution throughout the water district by upsizing to 12" lines and allowing for efficient water delivery. The larger replacement main will provide more efficient regional distribution from Tidewater's Camden facility. The project will replace asbestos concrete pipe (ACP) which has reached the end of its useful life. Relocation of the existing mains in the DeIDOT project area is required for the DeIDOT project to proceed. The location of new mains outside of travel lanes will improve field safety during main breaks and repair work.

Town of Frederica

Rank: 10 on [2022 PPL](#)

Project Name: Jackson St Service Connections

Score: 530

Project Description: Removal of Cast Iron Pipe and Lead Service Cross Connections

Population: 870

Project Cost: \$512,000

Interest Rate: 0%

Term: 20 years

Binding Commitment Date: March 10, 2023

Loan Closing Date: August 28, 2023

Subsidies: \$512,000

Disadvantaged Community: Yes

Public Health Benefit: This project will comply with the latest approved Lead and Copper Rule Revisions (LCRR). This project will identify aged infrastructure that is outlined in the LCRR by inventorying old lead and galvanized pipe.

Town of Frederica

Rank: 28 on [2022 PPL](#)

Project Name: LSL Inventory

Score: 310

Project Description: Lead Service Line Inventory to comply with Lead and Copper Rule Revision Requirements.

Population: 870

Project Cost: \$102,000

Interest Rate: 0%

Term: 20 years

Binding Commitment Date: March 10, 2023

Loan Closing Date: August 25, 2023

Subsidies: \$102,000

Disadvantaged Community: Yes

Public Health Benefit: This project will comply with the latest approved Lead and Copper Rule Revisions (LCRR). This project will identify aged infrastructure that is outlined in the LCRR by inventorying old lead and galvanized pipe.

Town of Frederica

Rank: 15 on [2022 PPL](#)

Project Name: Market Street Water Main

Score: 420

Project Description: Removal of Cast Iron Pipe and Lead Service Cross Connections

Population: 870

Project Cost: \$328,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: March 10, 2023

Loan Closing Date: August 28, 2023

Subsidies: \$328,000

Disadvantaged Community: Yes

Public Health Benefit: This project will comply with the latest approved Lead and Copper Rule Revisions (LCRR). This project will identify aged infrastructure that is outlined in the LCRR by inventorying old lead and galvanized pipe.

Town of Laurel

Rank: 6 on [2023 PPL](#)

Project Name: P-3 Transite Supplemental Funding

Score: 465

Project Description: Water System Upgrades

Population: 3,984

Project Cost: \$1,071,267

Interest Rate: 2.64%

Term: 20 years

Binding Commitment Date: May 17, 2023

Loan Closing Date: August 11, 2023

Subsidies: \$1,071,267

Disadvantaged Community: Yes

Public Health Benefit: This project will replace existing transite water mains throughout the Town of Laurel's distribution system, focusing on W. 7th Street, Center Street, W. 8th Street, and Belle Avenue with PVC mains. Phase 3 construction includes installing approximately 4,200 feet of PVC water main and 70 water services. New isolation valves and fire hydrants will be installed as well. This is a continuation of a project that has been funded with DWSRF funds for Phase 1 and Phase 2.

Town of Middletown

Rank: 36 on [2022 PPL](#)

Project Name: North Broad Street

Score: 240

Project Description: Water System Upgrades

Population: 22,582

Project Cost: \$2,152,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: March 8, 2024

Loan Closing Date: May 3, 2024

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: This project will replace an existing 8-inch cast iron water main located in the southbound travel lane of North Broad Street between Route 299 and Shallcross Place. The water main will be relocated beneath the sidewalk on North Broad Street. The Project includes replacement of the existing water main with new PVC water main, replacement of existing services, and restoration of all surfaces disturbed by construction. The area of North Broad Street is serviced through a system of aging cast iron pipe that utilizes lead joints between pipe sections and galvanized street services. Based on prior phases of work done in the southeast quadrant, the Borrower has found similar water services to be perforated and leaking due to age and corrosion. The Project will replace the existing cast iron main and galvanized services with new distribution main and services in compliance with the Borrower's Standard Specifications and Ten States Standards.

Town of Middletown

Rank: 34 on [2022 PPL](#)

Project Name: NE Quadrant

Score: 270

Project Description: Water System Upgrades

Population: 22,582

Project Cost: \$1,439,700

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: March 8, 2024

Loan Closing Date: May 3, 2024

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: The Project will replace approximately 4,230 linear feet of water mains. The work includes improvements, including but not limited to, replacement of existing

water main with new PVC water main, replacement of existing services and restoration of all surfaces disturbed by construction.

Town of Milton

Rank: 14 on [2023 PPL](#)

Project Name: Federal Street

Score: 280

Project Description: Elevated Water Storage Tank

Population: 3,200

Project Cost: \$3,850,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: September 27, 2023

Loan Closing Date: May 3, 2024

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: The Project will install a new 500,000-gallon elevated water storage tower. The Project will provide an additional water storage tower for daily demand and will support alternate storage when Tower No. 1 or Tower No. 2 are out of service for maintenance or repair. This new tower will be located on the south side of the Broadkill River on Federal Street to provide emergency storage in case of damage to the water system piping crossing the existing waterways, providing source water from the north side. The tower will be located on a parcel that will be accessible during heavy rainfall and flooding events, contrary to the current site of Tower No. 1.

Town of Milton

Rank: 2 on [2023 PPL](#)

Project Name: Water Main Replacement

Score: 695

Project Description: Water System Upgrades

Population: 3,200

Project Cost: \$1,785,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: October 30, 2023

Loan Closing Date: May 3, 2024

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: The project will replace approximately 3,900 linear feet of existing water main under the roadways of Carey Street, Walnut Street, Magnolia Street, Reed Street, and Mill Street. It includes replacing failing valves, adding new valves, abandoning the existing water main, replacing water services to the new water main, repaving the roadway, and making additional utility adjustments as needed. The Project will eliminate lead goosenecks and corporation stops expected to be within the project area. It will improve water taste and quality and provide substantial fire flow capacity improvement.

Town of Milton

Rank: 9 on [2023 PPL](#)

Project Name: Chandler Street Improvements

Score: 400

Project Description: Water System Upgrades

Population: 3,200

Project Cost: \$579,000

Interest Rate: 2%

Term: 20 years

Binding Commitment Date: September 27, 2023

Loan Closing Date: May 3, 2024

Subsidies: \$0

Disadvantaged Community: No

Public Health Benefit: The project involves rehabilitation and improvements to the existing Chandler Street Water Treatment Facility to improve monitoring, reliability, efficiency, security, and control. Upgrades include installing a Supervisory Control and Data Acquisition (“SCADA”) system and replacing chemical pumps and sodium hypochlorite storage tanks, flooring, an emergency diesel generator, and an electrical system to meet current code and safety requirements. The project also includes repairing exterior brick where required. The Project addresses public health and safety risks posed by the existing system by replacing aging chemical feed equipment and chemical storage units.

Town of Smyrna

Rank: 2 on [2021 PPL](#)

Project Name: South Main Street Utility Replacement Project

Score: 405

Project Description: Water Main Upgrades

Population: 11,813

Project Cost: \$803,185

Interest Rate: 1.843%

Term: 20 years

Binding Commitment Date: June 14, 2019

Loan Closing Date: July 15, 2023

Subsidies: \$0

Disadvantaged Community: Yes

Public Health Benefit: This project involves the installation of approximately 1,800 linear feet of 10-inch ductile iron water main along East Commerce Street.

5. Small Systems

In the IUP for 2023, DHSS planned to commit a total of \$56,785,031 to loans for small systems. Five small systems have or will receive a total of \$17,557,995 in loan funding. They are the Town of Frederica (\$512,000, \$328,000, and \$102,000), Lewes Board of Public Works (\$5,250,000 and \$2,945,000), Municipal Services Commission for the City of New Castle (\$1,135,728), and Town of Laurel (\$1,071,267). These projects either have a binding commitment letter or they have closed their loans.

6. Disadvantaged Community Systems

A disadvantaged community is one that:

1. Meets the Affordability Criteria; or
2. Is identified by EPA EJScreen tool at 90% (USA) percentile or higher for Environmental Justice Indexes or for “Low Income” under the Socioeconomic Indexes; or
3. Is identified as disadvantaged by the White House Climate and Economic Screening Tool; or
4. Is underserved.

Affordability Criteria – Income Data – 1.5% of MHI will be considered affordable for a single wastewater or drinking water residential user rates; 3% of MHI will be considered affordable for combined wastewater and drinking water residential user rates. Delaware’s affordability criteria accounts for existing system costs relative to Operations and Maintenance (O&M) and Capital, as well as proposed project O&M and Capital costs as a function of MHI (1.5% water or wastewater, 3% if both services are provided) for the project area. MHI is based on the most recent census data for the municipality or county. DWSRF loan applicants whose MHI is not representative of the census data may be required to provide documentation to obtain principal forgiveness or additional subsidization. Documentation will be in the form of a representative income survey of the majority of the residents of the project area.

Underserved – As defined in SDWA section 1459A (emphasis added): (2) INCLUSIONS.— The term underserved community includes a political subdivision of a State that either, as determined by the Administrator— (A) does not have household drinking water or wastewater services; or (B) is served by a public water system that violates, or exceeds, as applicable, a requirement of a national primary drinking water regulation issued under section 1412, including— (i) a maximum contaminant level; (ii) a treatment technique; and (iii) an action level.

In the State Fiscal Year 2024 IUP, DHSS identified seven communities: the Town of Bridgeville, the Town of Selbyville, the Town of Millsboro, the Town of Frederica, the Town of Laurel, the City of Wilmington, and the Municipal Services Commission of the City of New Castle as having Disadvantaged Community Systems.

Three municipalities have a binding commitment letter and will receive one loan with 100% principal forgiveness disadvantaged community subsidy:

1. The Town of Bridgeville;
2. The Town of Selbyville; and
3. The Town of Millsboro

Three municipalities closed their loans and received a 100% principal forgiveness disadvantaged community subsidy:

1. The Town of Frederica, which closed three loans;
2. The Town of Laurel, which closed one loan; and
3. The City of Newark closed their loans.

The City of Wilmington closed their loans and received 64% principal forgiveness disadvantaged community subsidy. These four projects have the necessary amount of principal forgiveness to meet the capitalization grant additional subsidy requirements for multiple capitalization grants.

7. Disbursements

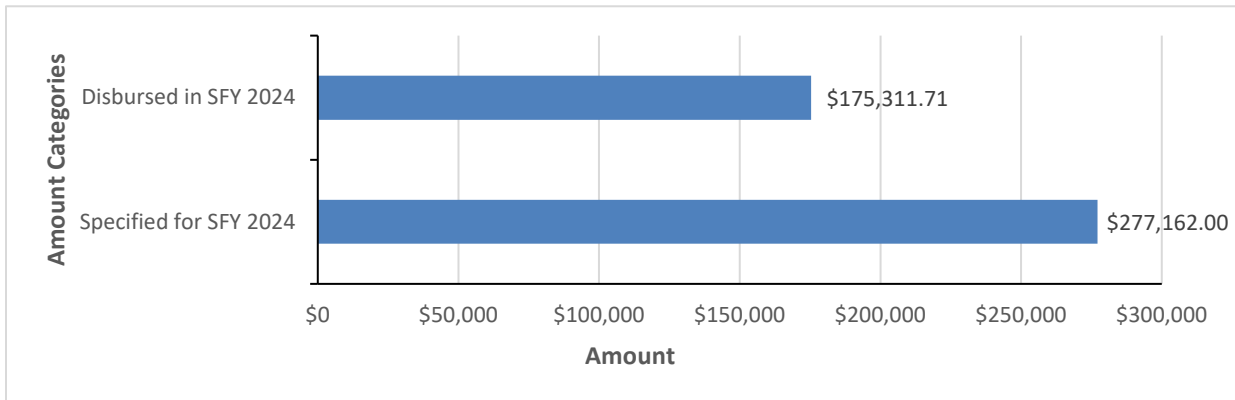
DWSRF disbursed \$29,318,612 in set-asides and loans in this reporting period.

8. Set-Aside Activity Status

DHSS developed and submitted bi-annual performance status reports for DWSRF-funded activities in State Fiscal Year 2024. The following pages provide an overview of set-aside activities within State Fiscal Year 2024. Bar charts showing set-aside funding status accompany the descriptions of each set-aside activity (Figures 6-17). These charts show dollars specified in the 2023 Work Plan and dollars disbursed in State Fiscal Year 2024.

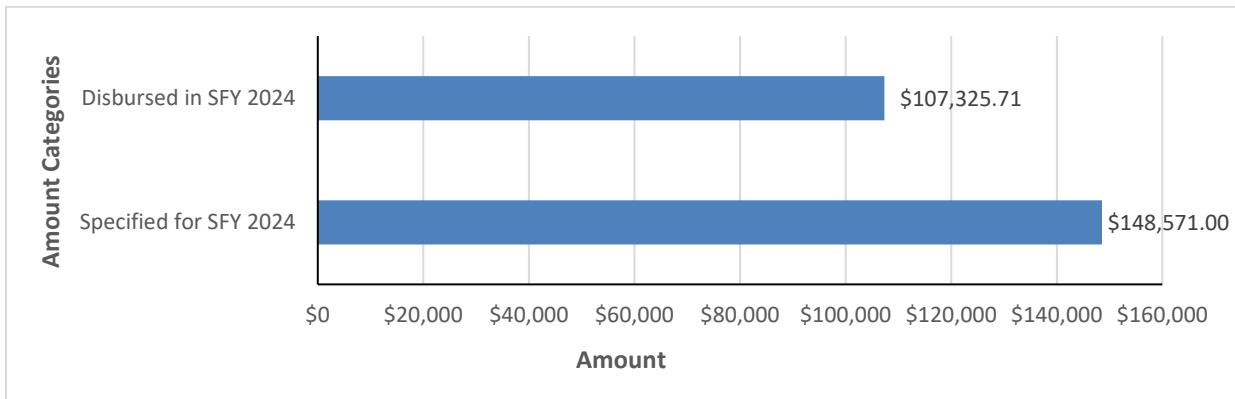
9. Set-Aside: Small Systems Technical Assistance (2%)

Figure 6. Drinking Water State Revolving Fund Disbursement to Delaware Rural Water Association, Delaware, State Fiscal Year 2024



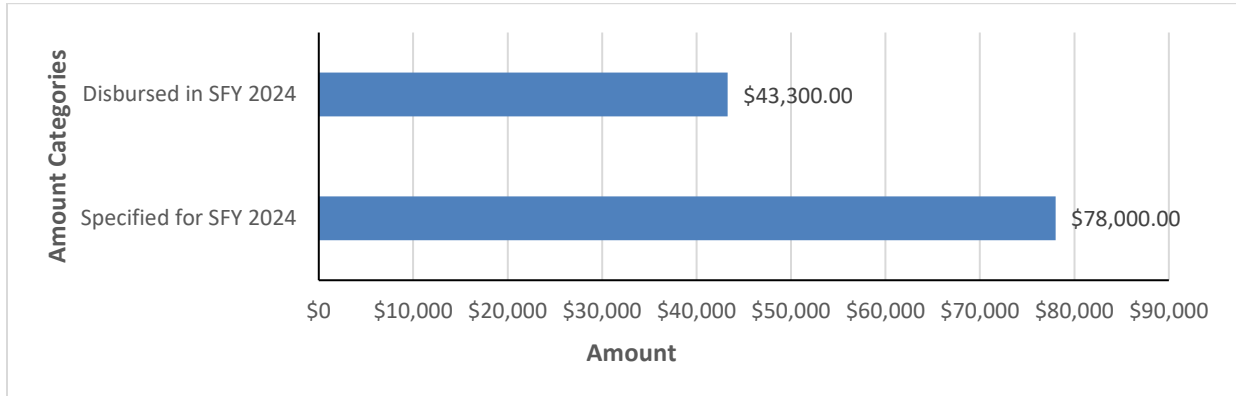
Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

Figure 7. Drinking Water State Revolving Fund Disbursement to Delaware Technical Community College, Delaware, State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

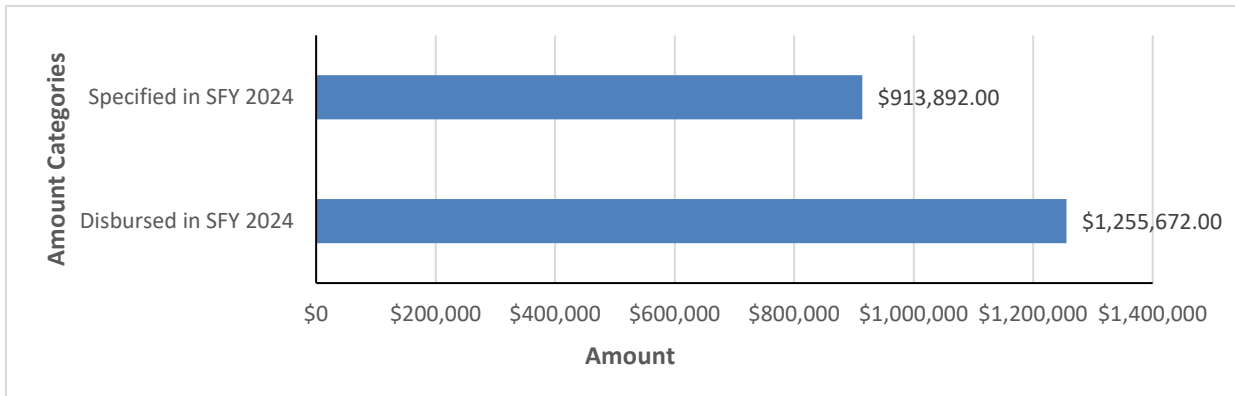
Figure 8. Drinking Water State Revolving Fund Disbursement to Science, Technology, and Research Institute of Delaware (STRIDE), State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

10. Set-Aside: Administration (4%)

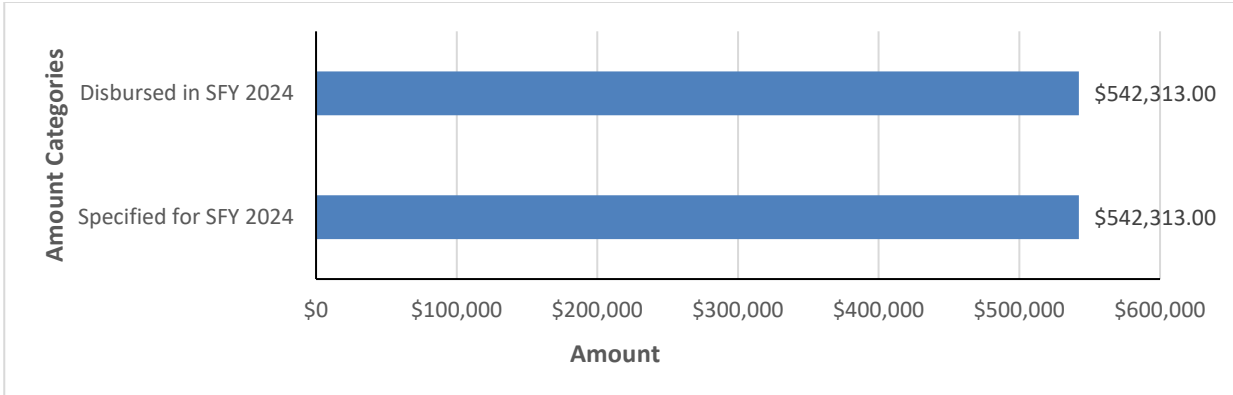
Figure 9. Drinking Water State Revolving Fund (DWSRF) Paid Salaries and Associated Expenses of Personnel Administering the DWSRF program, Delaware, State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

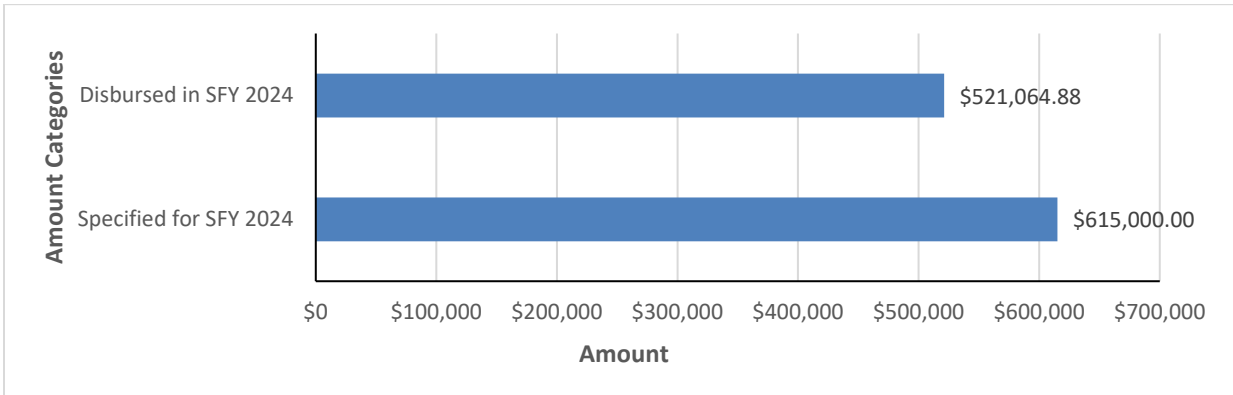
11. Set-Aside: State Program Management (10%)

Figure 10. Drinking Water State Revolving Fund Program Management Set-Aside Disbursement to Underground Injection Control Program, Delaware, State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

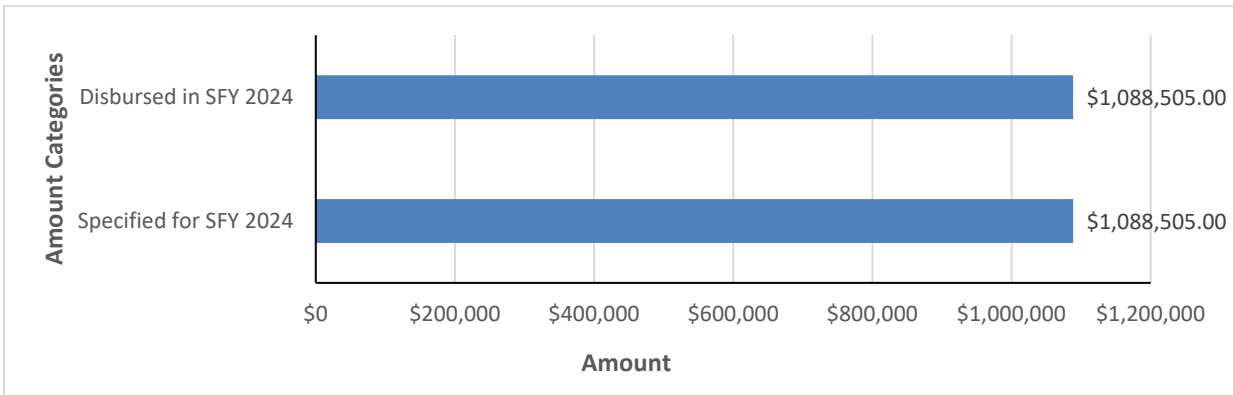
Figure 11. Drinking Water State Revolving Fund Program Management Set-Aside Disbursement to Public Water System Supervision Program, Delaware, State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

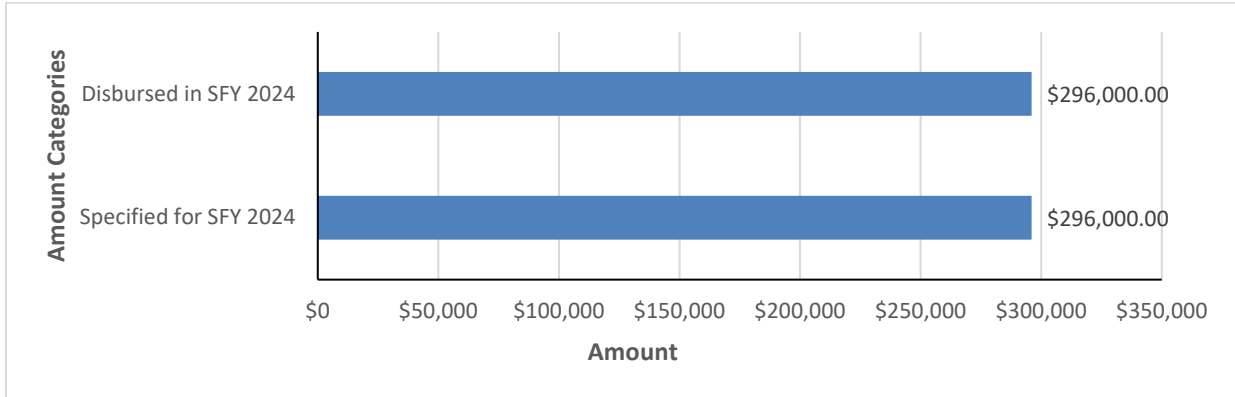
12. Set-Aside: Local Assistance and Other State Programs (15%)

Figure 12. Drinking Water State Revolving Fund Local Assistance Set-Aside Disbursement to Source Water Protection Program, Delaware, State Fiscal Year 2024



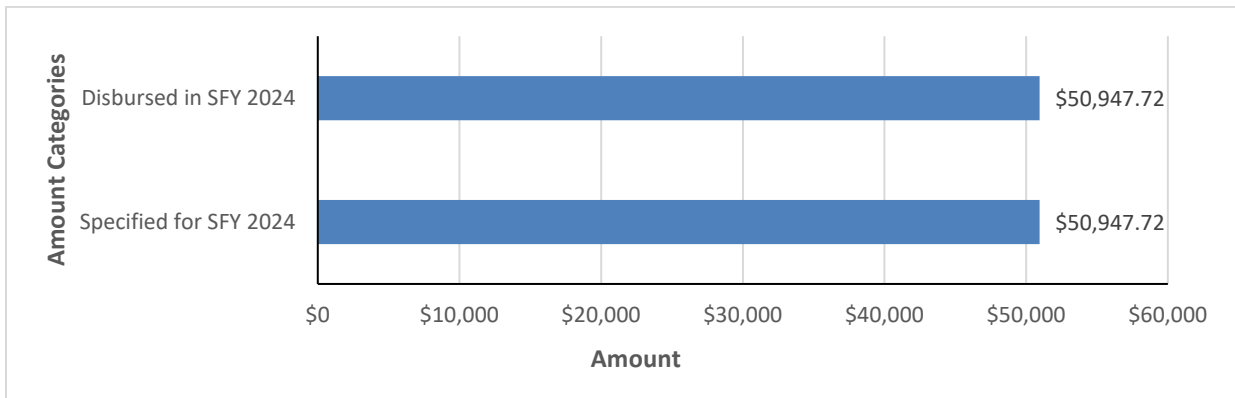
Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

Figure 13. Drinking Water State Revolving Fund Local Assistance Set-Aside Disbursement to the Capacity Development Program, Delaware, State Fiscal Year 2024



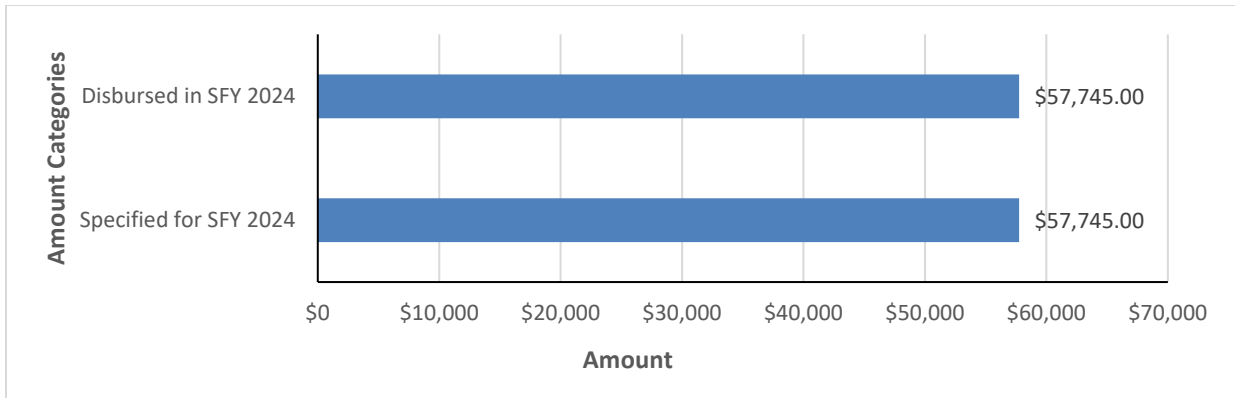
Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

Figure 14. Drinking Water State Revolving Fund Local Assistance Set-Aside Disbursement to Delaware Technical Community College, Delaware, State Fiscal Year 2024



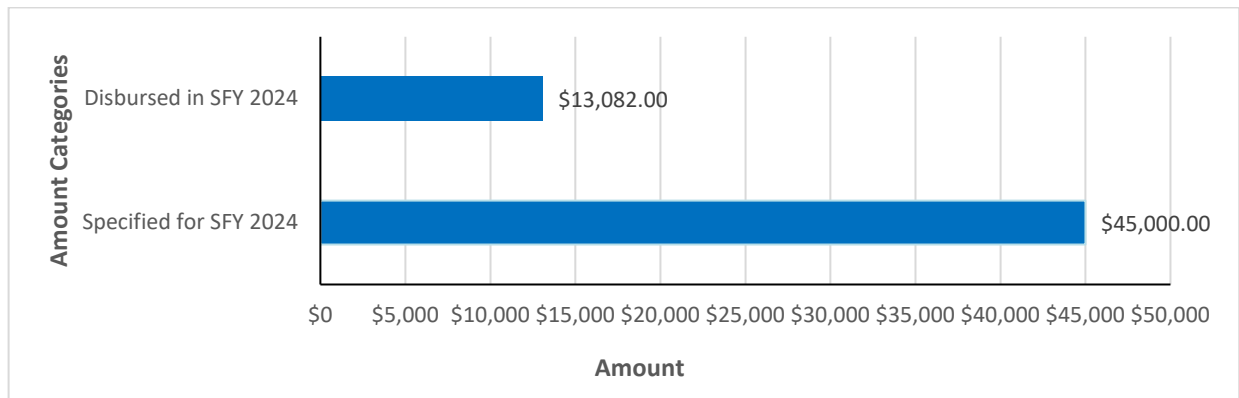
Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, September 2024

Figure 15. Drinking Water State Revolving Fund Local Assistance Set-Aside Disbursement to Delaware Rural Water Association, Delaware, State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

Figure 16. Drinking Water State Revolving Fund Local Assistance Set-Aside Disbursement to Kash Srinivasan Group, LLC, Delaware, State Fiscal Year 2024



Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, August 2024

IV. Financial Summary

The following discussion provides additional details on the financial management activities in the DWSRF for State Fiscal Year 2024.

A. Status of Loans

The DWSRF closed \$85,095,757 in loans this reporting period. Appendix A shows the status of DWSRF loans as of October 21, 2024. Information will include the following: loan amount, interest rate, term, cumulative disbursements, and schedule of principal and interest payments. Loan activity is presented by fiscal year.

B. Loan Disbursement/Cash Draw Proportionality

DWSRF audited financial records list each disbursement, each loan-related federal Automated Clearing House cash draw, and the cumulative federal/state proportionality ratio resulting from cash draw activities.

C. Set-Aside Disbursements

DWSRF audited financial records list each set-aside-related cash draw and disbursement by type and set-aside by fiscal year.

D. Annual Repayment/Aging of Accounts

The DWSRF received \$10,427,393 in repayments and interest during this reporting period.

E. Loan Portfolio Analysis

DNREC Environmental Finance monitors the loan portfolio for any potential weakness or delinquencies.

F. Funds Transferred to the Clean Water State Revolving Fund from the Drinking Water State Revolving Fund (Appendix B)

Table 4. Funds Transferred to the Clean Water State Revolving Fund from the Drinking Water State Revolving Fund, Delaware, Fiscal Year 2024

Category	Amount
Grant Amount Transferred to Clean Water	\$27,050,176
State Match Transferred to Clean Water	\$5,410,035
Total Transferred	\$32,460,211
Intended Use of Funds Transferred:	
Administration	\$1,298,408
Projects	\$31,161,803
4% of Grant Amount to Administration	\$1,082,007
Balance to Projects	\$31,161,803
4% of State Match to Administration	\$216,401
Total to Administration	\$1,298,408

Source: Delaware Department of Health and Social Services, Division of Public Health, Health Systems Protection, October 2024

G. Financial Statements

DWSRF FY2024 Financial Statements will be provided to the Environmental Protection Agency pending completion and Delaware Auditor of Accounts release.

V. Compliance with Operating Agreement and Grant Conditions

A. Operating Agreement

During this reporting period, DHSS complied with the Operating Agreement and communicated any concerns with DNREC and EPA.

B. Grant Conditions

DHSS continues to comply with all applicable grant conditions as specified in FS-99391423 (Base Capitalization), 4D-95321701 (BIL General Supplemental), 4E-95321601 (BIL Emerging Contaminants), and 4L-95322001 (BIL Lead Service Line Replacement) grant agreements.

C. Administrative Conditions

1. General Terms and Conditions

DHSS agrees to comply with the current EPA general terms and conditions.

2. Correspondence Conditions

DHSS submits all reports, request for approvals, and notifications to the EPA.

3. Extension of Project/Budget Period Expiration Date

DHSS did not request an extension during the reporting period.

4. Disadvantaged Business Enterprise (DBE)

DHSS follows requirements in 40 CFR, Part 33 and the Six Good Faith Efforts procurement process and submits Minority-Owned Business Enterprise/Woman-Owned Business Enterprise reports annually.

D. Programmatic Conditions

1. Payment Schedule

DHSS accepted grant funds that were released by EPA utilizing the Automated Standard Application for Payments (ASAP) payment method as outlined in the grant award.

2. Cash Draws

DHSS drew cash from the ASAP System for the funds included in the grant based on EPA guidance and best practices.

3. State Match

DHSS deposited into the State Revolving Fund a match of 20% of the amount awarded in the base capitalization grant and 20% of the BIL general supplemental capitalization grant.

4. Intended Use Plan and Operating Agreement

DHSS makes best efforts to adhere to the Intended Use Plan and Operating Agreement as provided to EPA, including any amendments that were presented and agreed upon by the Regional Office.

5. Set-Aside Work Plan

DHSS endeavors to comply with the Set-Aside Work Plan submitted to the EPA, which encompasses any revisions that were presented and mutually accepted by the Regional Office.

a. Set-Aside Subgrants and Contracts

Upon request, DHSS provided and made available to EPA Region III copies of work plans associated with grants and contracts that were entered into as prescribed in the grant conditions. DHSS provided semi-annual reports which summarized activities completed under the grants and contracts.

b. Travel

The Program Administrator and Fiscal Management Analyst attended the Council of Infrastructure Financing Authorities Summit on Water Infrastructure from April 2 to April 5, 2024, in Washington, D.C. This conference convenes leaders in the state revolving fund community, including state revolving fund managers, federal partners, public finance experts, and water policy advocates, to engage in a national conversation on the future of water infrastructure investment. The Program Administrator, Management Analyst II, Engineer I, and Fiscal Management Analyst attended the Region 3 All-States Conference from April 23 to April 25, 2024, in Cambridge, Maryland. This conference convenes leaders in the state revolving fund within the region, including leaders from Pennsylvania, Virginia, Maryland, and West Virginia.

c. Training

DHSS participated in virtual and in-person training and professional development activities during the reporting period.

d. Public Health Benefits Reporting

DHSS complied with all requests for data related to the use of the funds and entered this data into Office of Water State Revolving Funds (OWSRF) as it became available. All additional requests for information or clarification were provided regarding the new data system.

e. Biennial/Annual Reporting

DHSS reports key project characteristics, milestones, and public health protection results in its Annual DWSRF Report.

f. Set-Aside Reporting

Region III was provided with semi-annual reports on or before June 15, 2024, and November 15, 2024.

g. Program Income from Administrative Fees

Fee accounts were maintained in a separate account from the DWSRF program loan fund. Program income was only used for only DWSRF program administration.

h. Signage

DHSS complied with the State Revolving Fund Signage Guidance to enhance public awareness of EPA assistance.

i. Additional Subsidization

The program has achieved additional subsidization requirements for grants through 2021, as well as the 2022 Emerging Contaminants and 2023 General Supplemental grants. The program is working to achieve the additional subsidization requirements for the 2022 Base, 2022 General Supplemental, 2022 Lead Service Line Replacement, 2023 Base, 2023 Lead Service Line Replacement, and 2023 Emerging Contaminants grants. Below is the progress as of October 3, 2024:

- **2022 Base Grant:**

A Binding Commitment Letter was signed by the Town of Bridgeville on August 13, 2024. The Program has committed to provide \$2,090,000 in disadvantaged community subsidies for the Town's Small Diameter Waterline Replacement Project. This loan is estimated to be closed in the spring of 2025.

A Binding Commitment Letter was signed by the Town of Selbyville on July 8, 2024. The Program has committed to provide \$707,000 in congressional subsidies for the Town's Tingle Acres Mobile Home Park Lead Service Line Replacement Project. This loan is estimated to be closed in the first quarter of 2025.

- **2022 General Supplemental Grant:**

The City of Wilmington closed a loan on August 7, 2023, which received \$5,626,080 in disadvantaged community subsidy.

The Willow Tree Manufactured Home Community closed a grant on April 28, 2023, which received \$1,700,000 in disadvantaged community subsidy.

A Binding Commitment Letter was signed by the Town of Laurel on July 8, 2024. The Program has committed to provide \$1,280,800 in disadvantaged community subsidy for the Town's Phase 4 Transit Water Main Replacement Project. This loan is estimated to be closed in the first quarter of 2025.

- **2022 Lead Service Line Replacement Grant:**

The City of Wilmington closed a loan on August 7, 2023, which received \$12,875,792 in disadvantaged community subsidy.

The City of Dover closed two loans on April 25, 2023, and received a combined total of \$175,000 in disadvantaged community subsidy.

The Town of Frederica closed two loans on August 25, 2023, and received a combined total of \$614,000 in disadvantaged community subsidy.

- **2023 Base Grant:**

A Binding Commitment Letter was signed by the Town of Selbyville on August 13, 2024. The Program has committed to provide \$622,870 in congressional subsidies for the Town's Water Treatment Facility Backwash Improvements Project. This loan is estimated to be closed in the first quarter of 2025.

- **2023 Lead Service Line Replacement Grant:**

The City of Wilmington closed a loan on September 30, 2024, and received \$10,000,000 in disadvantaged community subsidy.

A Binding Commitment Letter was signed by the Town of Millsboro on July 8, 2024. The Program has committed to provide \$95,700 in disadvantaged community subsidy for the Town's Lead Service Line Inventory Project. This loan is estimated to be closed in the first quarter of 2025.

A Binding Commitment Letter was issued to the City of Milford on September 30, 2024. The Program has committed to provide \$2,789,800 in disadvantaged community subsidy for the City's Lead Service Line Remediation Project. Once the City signs and returns the Binding Commitment Letter, the loan closing can be scheduled.

- **2023 Emerging Contaminants Grant:**

The City of Wilmington closed a loan on March 22, 2024, and received \$1,500,000 in disadvantaged community subsidy.

The Municipal Services Commission of the City of New Castle closed a loan on May 3, 2024, and received \$1,135,728 in disadvantaged community subsidy.

j. Green Project Reserve

DHSS designated no funds used for green infrastructure.

k. Geospatial Data Standards

DHSS makes every effort to comply with Geospatial Data Standards.

l. American Iron and Steel and Build America, Buy America

All applicable American Iron and Steel and Build America, Buy America requirements were met for each DWSRF project.

m. Wage Rate Requirements

DHSS complies with the wage requirements by requiring the applicant or their delegate to review the certified payroll submitted by the general contractor and all subcontractors on the job. The applicant or delegate must then submit a letter to the DWSRF Program stating that the pay rate meets the required rates. DHSS disburses the reimbursement funds only after receiving the letter.

n. Competency of Organizations Generating Environmental Measurement Data

DHSS is compliant with all applicable requirements.

o. Quality Assurance Program Plan (QAPP)

The DWSRF program does not engage in activities that require project specific QAPPs.

p. Quality Management Plan (QMP)

This plan is in progress. The DHSS DWSRF submitted a plan to the EPA for review on June 3, 2024. On July 29, 2024, the EPA returned the QMP and requested revisions and resubmittal. The QMP was resubmitted for review on September 17, 2024.

q. State Grant Cybersecurity Condition

DWSRF/DPH/DHSS complies with all State IT requirements and protective measures. Data is inputted and shared only with EPA's data portal. Any information shared via DHSS or DNREC websites is also compliant with State IT policies and procedures. The Delaware Emergency Management Agency submitted a State Cybersecurity Action Plan on June 26, 2024, as requested in the White House Letter dated March 28, 2024. The Office of Drinking Water also hired a full-time contractual employee to serve as the Health Program Coordinator for the Cybersecurity Assessment Program. The DWSRF is also utilizing the set-asides to establish a contract to assist with the creation of the Cybersecurity Assessment Program.

APPENDIX A - FINANCIAL INFORMATION

The audited financial records for the Delaware DWSRF program will be released and forwarded to the EPA.

APPENDIX B - FINANCIAL STATEMENT OF FUNDS TRANSFERRED TO U.S. EPA CLEAN WATER STATE REVOLVING FUND (CWSRF)

FROM THE DRINKING WATER STATE REVOLVING FUND:

Note 6 – **De-obligation of Federal and State Match Funds Between the Drinking Water State Revolving Fund (DWSRF) and Water Pollution Control Revolving Loan Fund (WPCRLF)**

On September 4, 2012, the Environmental Protection Agency (EPA) de-obligated \$27,050,177 of the Fund's federal capitalization grant and awarded it to the WPCRLF. As part of the de-obligation, \$5,410,035, which represented the required 20% state match, was appropriated to WPCRLF. On June 30, 2012, the Unearned revenue - state match of the Fund on the Statement of Net Position included \$4,214,548 of the total \$5,410,035. The remaining \$1,195,487 was transferred to the CWSRF from Nonfederal Administrative funds. During 2014, no additional funds were de-obligated.

Note 7 – **Transfer of Funds Between the DWSRF and WPCRLF**

In accordance with WPCRLF's Intended Use Plan, the \$32,460,212 described in the previous note will be returned to the DWSRF when it is needed for Drinking Water commitments. The transfer will occur at the DNREC Environmental Finance Office's discretion to facilitate cash flow for loan commitments incurred by the DWSRF. When funds are transferred between WPCRLF and the DWSRF, the funds will be accounted for as transfers out and in, respectively. No transfers were made to DWSRF to date.

APPENDIX C – Program Evaluation Report (PER)

Current Year Action Items

All prior year action items have been corrected. DPH is waiting for the current year Program Evaluation Report (PER) from the Environmental Protection Agency (EPA).

Prior Year Action Items State Fiscal Year 2023

1. The EPA recommends that the Delaware Department of Health and Social Services (DHSS) implement its plan to hire more engineers as soon as possible to ensure continued timely review and management of projects, especially with the expected increase in volume due to the Bipartisan Infrastructure Law.
2. EPA recommends DHSS complete corrections to Federal Funding Accountability and Transparency Act reporting.
3. EPA suggests completing the following tasks to improve project file management:
 - a. Create and implement a Standard Operating Procedure for project filing and file organization.
 - b. Implement a procedure (e.g., checklist) to clearly document the review of Environmental Information Documents (EID).
 - c. Incorporate the Federal Flood Risk Management Standard into the state environmental review process.
 - d. Clearly state Categorical Exclusion or FONSI in published environmental determinations.