

2022 Bond Bill Appropriation Drinking Water State Revolving Fund



Drinking Water State Revolving Fund Program

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

Today, thanks to innovative thinking within the DWSRF program and the additional \$7.56 million. In the 2022 Bond bill Appropriation, there are more financing/funding options to consider, such as traditional low-interest loans, the Non-Federal Administration Account funds, and the Bond Bill Appropriation.

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

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

In Fiscal Year 2022 the General Assembly provided \$7.56 million in a Bond Bill appropriation to the Department of Health and Social Services (DHSS) for drinking water projects. From that allotment, \$2,415,940.84 was used for the required State match for DWSRF Capitalization grants and the remaining amount of \$5,144,059.16 was used to fund important public health projects.

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

Project: BlueSky Power – Sustainability

Background: In order to improve Delaware water systems resiliency and sustainability, DHSS is excited to announce the launch of Project Sunrise, the department's new clean energy initiative. Delaware's Project Sunrise is an innovative collaboration between the DHSS Drinking Water State Revolving Fund and the national clean energy experts at BlueSky Power. DHSS is inspiring the State's public and private water systems to create a clean energy future now by participating in Project Sunrise.

For Project Sunrise, DHSS and BlueSky are creating an Energy Action Plan to develop actionable clean and resilient energy infrastructure strategies for Delaware water systems, both public and private. The Project Sunrise Energy Action Plan will include economic and technical analysis for water systems implementation of clean energy infrastructure, project timelines and complete project development support. DHSS is ensuring that the State's water systems can focus on delivering clean drinking water to Delaware residents while also increasing resiliency and reducing the environmental impact of water system operations.

DHSS and BlueSky will provide feasibility studies to Delaware water systems to lay out the most effective clean resilient energy projects for the waters systems, as well as a clear path for funding and implementing each system's clean energy project.

This project aimed to create a Project Sunrise Energy Action Plan for Drinking Water Infrastructure.

Actual Cost: \$97,500.00

Public Health Benefit: Sustainability

Funding Sources: \$97,500 from the 2022 Bond Bill

2022 Bond Bill Fund Balance After Project: \$5,046,559.16

Project: Dover Park Management/Oak Grove

Background: The purpose of this project was to construct a new pumphouse and provide fire protection.

Actual Cost: \$206,123.18

Public Health Benefit: This project prevented drinking water contamination.

Funding Sources: \$68,008 from the 2022 Bond Bill and \$138,115.18 from 2019 Bond Bill

2022 Bond Bill Fund Balance After Project: \$4,978,551.16

Project: Municipal Services Commission of the City of New Castle – Per and Poly-Fluoroalkyl Substances (PFAS) Treatment

Background: In 2014, two drinking water systems serving the New Castle area, Artesian Water and Municipal Services Commission of the City of New Castle, were found to contain PFAS levels exceeding the Environmental Protection Agency's provisional health advisory. Both water systems removed contaminated wells from service and upgraded their systems to reduce PFAS exposures, including installing granular activated carbon (GAC) filtration systems.

Granular activated carbon (GAC) is generally an organic carbon filtration media made up of wood, coconut shells, coal, or peat and is used for water purification, typically in a fixed bed application. A filter with GAC can remove certain chemicals, particularly organic contaminants, from water, as well as chemicals that produce odors or tastes in water such as hydrogen sulfide or chlorine. GAC notably assists with the removal of PFAS which have become an increasing contaminant of concern for regulators.

This project replaced the GAC being used to mitigate the PFA/PFOAs contamination of raw water at the utility.

Actual Cost: \$68,400.00

Public Health Benefit: Treated and removed an emerging contaminant from the raw water supply.

Funding Sources: \$68,400 from the 2022 Bond Bill

2022 Bond Bill fund Balance After Project: \$4,910,151.16

Project: Artesian/Middletown- Economic STA Pharma

Background: Since 1905, Artesian has provided high-quality water and superior service to customers throughout the Delmarva Peninsula. Artesian crews work around the clock to monitor water quality and supply. Our treatment process includes disinfection, various filtration processes, pH adjustment, and corrosion control as needed to ensure our water systems meet all State and federal regulations.

Artesian takes water quality seriously. To ensure the quality of the water being provided to its customers, Artesian takes extra precautions, including proactive testing and treatment when necessary for emerging and unregulated contaminants. Artesian water comes from multiple sources and through an interconnected water system. Artesian routinely monitors groundwater sources and are capable of shutting down wells to install new treatments when necessary, without any interruption in service. Their rigorous testing program includes daily sampling throughout their system to ensure that all treatment processes are working properly, and that high-quality water is provided to its customers.

The project provided the construction of the Cedar Lane Elevated Storage tank and half of the Lester Wells restoration.

Actual Cost: \$4,462,394.00

Public Health Benefit: Improved water quality and removed emerging contaminants.

Funding Sources: \$4,462,394 from the 2022 Bond Bill

2022 Bond Bill fund Balance After Project: \$447,757.16

Project: Town of Magnolia – Water Main Replacement

Background: This project replaced 1,800 linear feet of black iron water main and associated service connections.

Actual Cost: \$1,743,698.66

Public Health Benefit: Replace 1,800 linear feet of black iron water main

Funding Sources: \$447,758 from the 2022 Bond Bill and \$1,295,940.66 from 2020 Bond Bill

2022 Bond Bill fund Balance After Project: \$0