Delaware

DRINKING WATER
STATE REVOLVING FUND
DWSRF

Intended Use Plan

Final | June 24, 2025

DELAWARE HEALTH AND SOCIAL SERVICES

Division of Public Health

Delaware

DRINKING WATER
STATE REVOLVING FUND
DWSRF

For more information, contact:
Drinking Water State Revolving Fund
Health Systems Protection
Division of Public Health

417 Federal Street
Dover, DE 19901
302-744-4817
Resource Email: DHSS_DPH_DWSRF@Delaware.gov

https://dhss.delaware.gov/dph/hsp/dwsrf/

Delaware Health and Social Services
Intended Use Plan

2025 Federal Allocation

Federal Fiscal Year (FFY) 2025
State Fiscal Year (SFY) 2026

Table of Contents

Executive Summary

In November 2021, Former President Biden signed the Infrastructure Investment and Jobs Act ("IIJA"), marking a significant milestone in the investment in the water sector. This law allocates $50 billion to the United States Environmental Protection Agency (EPA) to enhance the nation's drinking water and wastewater systems, representing the largest federal investment in clean water to date.

The majority of the funding will be channeled through the Clean Water and Drinking Water State Revolving Funds (SRFs), which have long been pivotal in financing water infrastructure projects across the country. Enacted as a stipulation of the 1996 Federal Safe Drinking Water Act Amendment, the Drinking Water State Revolving Fund (DWSRF) extends low-interest loans and grants to qualifying water systems for enhancing infrastructure.

The federal Safe Drinking Water Act (SDWA), amended in 1996, established the national DWSRF program to aid public water systems (PWSs) in upholding SDWA standards and safeguarding public health by financing drinking water infrastructure projects. Section 1452 of the SDWA empowers the EPA to allocate capitalization grants to state DWSRF programs. These federal grants, when combined with state matching funds, establish a sustained reservoir of financial support for drinking water infrastructure initiatives.

In accordance with the SDWA and Clean Water Act (CWA), every state is mandated to formulate an Intended Use Plan (IUP) each year. These plans serve as crucial programmatic blueprints outlining how states intend to execute their programs to fulfill legal obligations and achieve overarching objectives. Key components of the IUP encompass the prioritization of project types, the criteria and methods employed for allocating loans and additional subsidies, as well as the specific projects slated for funding. States develop these plans, solicit public feedback, and subsequently submit them to their respective EPA Regional offices for evaluation. EPA then awards capitalization grants contingent upon ensuring the state's IUP aligns with the designated utilization of funds and satisfies all requirements outlined in Title VI of the CWA or §1452 of the SDWA and associated regulations.

The Delaware Department of Health and Social Services (DHSS), Division of Public Health (DPH) administers these funds to water infrastructure projects across the state. The following document is the IUP for Delaware's DWSRF for the Federal Fiscal Year 2025 and State Fiscal Year 2026, spanning from July 1, 2025, to June 30, 2026. Public comments were available between March 26 and April 25, 2025, and promoted on the DHSS website and during a virtual public meeting held on March 26, 2025**. DHSS received one public comment.**

Background

About the Delaware Drinking Water State Revolving Fund

The Drinking Water State Revolving Fund (DWSRF), established under the 1996 Federal Safe Drinking Water Act (SDWA) Amendment, supports public water systems in maintaining SDWA standards. In Delaware, the Department of Health and Social Services (DHSS), Division of Public Health (DPH) manages these funds.

Intended Use Plan

Each state must create an Intended Use Plan (IUP) annually, outlining how they will use the funds to meet legal requirements and project goals. These plans prioritize project types, detail loan allocation criteria, and list specific projects for funding.

The Intended Use Plan (IUP) is a document that Delaware Health and Social Services (DHSS) submits annually as part of the grant application to the United States Environmental Protection Agency (EPA) to request the Drinking Water State Revolving Funds (DWSRF) Capitalization Grants under the Safe Drinking Water Act (SDWA) and Catalog of Federal Domestic Assistance (CFDA) 66.468. This was submitted by the state to EPA Region III on June 30, 2025, in the first year of availability. This IUP is for the Federal Fiscal Year 2025 (FFY2025), covering July 1, 2025, to June 30, 2026.

DHSS anticipates being eligible for $10,935,000 in federal base capitalization grant funds. DHSS will allocate the full award amount of $10,935,000 in federal funds plus $2,187,000 in state funds (20% required state match) for infrastructure improvement projects and subsidy requirements.

Additionally, DHSS anticipates being eligible for $32,755,000 in federal IIJA capitalization grant funds. There are two (2) distinct grants under the IIJA, and they include Supplemental and Emerging Contaminants (EC) Capitalization Grants. DHSS will allocate roughly $22,600,950 in federal funds plus $4,979,000 in state funds (20% required state match for Supplemental funds only) for infrastructure improvement projects and subsidy requirements. Up to 31% will be used for Set-Aside activity support.

All borrowers submitted applications electronically to one resource mailbox for both the DWSRF and Clean Water State Revolving Fund (CWSRF) and then distributed internally to be considered for funding. The updated process is uniform for both types of borrowers. Prior to this, the potential borrower had to mail hard copies to individual offices. There is now one point of contact to approve or request more information as it relates to the application.

A virtual public meeting was held on March 26, 2025, in which this IUP was presented before the Delaware Water Infrastructure Advisory Council (WIAC) and public stakeholders. Public participation and comments were encouraged during the public meeting. DHSS posted the Fundable Project Priority List (PPL) and IUP online for public comment for 30 days. DHSS received one public comment. DHSS advised the EPA when the comment period occurred. Public Comments could have been submitted during the public meeting or via phone call (302-744-4817), mail (Attention: Drinking Water State Revolving Fund, 417 Federal Street, Suite 205, Dover, DE 19901), or email (DHSS_DPH_DWSRF@Delaware.gov). Visit this page for details of the WIAC meeting: https://dnrec.alpha.delaware.gov/events/water-infrastructure-advisory-council-16/.

This IUP and associated documents were available for public review and comment through April 25, 2025. One comment was provided to DHSS during the public review and comment period.

Delaware will apply for the full allotment of the Base, General Supplemental, and Emerging Contaminants Capitalization Grants. (See **Figure 1** showing totals for the FFY2025 DWSRF Notice of Intent (NOI) solicitation.) Every effort will be made by the program to ensure the state meets the requirements of providing loan assistance to small systems. The program has partnered with technical assistance providers and the University of Delaware's Institute for Public Administration to assist in the identification of and application by small water systems.

Delaware DWSRF agrees to comply with the Federal regulations, the general grant regulations at 40 CFR part 200, all applicable Federal cross-cutting authorities (e.g., Civil Rights Act Title VI), and specific conditions of the capitalization grant. Delaware DWSRF agrees to enter data into the SRF Data System no less than quarterly.

Figure 1: Cumulative FFY25 NOI Requests

	Actual Project Requests	State Match for Projects	Anticipated Federal Award for Projects
EC	$45,744,250		$7,542,720
Supplemental	$31,293,000	$4,979,600	$18,213,287
Base	$17,770,750	$2,187,000	$10,935,000

Delaware DWSRF Goals

Long Term Goals:

- Assist Public Water Systems (PWSs) with achieving affordable compliance and public health protection through DHSS staff strategies and contracted Set-Aside activities.
- Maintain the 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 Department of Natural Resources and Environmental Control (DNREC) Environmental Finance (EF).
- Utilize resources and funds to target the most significant public health and compliance issues problems facing the State's drinking water resources.
- Manage the DWSRF fund with urgency and agency.

Short Term Goals:

- Collaborate with the DHSS Capacity Development program to assist PWSs in developing and implementing asset management plans (per AWIA 2018) via training or support from our technical assistance providers. The DWSRF program requires proof of an implemented asset management plan from PWSs for consideration of DWSRF financial support.
- Manage the NFAA account judiciously, including reallocation of WIAC approved DWSRF grant allotments annually, as need dictates.
- Provide funding to upgrade infrastructure for PWS projects in Delaware.
- Decrease public health risks in drinking water in 2025-2026 for about one-third

of Delaware residents.

- Meet the Program Activity Measure of 96% of fund utilization rate, as negotiated with EPA by continuing to encourage quick spending with loan recipients and sub-grantees.
- Contract with 120Water, Inc., Delaware Technical and Community College (DTCC), and Eastern Research Group, Inc. (ERG) to provide technical assistance and training to small and mid-sized municipalities to maintain and return to compliance with state and federal regulations.
- Provide operator education through contracts with DTCC.
- Utilize Set-Aside funds as outlined in the Work Plans.
- Hold quarterly meetings with Set-Aside recipients to monitor activity progress and evaluate expeditious spending.
- Provide support to the DNREC Source Water Protection (SWP) Crop Cover Ag Strategy.
- Provide support to the DNREC Underground Injection Control (UIC) in the implementation of two new technologies in the: EQuIS and PFAS Tracing.
- Utilize resources in the DHSS Office of Engineering (OE) to ensure borrowers are following crosscutter requirements on construction projects.
- Monitor the Drinking Water to Clean Water Transfer, with EPA assistance.
- Collaborate with 120Water to provide education and training events to educate about Lead and Copper Rule Revisions (LCRR), and the Lead and Copper Rule Improvements (LCRI).
- Revise the joint operating agreement between DHSS and DNREC

Performance Evaluation Review (PER) Action Items

The US Environmental Protection Agency (EPA) conducted its site visit between February 18, 2025, and February 20, 2025, to review the period July 1, 2023, through June 30, 2024 (State Fiscal Year (SFY) 2024). At the time of finalizing this year's IUP, DWSRF has not received the SFY24 PER.

The PER for SFY23 included the following three action items:

1. DHSS needs to fully implement their plan to fill staff vacancies.
2. The joint operating agreement is outdated and needs to be revised. DHSS and DNREC agreed to include the revision as a short-term goal in their next IUPs.
3. DHSS must develop and implement a Timely and Expeditious Use Plan as part of their FFY 2025 DWSRF IUP.

DHSS has taken the necessary steps to correct all action items from the SFY23 PER.

DWSRF Infrastructure Project Selection

In February 2025, NOIs were ranked and placed in priority order, based on public health protection and SDWA compliance. All projects listed on the PPL are considered equivalency projects. Projects have not yet had financial reviews. Anticipated subsidies are based on historical data only and are subject to change. **Full applications are due by July 11th, 2025.** Financial reviews will be performed during evaluations of the full applications.

The Comprehensive, Fundable, and by Capitalization Fund Grant Project Priority Lists (PPLs) are attached, as **Appendix A, B, and C**, respectively.

If additional solicitations for projects occur within the year, the projects will be ranked using the approved Ranking Criteria and then placed on the PPL according to their merit and public health impact.

DHSS will use all the required subsidies. The exact amounts and projects for which those amounts will be applied will be known after **July 1, 2025,** once the State budget is final. DHSS has requested state funds to help supplement disadvantaged communities' financial burden.

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 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 a 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 emergencies 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 WIAC. Additionally, should an emergency project arise to mitigate a public health need, and the project is not yet on the PPL; DHSS will elevate the project to NOI and review. A potential fundable project may proceed, so long as it is captured in the Annual Report and identified in the next available PPL.

As of June 2025, DHSS has not received any emergency project applications.

Ranking Criteria – Revised this year

See 2025 **DWSRF Ranking Criteria** EPA approved changes attached as **Appendix D.**
The Ranking Criteria is outlined within the Operating Agreement.

Tie-breaking procedures

The project with the greatest number of points under the Quality Deficiencies will receive the higher ranking. If there is still a tie, the system with the greater population will receive the higher ranking, or, if the tie occurs with the same borrower, the borrower will be consulted before any decisions are made.

Subsidy Requirements

DHSS will meet minimum subsidy requirements by providing principal forgiveness or grants to: 1) Communities identified as Disadvantaged; 2) the next most 'in need' communities as identified by the financial review and affordability criteria mentioned herein and based on project priority; and 3) applicants who meet the 2025 Additional Subsidy Provisions, Part 1) Congressional Additional Subsidy Authority Provisions. A community considered for the DWSRF Disadvantaged Community Program may receive additional subsidies to the extent that that subsidy is available and within the programmatic structure.

Disadvantaged Community (DAC) definition – Revised this year

A disadvantaged community is one that:

1. Meets the Affordability Criteria; or

2. Is underserved; or

3. The project area is confined by and benefiting specific census tracts that have a percentage of population that is below the poverty level which is greater than the state-wide percentage of population below the poverty level and/or the unemployment rate is greater than or equal to 3.4% unemployed population greater than or equal to 16 years in the civilian labor force.

Affordability Criteria –

Income Data – 1.5 percent of MHI will be considered affordable for a single wastewater or drinking water residential user rates; 3.0 percent 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

percent water or wastewater, 3.0 percent 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."

Unemployment Data –

Nonpayment of residential wastewater and drinking water utility bills are normally

directly associated with insufficient income and unemployment. Communities with a greater than or equal to 3.4% unemployed population greater than or equal to 16 years in the civilian labor force will be eligible for additional subsidy. Additional subsidy may be provided to the extent available.

In the PPL, you will find that borrowers may have been identified as DACs. If so, they will be demarcated using the identifier illustrated in **Figure 2**, which represents each of the three (3) components of the DAC definition.

Figure 2: DAC Identifiers on Project Priority List (PPL)

Disadvantaged Community Identifier
A = Affordability, pending final financial reviews
U = Underserved
C = Census Tract, pending final financial reviews

Each of the three (3) capitalization grants has additional subsidy (Ad Sub) requirements. In **Figure 3**, the anticipated totals are illustrated.

Figure 3: Anticipated Ad Sub totals

Additional Subsidy Name	Total
Emerging Contaminants	$7,542,720
Supplemental DAC	$12,200,020
Base DAC	$1,312,200
Base Congressional	$1,530,900

Loan Projections

DHSS proposes to fund all projects listed on the PPL using federal and state funds, in addition to other sources, providing low-interest loans and grants to public water systems for infrastructure improvement projects.

- New commitments for SFY25 represents loans pending settlement or approval through SFY25. SFY26 represents the full FFY25 PPL and any prior PPL loans not yet approved. SFY27-28 are estimates.
- Capitalization Grant Payments for SFY25 include the remaining balances from SFY24 Grants received. SFY26-27 are assumed at SFY25 level. SFY28 represents only Base Capitalization Grant t pre SFY22 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 $84 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.

The Delaware DWSRF FOCUS Model, in **Figure 4**, illustrates the ability of the program to fund projects beyond the capacity of federal Capitalization Grant awards.

Delaware DWSRF FOCUS Model

Financing and Cash Flow Utilization in the SRF

Version: February 28, 2025

Summary

State Fiscal Year	2025	2026	2027	2028
New Commitments	$36,260,844	$116,407,998	$70,000,000	$70,000,000
Disbursements including Loans in Construction	$77,197,403	$121,043,232	$85,487,887	$70,242,108
Loan Repayments	$11,023,496	$15,356,640	$16,810,450	$16,380,814
Capitalization Grant Payments	$113,262,093	$66,181,000	$66,181,000	$8,000,000
State Match	$5,529,200	$5,529,200	$5,529,200	$1,600,000
End of Year Cash Balance	$155,547,902	$110,808,715	$93,325,367	$46,584,074

Other Program Information

Interest Rate Policy – Effective September 2024. - Appendix F

On June 26, 2024, the Water Infrastructure Advisory Council ("WIAC") reviewed, provided input, and voted to recommend the Delaware Water Pollution Control Revolving Fund ("WPCRF or CWSRF") and the Delaware Safe Drinking Water State Revolving Fund ("DWSRF") annual interest rate policy revision for the interest rate change effective 9/1/2024, as follows:

The WIAC recommends changing the current interest and fee rates during the disbursement period of the loan (known as interest/fee during construction) from 2.0% to 0.0% for both new and existing loans in a disbursement status.

The following conditions applied to this change:

- The policy will be in effect until the receipt of the last Infrastructure Investment and Jobs Act ("IIJA") Grants or until the programs decide it necessary to change.
- These effects of the interest change will be monitored. Any significant financial impacts will be reported, and the policy will be revised as necessary.
- Should the disbursement ratios not improve as a result of this change, the policy will be revisited.
- All existing Bonds securing the loans will be amended allowing for the interest rate change with no cost to the Borrowers.

All other portions of the interest rate policy will remain the same as follows and apply to the amortization period of the loan:

The size and complexity of the CWSRF and DWSRF underscore the need to routinely analyze and track financial conditions and periodically evaluate various Fund management options.
Such an analysis was recently completed by our financial management analysts in consultation with the State's financial advisory consultant, PFM, LLC.

For the purpose of this policy, loan documents shall set forth provisions for the borrower to pay to the Department on the principal amount drawn down and outstanding from the date(s) drawn, interest and an administrative fee (collectively, interest and the administrative fee are referred to as "Fee" in the loan documents).

The payments of principal and interest are deposited into the CWSRF and DWSRF respectively. The administrative fee is deposited separately into the CWSRF or DWSRF Non- Federal Administrative Account ("NFAA"), respectively, to support each of the SRF's program expenses, wastewater and drinking water quality related expenses, and innovative wastewater and drinking water quality programs. Funds within the respective NFAAs are accounted for separately from the CWSRF and DWSRF Capital Reserve Loan Funds. Each NFAA complies with EPA's Guidance on Fees Charged on CWSRF and DWSRF loans.

The following criteria, interest rates and administrative fees apply to new public, private/public use, investor-owned, and private/private use CWSRF and DWSRF loan

applications presented for approval effective 9/1/2024 as well as all current loans in a disbursement status, until this policy is revised.

Criteria for Setting Interest Rates and Administrative Fees (1):

- Interest plus fee rates shall be set at 2.0 percent per annum.
- Administrative Fees shall be set at 50 percent the overall interest rate.
- Interest plus fee rates for all Lead Service Line Replacement loans shall be set at 0.0 percent per annum.
- A lower interest rate may be made available based on projected residential user rates as a percentage of Median Household Income (MHI) above 1.5 percent for a single wastewater or drinking water provided utility, and 3.0 percent for a combined wastewater and drinking water provided utility, only after other alternatives such as extended repayment terms, principal forgiveness or supplemental grants are exhausted.
- Should any municipal applicant demonstrate that the municipal bond rate available to its organization is lower than the collective interest rate and administrative fee set by this policy, then DNREC may match the lower bond rate by adjusting the interest rate.
- Should US Tax Reform (or other regulatory changes) have an impact on the pricing of tax- exempt bonds and their relative value to taxable bonds, this policy will be reviewed and adjusted.

Administrative Accountability and Annual Review Requirements:

- No less frequently than annually, Environmental Finance will perform a financial review of the CWSRF and DWSRF loan portfolios and make any changes to assure efficient use of funds and their perpetuity. This review shall consider factors such as the water quality and public health priorities, demand for financial assistance, availability and financial benefit of other assistance programs, state funding priorities, demographics and affordability and current market conditions.
- Environmental Finance will use financial modeling to understand how different loan terms and project types may impact the long-term growth of the CWSRF and DWSRF.

The NFAA will support DNREC EF FTEs, DHSS FTEs, Matching Planning Grants, Asset Management Grants, DHSS Laboratory supplies, water testing equipment, and contractual water testing.

Possible DWSRF Administrative Loan Fees

DWSRF Administrative Loan Fees have been waived for the 2025 PPL/applicants.

Leveraging

DHSS does not anticipate the need to reserve the right to transfer Capitalization Grant and loan repayment monies between the State's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund programs, as necessary to ensure the full utilization of the federal assistance during this grant year.

State Match

The State Match for both the base and supplemental capitalization grants will be made using

State of Delaware Bond Bill funds.

Cash Draw Ratio

As it relates to proportionality for cash draws, note that DHSS will draw the entire state match for infrastructure projects and then move on to the federal grant funds.

Cross Collateralization between SRF programs—Transfer Use

As of June 13, 2025, there is $32,460,211 available for drinking water project loans and current loan disbursement. This 'transfer back' to the DWSRF may begin in calendar year 2025 and will be on a case-by-case basis as needed. DHSS will coordinate with DNREC to receive regular account summaries. Those summaries will be reported in the next corresponding Annual Report.

Cross Collateralization between SRF programs

In FFY12 the DWSRF program transferred $27,050,176 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%). This leaves $31,161,803 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.

To date, no funds have been transferred back to the DWSRF program. DHSS reserves the right to transfer additional funds between the programs if needed.

DWSRF Coordination of funding priorities with State Drinking Water Enforcement Agency

The DWSRF program coordinates with the Office of Drinking Water by performing a Capacity Development review and by collaborating throughout the year to offer technical assistance to 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 2025, as it is not in federal grant requirements. DHSS will use this coming year to learn more about this initiative and it's benefits to borrowers.

DHSS will support engagement with a green energy consultant for feasibility studies and implementation plans to support categorically green drinking water projects.

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 Capacity Development Program, housed in the Office of Drinking Water, to review the Capacity Development portion of each full application, work with systems to increase technical, managerial, and financial capacity; ensure the creation and maintenance of asset management plans; and report any serious, outstanding problems to the DWSRF program so that they may be addressed before loan closing.

Asset Management

DHSS will begin to require Asset Management Plans (AMPs) for DWSRF consideration and financial support. To date, more than 21 systems have started an AMP. The NFAA has funded the AMP Grant program. The maximum grant amount is $100,000. The long-term goal is to have the Capacity Development program review submitted AMPs as a new initiative.

Davis Bacon Act Participation

All DWSRF-assisted project capitalization grants 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.
- The DWSRF program will follow the Safe Drinking Water Act's requirement at 42 U.S. Code §300j-12(g)(3) and EPA's regulations at 40 CFR §35.3550(l), by committing to expend all funds as efficiently as possible and in an expeditious and timely manner. The DWSRF program will reduce, if not eliminate, its unliquidated obligations (ULO) and expedite cash draws. The DWSRF program will draw capitalization grant funds using the state's oldest open grant.
- 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 third year of the grant.
- See **Appendix G –** Timely and Expeditious Use Plan that was updated in FFY24.

Project Management

DHSS designates all loans to requirements of Single Audits, DBE, Crosscutters (e.g., Civil Rights Act Title VI), Davis Bacon, Federal Funding Accountability and Transparency Act (FFATA), and BABA.

Reporting

DHSS will make all efforts to report all applicable information to: FFATA, Projects Benefits, Reports, and the Office of Water State Revolving Fund (OWSRF) portal in

accordance with applicable due dates set forth by EPA.

Ag Strategy

Please refer to the 15% Supplemental Capitalization Grant Set-Aside for information on the Cover Crop Program to learn how DHSS DWSRF Administration is meeting EPA's Ag Strategy recommendations.

Sources and Uses

See **Table 1** below illustrating the Sources and Uses of the DWSRF fund, including open grants, appropriations being applied for, match, repayments, and fee income.

DWSRF SFY 26 Sources:

Projected Fund Balance at 6/30/2025	$	155,547,902
Base Cap Grant	$	10,935,000
Base Cap Grant State Match	$	2,187,000
Supplemental Cap Grant	$	24,898,000
Supplemental Cap Grant State Match	$	4,979,600
Lead Cap Grant*	$	723,000
Emerging Contaminants Cap Grant	$	7,857,000
Projected Repayments to the Fund	$	15,368,339
Projected Investment Income	$	2,000,000
Total Sources for SFY 26:	**$**	**224,495,841**

DWSRF SFY 26 Uses:

Undisbursed Loan Commitments	$	107,456,520
New Loan Commitments included New PPL	$	110,040,328
2% Technical Assistance	$	263,675
4% Administration	$	1,310,200
10% Program Management	$	2,389,901
15% Local Assistance	$	3,035,217
Total Uses for SFY 26:	**$**	**224,495,841**
Net Sources & Uses SFY26	**$**	**-**

*Estimated LSL Amounts

In consideration of projects for construction, the DWSRF program will prepare one-year budgets utilizing applications received during the program's solicitation of NOIs. If the sources exceed the uses, the program may pursue additional solicitation for projects each year. The program anticipates entering signed final loan agreements within one year of the award of the Capitalization Agreements. All funds will be expended expeditiously and by the end of the project period for the award.

Set-Aside Activities

The SDWA allows states to use part of the Capitalization grant to support Set-Aside activities. Up to 31% of each Capitalization grant may be used for Set-Aside activities.

Delaware reserves its authority to apply the remaining 2%, 4%, and 10% set-asides from prior Base Grants to future capitalization grants. Delaware also reserves its authority to bank the 2%, 4%, and 10% set-asides from future Infrastructure Investment and Jobs Act ("IIJA") - Supplemental, Emerging Contaminants, and LSL Replacement Grants. The figure below illustrates Delaware's reserve set-asides.

DWSRF Set-Aside Reserve Amount

Delaware Grants	2022 Allotment	2022 Request	2022 Reserve	2023 Allotment	2023 Request	2023 Reserve	2024 Allotment	2024 Request	2024 Reserve	2025 Allotment	2025 Request	2025 Reserve	Total Reserve
Base	**$7,008,000**			**$5,037,000**			**$4,661,000**			**$10,935,000**			
2%	$140,160	$137,332	$2,828	$100,740	$0	$100,740	$93,220	$0	$93,220	$218,700	$0	$218,700	$415,488
4%	$280,320	$263,247	$17,073	$201,480	$0	$201,480	$186,440	$0	$186,440	$437,400	$0	$437,400	$842,393
10%	$700,800	$662,925	$37,875	$503,700	$0	$503,700	$466,100	$0	$466,100	$1,093,500	$0	$1,093,500	$2,101,175
15%	$1,051,200	$936,362	$0	$755,550	$0	$0	$699,150	$0	$0	$1,640,250	$0	$0	$0
Projects for Const	$4,835,520	$5,008,134	$0	$3,475,530	$5,037,000	$0	$3,216,090	$4,661,000	$0	$7,545,150	$10,935,000	$0	$0
Subtotals	**$7,008,000**	**$7,008,000**	**$57,776**	**$5,037,000**	**$5,037,000**	**$805,920**	**$4,661,000**	**$4,661,000**	**$745,760**	**$10,935,000**	**$10,935,000**	**$1,749,600**	**$3,359,056**
Supplemental	**$17,992,000**			**$21,055,000**			**$22,985,000**			**$24,898,000**			
2%	$359,840	$79,195	$280,645	$421,100	$262,485	$158,615	$459,700	$459,700	$0	$497,960	$263,675	$234,285	$673,545
4%	$719,680	$416,849	$302,831	$842,200	$794,099	$48,101	$919,400	$794,083	$125,317	$995,920	$995,920	$0	$476,249
10%	$1,799,200	$363,202	$1,435,998	$2,105,500	$1,197,325	$908,175	$2,298,500	$1,912,093	$386,407	$2,489,800	$2,389,901	$99,899	$2,830,479
15%	$2,698,800	$1,183,453	$0	$3,158,250	$2,637,607	$0	$3,447,750	$2,701,988	$0	$3,734,700	$3,035,217	$0	$0
Projects for Const	$12,414,480	$15,949,301	$0	$14,527,950	$16,163,484		$15,859,650	$17,117,136		$17,179,620	$18,213,287		$0
Subtotals	**$17,992,000**	**$17,992,000**	**$2,019,474**	**$21,055,000**	**$21,055,000**	**$1,114,891**	**$22,985,000**	**$22,985,000**	**$511,724**	**$24,898,000**	**$24,898,000**	**$334,184**	**$3,980,273**
Lead Service Lines	**$28,350,000**			**$28,650,000**			**$30,845,000**						
2%	$567,000	$292,290	$274,710	$573,000	$75,214	$497,786	$616,900	$145,214	$471,686	$0	$0	$0	$1,244,182
4%	$1,134,000	$170,379	$963,621	$1,146,000	$1,121,736	$24,264	$1,233,800	$231,651	$1,002,149	$0	$0	$0	$1,990,034
10%	$2,835,000	$0	$2,835,000	$2,865,000	$0	$2,865,000	$3,084,500	$0	$3,084,500	$0	$0	$0	$8,784,500
15%	$4,252,500	$0	$0	$4,297,500	$0	$0	$4,626,750	$0	$0	$0	$0	$0	$0
Projects for Const	$19,561,500	$27,887,331	$0	$19,768,500	$27,453,050	$0	$21,283,050	$30,468,135	$0	$0	$0	$0	$0
Subtotals	**$28,350,000**	**$28,350,000**	**$4,073,331**	**$28,650,000**	**$28,650,000**	**$3,387,050**	**$30,845,000**	**$30,845,000**	**$4,558,335**	**$0**	**$0**	**$0**	**$12,018,716**
Emerging Contaminants	**$7,555,000**			**$7,640,000**			**$7,690,000**			**$7,857,000**			
2%	$151,100	$78,000	$73,100	$152,800	$0	$152,800	$153,800	$0	$153,800	$157,140	$0	$157,140	$536,840
4%	$302,200	$148,426	$153,774	$305,600	$146,015	$159,585	$307,600	$138,784	$168,816	$314,280	$314,280	$0	$482,175
10%	$755,500	$0	$755,500	$764,000	$0	$764,000	$769,000	$0	$769,000	$785,700	$0	$785,700	$3,074,200
15%	$1,133,250	$950,000	$0	$1,146,000	$0	$0	$1,153,500	$0	$0	$1,178,550	$0	$0	$0
Projects for Const	$5,212,950	$6,378,574	$0	$5,271,600	$7,493,985	$0	$5,306,100	$7,551,216	$0	$5,421,330	$7,542,720	$0	$0
Subtotals	**$7,555,000**	**$7,555,000**	**$982,374**	**$7,640,000**	**$7,640,000**	**$1,076,385**	**$7,690,000**	**$7,690,000**	**$1,091,616**	**$7,857,000**	**$7,857,000**	**$942,840**	**$4,093,215**
GRAND TOTALS	**$60,905,000**	**$60,905,000**	**$7,132,955**	**$62,382,000**	**$62,382,000**	**$6,384,246**	**$66,181,000**	**$66,181,000**	**$6,907,435**	**$43,690,000**	**$43,690,000**	**$3,026,624**	**$42,809,305**

See all Set Aside Work Plans as **Appendix E.**

Base Capitalization Grant Set-Asides

DWSRF is not using the Base Capitalization Grant to fund Set-Aside activities. The Base Capitalization Grant will be used to fund projects.

IIJA Supplemental Capitalization Grant Set-Asides

Small Systems Technical Assistance (2% Supplemental)

The 2% Supplemental Set-Asides will fund the required program audits, the salaries, fringe benefits, travel, supplies, contractual services, health insurance, indirect and other personnel charges of Delaware Technical Community College, and Eastern Research Group Inc. The 2% will also fund a Planner II who will assist public water systems serving less than 10,000 people and provide Technical Assistance geared towards supporting community water systems and municipal water systems in the State of Delaware to ensure that they meet national drinking water safety standards, thus promoting higher standards of health for Delawareans.

Delaware Technical and Community College (DTCC) Workforce Development

To ensure accessibility for all interested water operators, Delaware Tech's Environmental Training Center offers flexible training sessions for water certification, accommodating a range of schedules and class sizes. The college provides base-level water courses, continuing education courses, endorsement courses, limited license, and sub-endorsement courses twice a semester. This structure allows operators to pursue certification at their convenience while meeting the demands of their work schedules. In collaboration with state agencies, DTCC ensures training aligns with industry standards and regulatory requirements and will provide training to public water systems serving less than 10,000 people.

Delaware Technical and Community College (DTCC) Education and Outreach on New Initiatives

DTCC's Environmental Training Center will continuously research new initiatives and policies. Updates will be completed regularly through newsletters and community forums. Research will also be done on real case studies that can be integrated into workshops offered. These will assist operators in real-world situations and give them the skills to respond effectively. DTCC will provide technical assistance and training to the public.

Delaware Technical and Community College (DTCC) Emergency Planning and Cybersecurity

The DTCC Environmental Training Center (ETC) will develop a new course covering the importance of cybersecurity within water systems and the risks that are encountered. It will also cover how to respond effectively to these risks and vulnerabilities. The training will be marketed and offered to Delaware water operators annually. ETC staff will assist with registering students and tracking the funding for students enrolled in this program. The ETC will also host three workshops that will be centrally located to conduct simulation exercises to prepare staff for potential emergencies. Topics may include subjects such as: Emergency Response, Emerging Technology, Aging Workforce, PFAS, and Cybersecurity. Workshop Topics will be approved by DHSS personnel. DTCC will provide training to public water systems serving less than 10,000 people.

Eastern Research Group, Inc. (ERG) Education on PFAS, PFOS, and Emerging Contaminants

ERG will provide training on PFAS, PFOS, and Emerging Contaminants, consisting of six virtual and three in-person sessions. This training will target water operators of small and medium-sized drinking water systems serving 10,000 or fewer persons. Assist small systems through contractor personnel.

DWSRF Program Administration (4% Supplemental)

The 4% Supplemental Set-Asides will be used to fund required program audits, salaries, fringe benefits, supplies, travel, contractual services, indirect and other personnel charges of DHSS DWSRF FTEs.

State Program Management (10% Supplemental)

The 10% Supplemental Set-Asides will be used to fund the salaries, fringe benefits, travel, supplies, contractual services, indirect, and other personnel charges of DHSS Delaware Public Health Laboratory (DPHL), Office of Drinking Water (ODW), and DNREC Division of Water FTEs.

Public Water Supply Supervision (PWSS)

- Monitor, track, and report compliance for Public Water Systems.
- Develop a plan for private drinking water labs to submit their drinking water sample results electronically.
- Ensure public water systems that are required to have a licensed water operator do so, either by directly employing an operator or by contracting with an operator.
- Continue to utilize EPA reporting under the Enforcement Response Policy and Enforcement Tracking Tool (ETT).
- Facilitate posting of all relevant public water systems information and sample results to Delaware's Drinking Water Watch public-facing webpage.
- Determine progress with the cross-connection control plan development necessary to ensure compliance at or before the compliance deadline, development of asset management plans, lead service line inventories, and awareness of PFAS Drinking Water MCL development.
- Build LCR resiliency within the PWSS Program.
- Faster response to issues related to SDWIS.

ODW Operator Certification

- Monitor, track, and report water operator licensures.
- Communicate with operators to provide assistance, training opportunities, industry and regulatory updates, and other information pertinent to drinking water.
- Expand regulatory-related training to water operators by ODW staff, including greater online training opportunities.
- Provide administrative review and processing of water operator license renewals.
- Provide support and proctoring assistance to DTCC for Drinking Water Operator examinations.

Delaware Public Health Laboratory (DPHL)

- Continue analyzing samples for the presence of Legionella.
- Purchase supplies and reagents to maintain higher levels of operational efficiencies and cost-effectiveness.
- Crosstrain for continuity of operations in the event of emergencies, including flooding and other weather-related events.
- Continue to perform audits for the certification of drinking water testing laboratories within Delaware.
- Continue to perform in-house testing to include test samples for chemical analysis and bacteriological.

Department of Natural Resources and Environmental Control (DNREC) Underground Injection Control (UIC)

- The UIC Program will continue to work with the Division of Public Health to ensure that underground sources of drinking water are protected by providing technical support on the oversight and management of wastewater treatment and disposal systems. UIC Program activities include permitting, compliance, and enforcement, integration of water quality protection and management with local, state, and federal programs, providing technical assistance and support to municipalities, counties, and utilities regarding wastewater treatment and disposal operations, and managing information, including groundwater monitoring data.
- The UIC Program will continue to perform inspections and monitoring data reviews of wastewater treatment and disposal systems and other UIC wells, and if any compliance issues are identified, follow-up with informal (i.e., Notices of Violation) and/or formal (i.e., Orders) enforcement to gain compliance with permit conditions, State, and/or Federal Regulations. As part of the inspection program, the UIC Program is also instituting a wastewater treatment and disposal system wastewater and groundwater monitoring verification program. The program will split monitoring samples with Permittees to ensure that monitoring data submitted is representative of on-site conditions.
- The UIC Program will continue to provide contract support to the Division of Water for the development of the Environment Quality Information System (EQuISTM). The implementation of this application supports the UIC Program's data collection, storage, and analysis requirements by sharing analytical groundwater data throughout the State for permit and compliance evaluations and allowing the submission of electronic and continuous real-time monitoring data.
- The UIC Program will continue to participate in technical assistance and outreach opportunities including offering technical support to municipalities, counties, and utilities regarding wastewater treatment and disposal operations and technologies, continue to participate in EPA's Decentralized Wastewater MOU Partnership, and continue to work with public and private partners on economic development plans through the Department's Planners Technical Advisory Committee (PTAC).
- The UIC Program will continue to implement the pollution control strategies for the Chesapeake Bay Watershed, including wastewater treatment and disposal system performance and monitoring, and septic elimination. As part of this objective, the UIC Program will continue to participate in conference calls/meetings with the Chesapeake Bay Interagency Work Group, Chesapeake Bay Watershed Implementation Plan Group, and calls/meetings for consultation with the Division of Watershed Stewardship's Water Quality and Assessment Program on Delaware's Water Quality Standards.

Local Assistance and Other State Programs (15% Supplemental)

The 15% Supplemental Set-Asides will be used to fund the salaries, fringe benefits, travel, supplies, equipment, contractual services, indirect and other personnel charges of DHSS Office of Drinking Water, Office of Engineering, Environmental Hazards and Toxicology, and DNREC Division of Water FTEs. The 15% Set Aside will also fund Kash Srinivasan Group, Sussex Conservation District, The Brandywine Conservancy, Delaware Nutrient Management Commission (DNMC), Delaware Technical and Community College (DTCC), and Eastern Research Group, Inc.

ODW Capacity Development

- Track and identify trends in TMF capacity for all Delaware public water systems

triennially.

- Assist new community water systems (CWSs) and non-transient non-community water systems (NTNCWSs) to prepare Lead and Copper Rule (LCR) compliant sampling plans upon activation as a public water system and provide assistance to achieve compliance with Lead and Copper Rule Revisions.
- Maintain increased educational efforts to prospective new systems so that initial operations are not impeded by non-compliance.
- Assist new CWSs and NTNCWs to be compliant with the SDWA for their three-year term as a new PWS in Delaware.
- Encourage and assist PWSs to develop and implement asset management plans that include best practices for asset management as required by America's Water Infrastructure Act (AWIA).
- Add contractual staff to develop and implement a voluntary cybersecurity assessment program.

Sussex Conservation District

- The Sussex Conservation District (SCD) will continue to improve the implementation rate of agricultural Best Management Practices (BMPs) in well-head protection areas, excellent groundwater recharge areas, and all other agricultural areas in Sussex County as part of an effort to protect the public drinking-water supply and nearby surface waters.

Brandywine Conservancy

- Brandywine Conservancy will provide work in support of the protection and improvement of source water for drinking water utilities in the State.

DNREC Ag Strategy Program/Source Water Protection (SWP)

- Source Water Assessment, Characterization and Monitoring – This includes providing assessments for any new system, revising and updating existing source water assessments (e.g. delineation, contaminant sources, susceptibility assessment), providing technical assistance to solve source water problems including recommendations for potential DWSRF funded monitoring network/systems development, and resource characterization activities. The SWAPP will continue the development of a statewide ambient groundwater monitoring program, including the deployment of long-term monitoring equipment with real-time data telemetry capabilities, while utilizing existing DGS and DNREC Division of Water monitoring well infrastructure, and the Water Allocation Branch permitting process. For this grant cycle, contractual support will be utilized for miscellaneous groundwater sampling, including raw water sampling of public water systems, as well as PFAS-related sampling in collaboration and with guidance from the PFAS Steering Committee.
- Prioritization of State SWP activities – This includes support of local efforts to develop SWP ordinances and comprehensive plans or other local approaches, support to SWP-related UIC activities, and related needs.
- 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 and participation on the New Castle County Resource Protection Area Technical Advisory Committee (RPATAC) and the Delaware Water Supply Coordinating Council.
- Managing Information – This includes data collection, data storage, and recovery, GIS development, web availability, state and federal data reporting capacity. Additionally, the

SWAPP will work with systems to evaluate their needs for data management and operational enhancements (e.g., SCADA) that could benefit from potential DWSRF funding. Contractual funding will be utilized to support the EQUIS Enterprise migration project, which will be used by the Division of Water to store, share, and review analytical/permit data throughout the State, including the Ambient Groundwater Monitoring project. In addition, the SWAPP will continue to participate and lead the discovery and needs assessment, in collaboration with the Office of Drinking Water, Delaware Geological Survey, and DNREC Division of Water to determine the feasibility of creating an interagency data repository to using WaterSTAR, formally RBDMS Environmental, as a set of tools for managing laboratory analytical and field data. SWAPP is working closely with the Division of Water Licensing Program Coordinator to continue work on the "Bilingual Licensing Examination and Content Development Accessibility and Support Project", which will offer online training content in multiple languages to prospective licensees pursuing water well, on-site wastewater, or wastewater operation licenses. Additionally, since the training courses will be available online, they will be available to contractors, including those from underrepresented sectors at any time of convenience for the prospective licensee.

Kash Srinivasan Group - Sustainability 1:1

- The DWSRF Program will continue to work with Kash Srinivasan Group, LLC, which will provide continued support for the Sustainability of Drinking Water Utilities in the State. The contractor will provide support to the Capacity Development and DWSRF programs by assisting Delaware's public water systems (PWSs) with resources to meet EPA's Financial capacity requirements, which in turn will assist PWSs achieve and maintain long-term sustainability and compliance with the national safe drinking water regulations. As part of this effort, Kash Srinivasan Group, LLC will engage with selected municipalities to develop custom implementations of Financial Analysis tools developed by the University of North Carolina ("UNC tools").

Delaware Nutrient Management Commission (DNMC)

- The DWSRF Program aims to bolster the Delaware Nutrient Management Commission's initiatives to mitigate phosphorus intake in Delaware's soil, addressing the contamination affecting the State's source water. The addition of nutrients to bodies of surface water accelerates the eutrophication process, in which the water becomes overly enriched with nutrients. Elevated nutrient levels within the water often cause abnormally high production of algae and aquatic plants. The eventual decomposition of increased amounts of organic matter can deplete the water's dissolved oxygen content, resulting in the death of fish and other aquatic organisms. Of all cropland nutrient inputs, phosphorus is the most important nutrient to prevent from reaching surface water bodies. Due to low natural levels of phosphorus, phosphorus availability usually limits biological productivity in surface waters.

Delaware Technical and Community College (DTCC) Operator Certification Proctoring

- Testing for the operator certifications will take place twice a year (January/June).
- The Delaware Technical Community College Environmental Training Center will provide trained personnel to administer and proctor the certification examinations.
- DTCC will also collect and grade all examinations and analyze each level of test by tracking all incorrect answers given to further validate water examinations and provide graded examinations and analyzed answers to DHSS staff.

Eastern Research Group Inc., (ERG) Infrastructure Needs Development Assistance

- ERG will assist small water systems with infrastructure planning. ERG proposes a structured, practical approach to helping small drinking water systems serving up to 3,300 people assess their infrastructure needs and develop long-term capital planning strategies.
- ERG will provide guided asset management support, capital improvement planning, and project implementation readiness support, delivered through a mix of remote and in-person engagements tailored to each system's capacity and needs.
- As part of infrastructure assessments, ERG helps systems plan for treatment upgrades tied to new regulatory drivers, including those related to PFAS and other emerging contaminants.

Eastern Research Group Inc., (ERG) Outreach and Public Awareness on Water and Health Issues

- ERG will support DHSS and public water systems across the State of Delaware in increasing public access to accurate, understandable, and actionable information about drinking water and public health. ERG is prepared to create a range of materials to accommodate a range of needs.

Eastern Research Group Inc., (ERG) Technical, Managerial and Financial (TMF) Capacity Building

- ERG will support the long-term sustainability of Delaware's small public water systems. ERG will deliver three in-person, one-day workshops annually, focused on infrastructure funding options.
- ERG will tailor these workshops to systems serving 10,000 people or fewer and design them to build practical capacity in navigating SRF processes, aligning infrastructure planning with funding opportunities, and addressing documentation requirements.

IIJA Emerging Contaminants Capitalization Grant

Small Systems Technical Assistance (2% Emerging Contaminants)

This Emerging Contaminants set-aside will not be used for Set-Aside activities.

DWSRF Program Administration (4% Emerging Contaminants)

The 4% Emerging Contaminants Set-Asides will be used to fund the salaries, fringe benefits, contractual, travel, supplies, other personnel, and indirect costs of DHSS Environmental Hazards and Toxicology, and the Office of Engineering FTEs.

State Program Management (10% Supplemental)

This Emerging Contaminants set-aside will not be used for Set-Aside activities.

Local Assistance and Other State Programs (15% Emerging Contaminants)

This Emerging Contaminants set-aside will not be used for Set-Aside activities.

Public Review

A virtual public meeting was held on March 26, 2025, in which this IUP will be presented before the Delaware Water Infrastructure Advisory Council (WIAC) and public stakeholders. DHSS posted the Fundable PPL and IUP online for public comment for 30 days. DHSS received one public comment. DHSS advised the EPA when the comment period occurred and will share any meaningful public comments that are received. Visit this page for details of the WIAC meeting: https://dnrec.alpha.delaware.gov/events/water-infrastructure-advisory-council-16/.

The IUP and associated documents were available for public review and comment through April 25, 2025.

Appendices

Appendix A Comprehensive PPL

Delaware Division of Public Health Drinking Water State Revolving Fund 2025
Comprehensive Project Priority List

Rank	Water Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, U, C	Total Points	Funding Appropriation	Financing	Terms	Anticipated subsidy
1	FISHOOOK MHP	DE0000260	180	FISHHOOK MHP	This project is to address PFAS levels in community wells. This project include upgrades to water infrastructure to address the issues resulting from PFAS.	$ 1,500,000.00	C	980	EC	2.00%	20 years	EC
2	City of Seaford	DE0000246	7,957	Nylon Well Replacement	The project will ensure that the City continues to supply safe drinking water to its customers, which meets national drinking water standards. The project will diversify the City's source water supply and create a system which is less susceptible to contamination. The project will also restore much needed source water capacity to the City's distribution system to ensure adequate pressure is available in the system at all times, including fire flow demands.	$ 2,700,000.00	C	975	Supplemental	2.00%	20 years	Supplemental
3	Artesian Water Company, Inc.	DE00A0428	278	Bowers Beach Water System Improvements	This project will provide the underserved community of Bowers Beach with safe, reliable drinking water and public fire protection. The Town currently has private wells that show signs of being impacted by salt water intrusion, manmade contaminants, and flooding due to the Town's proximity to the Delaware Bay. Many of the wells in Town are shallow and have a likelihood of being impacted by the emerging contaminants. Artesian Water Company proposes to use their existing water system that is miles from the bay to supply water to new infrastructure that will be built in the Town. The proposed project consists of an off-site water main extension, a booster station, an elevated storage tank, and a distribution system for 237 water services.	$ 2,580,000.00	U, C	890	Supplemental	2.00%	20 years	Supplemental
4	City of Newark	DE0000630	40,000	Curtis Water Treatment Plant-PFAS Removal Upgrades	This project would begin with a comprehensive review of treatment at the surface water treatment plant and how the new processes would be integrated while keeping the plant online during the upgrade process. In addition to upgraded treatment processes anticipated to include Ion Exchange and Granular Activated Carbon installation, storage and distribution upgrades would be necessary from a process standpoint.	$ 25,000,000.00		625	EC	2.00%	20 years	
5	City of Wilmington	DE0000663	108,367	Water Distribution and Transmission Improvements- Lead Removal	This project will eliminate any exposure the potable water may have with lead material in the distribution system by replacing the old cast iron pipe with modern-day cement-lined, ductile iron pipe with an engineered rubber gasket.	$ 10,000,000.00	A, C	610	LSLR	0.00%	20 years	LSLR
6	City of Seaford	DE0000246	7,957	Martin Farms Lead Service Abatement - Phase 2	The project will serve a neighborhood that currently depends on aging infrastructure and which contains lead services. The new system will eliminate lead services while providing a safer, more reliable water system that is easier to access and maintain. The project also provides up&to-standard fire hydrants and adds meter pits for monitoring water usage which is a long-term goal for the City. The new sewer main will consolidate two 8" clay sewer mains behind the homes in each block into one main in the roadway along with new services.	$ 1,250,000.00	C	585	Base	2.00%	20 years	Base Congressional
7	Town of Magnolia	DE0000610	6,863	North Main Street Watermain and Lead Service Line Replacement	This project will remediate the potential of lead within the distribution system by replacing aging water service lines that are known to have lead gooseneck distribution main connections and fire hydrants containing lead components.	$ 1,620,750.00		420	LSLR	0.00%	20 years	
8	Laurel Village MHC	DE0000261	1,200	Remediation of Emerging Contaminants at Laurel Village MHC	This project will treat the water distribution system within Laurel Village by removing emerging contaminants including but not limited to PFOS and PFOA. This will help ensure that contaminant levels are significantly reduced or eliminated altogether in the drinking water supply.	$ 865,000.00	C	365	EC	2.00%	20 years	EC
9	City of Wilmington	DE0000663	108,367	Emerging Contaminants/PFAS Removal	This project will incorporate the most cost-efficient means of removing PFAS from the City's source.	$ 30,000,000.00	A, C	350	EC	2.00%	20 years	EC
10	Town of Delmar	DE 0000567	3,989	Delmar Elevated Storage Tank	The proposed project will result in a new elevated storage tank for the Town of Delmar water distribution system. The new tank will provide critical storage for the entire portion of the Town located east of U.S. Route 13.	$ 2,793,000.00	C	275	Supplemental	2.00%	20 years	Supplemental
11	Town of Bethany Beach	DE0000556	7,647	Water System Replacement - Clarifier	This project is to address PFAS, levels in community wells. The project will entail the upgrages to water infrastructure to address the issues resulting from PFAS.	$ 4,900,000.00		260	EC	2.00%	20 years	
						$ 83,208,750.00						

Delaware Division of Public Health Drinking Water State Revolving Fund 2025
Fundable Project Priority List

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, U, C	Total Points	Funding Appropriation	Financing	Terms	Anticipated subsidy
1	FISHOOOK MHP	DE0000260	180	FISHHOOK MHP	This project is to address PFAS levels in community wells. This project include upgrades to water infrastructure to address the issues resulting from PFAS.	$ 1,500,000.00	C	980	EC	2.00%	20 years	EC
2	City of Seaford	DE0000246	7,957	Nylon Well Replacement	The project will ensure that the City continues to supply safe drinking water to its customers, which meets national drinking water standards. The project will diversify the City's source water supply and create a system which is less susceptible to contamination. The project will also restore much needed source water capacity to the City's distribution system to ensure adequate pressure is available in the system at all times, including fire flow demands.	$ 2,700,000.00	C	975	Base/Supplemental /Corpus	2.00%	20 years	Supplemental
3	Artesian Water Company, Inc.	DE00A0428	278	Bowers Beach Water System Improvements	This project will provide the underserved community of Bowers Beach with safe, reliable drinking water and public fire protection. The Town currently has private wells that show signs of being impacted by salt water intrusion, manmade contaminants, and flooding due to the Town's proximity to the Delaware Bay. Many of the wells in Town are shallow and have a likelihood of being impacted by the emerging contaminants. Artesian Water Company proposes to use their existing water system that is miles from the bay to supply water to new infrastructure that will be built in the Town. The proposed project consists of an off-site water main extension, a booster station, an elevated storage tank, and a distribution system for 237 water services.	$ 25,800,000.00	U, C	890	Base/Supplemental /Corpus	2.00%	20 years	Supplemental
4	City of Newark	DE0000630	40,000	Curtis Water Treatment Plant-PFAS Removal Upgrades	This project would begin with a comprehensive review of treatment at the surface water treatment plant and how the new processes would be integrated while keeping the plant online during the upgrade process. In addition to upgraded treatment processes anticipated to include Ion Exchange and Granular Activated Carbon installation, storage and distribution upgrades would be necessary from a process standpoint.	$ 25,000,000.00	C	625	EC/Corpus	2.00%	20 years	EC
5	City of Wilmington	DE0000663	108,367	Water Distribution and Transmission Improvements- Lead Removal	This project will eliminate any exposure the potable water may have with lead material in the distribution system by replacing the old cast iron pipe with modern-day cement-lined, ductile iron pipe with an engineered rubber gasket.	$ 10,000,000.00	A, C	610	LSLR - FY24	0.00%	20 years	LSLR - FY24
6	City of Seaford	DE0000246	7,957	Martin Farms Lead Service Abatement - Phase 2	The project will serve a neighborhood that currently depends on aging infrastructure and which contains lead services. The new system will eliminate lead services while providing a safer, more reliable water system that is easier to access and maintain. The project also provides up-to-standard fire hydrants and adds meter pits for monitoring water usage which is a long-term goal for the City. The new sewer main will consolidate two 8" clay sewer mains behind the homes in each block into one main in the roadway along with new services.	$ 1,250,000.00	C	585	Base/Supplemental /Corpus	2.00%	20 years	Base Congressional
7	Town of Magnolia	DE0000610	6,863	North Main Street Watermain and Lead Service Line Replacement	This project will remediate the potential of lead within the distribution system by replacing aging water service lines that are known to have lead gooseneck distribution main connections and fire hydrants containing lead components.	$ 1,620,750.00	C	420	LSLR - FY24	0.00%	20 years	LSLR - FY24
8	Laurel Village MHC	DE0000265	1,200	Remediation of Emerging Contaminants at Laurel Village MHC	This project will treat the water distribution system within Laurel Village by removing emerging contaminants including but not limited to PFOS and PFOA. This will help ensure that contaminant levels are significantly reduced or eliminated altogether in the drinking water supply.	$ 865,000.00	C	365	EC	2.00%	20 years	EC
9	City of Wilmington	DE0000663	108,367	Emerging Contaminants/PFAS Removal	This project will incorporate the most cost-efficient means of removing PFAS from the City's source.	$ 30,000,000.00	A, C	350	EC/Corpus	2.00%	20 years	EC
10	Town of Delmar	DE 0000567	5,989	Delmar Elevated Storage Tank	The proposed project will result in a new elevated storage tank for the Town of Delmar water distribution system. The new tank will provide critical storage for the entire portion of the Town located east of U.S. Route 13.	$ 2,793,000.00	C	275	Base/Supplemental /Corpus	2.00%	20 years	Supplemental
11	Town of Bethany Beach	DE0000556	7,647	Water System Replacement - Clarifier	This project is to address PFAS, levels in community wells. The project will entail the upgrages to water infrastructure to address the issues resulting from PFAS.	$ 4,900,000.00		260	EC	2.00%	20 years	
						$ 106,428,750.00						

Summary/Key						
Grant	Actual Project Requests	State Match for Projects	Anticipated Federal Award for Projects	Additional Subsidy Name	Total	Disadvantaged Community Identifier
Lead Service Line Replacement (LSLR) - FY24	$ 11,620,750.00	$0.00	$0.00	LSLR DAC	$0	
Emerging Contaminants (EC)	$45,744,250.00	$0.00	$7,542,720.00	EC	$7,542,720	*A = Affordability, pending final financial reviews
Supplemental	$31,293,000.00	$4,979,600.00	$18,213,287.00	Supplemental DAC	$12,200,020	U = Underserved
Base	$17,770,750.00	$2,187,000.00	$10,935,000.00	Base DAC	$1,312,200	C = Census Tract, pending final financial reviews
				Base Congressional	$1,530,900	

Appendix C Funding by Grant PPL

Delaware Division of Public Health Drinking Water State Revolving Fund
2025 Base Capitalization Grant Project Priority List

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, U, C	Total Points	Funding Appropriation	Financing	Terms	Anticipated subsidy
6	City of Seaford	DE0000246	7,957	Martin Farms Lead Service Abatement - Phase 2	The project will serve a neighborhood that currently depends on aging infrastructure and which contains lead services. The new system will eliminate lead services while providing a safer, more reliable water system that is easier to access and maintain. The project also provides up&to-standard fire hydrants and adds meter pits for monitoring water usage which is a long-term goal for the City. The new sewer main will consolidate two 8" clay sewer mains behind the homes in each block into one main in the roadway along with new services.	$ 1,250,000.00	C	585	Base	2.00%	20 years	Base Congressional

Delaware Division of Public Health Drinking Water State Revolving Fund
2025 Supplemental Capitalization Grant Project Priority List

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, U, C	Total Points	Funding Appropriation	Financing	Terms	Anticipated subsidy
2	City of Seaford	DE0000246	7,957	Nylon Well Replacement	The project will ensure that the City continues to supply safe drinking water to its customers, which meets national drinking water standards. The project will diversify the City's source water supply and create a system which is less susceptible to contamination. The project will also restore much needed source water capacity to the City's distribution system to ensure adequate pressure is available in the system at all times, including fire flow demands.	$ 2,700,000.00	C	975	Supplemental	2.00%	20 years	Supplemental
3	Artesian Water Company, Inc.	DE00A0428	278	Bowers Beach Water System Improvements	This project will provide the underserved community of Bowers Beach with safe, reliable drinking water and public fire protection. The Town currently has private wells that show signs of being impacted by salt water intrusion, manmade contaminants, and flooding due to the Town's proximity to the Delaware Bay. Many of the wells in Town are shallow and have a likelihood of being impacted by the emerging contaminants. Artesian Water Company proposes to use their existing water system that is miles from the bay to supply water to new infrastructure that will be built in the Town. The proposed project consists of an off-site water main extension, a booster station, an elevated storage tank, and a distribution system for 237 water services.	$ 2,580,000.00	U, C	890	Supplemental	2.00%	20 years	Supplemental
10	Town of Delmar	DE 0000567	3,989	Delmar Elevated Storage Tank	The proposed project will result in a new elevated storage tank for the Town of Delmar water distribution system. The new tank will provide critical storage for the entire portion of the Town located east of U.S. Route 13.	$ 2,793,000.00	C	275	Supplemental	2.00%	20 years	Supplemental

Delaware Division of Public Health Drinking Water State Revolving Fund
2025 Emerging Contaminants Capitalization Grant Project Priority List

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, U, C	Total Points	Funding Appropriation	Financing	Terms	Anticipated subsidy
1	FISHOOOK MHP	DE0000260	180	FISHHOOK MHP	This project is to address PFAS levels in community wells. This project include upgrades to water infrastructure to address the issues resulting from PFAS.	$ 1,500,000.00	C	980	EC	2.00%	20 years	EC
4	City of Newark	DE0000630	40,000	Curtis Water Treatment Plant-PFAS Removal Upgrades	This project would begin with a comprehensive review of treatment at the surface water treatment plant and how the new processes would be integrated while keeping the plant online during the upgrade process. In addition to upgraded treatment processes anticipated to include Ion Exchange and Granular Activated Carbon installation, storage and distribution upgrades would be necessary from a process standpoint.	$ 25,000,000.00		625	EC	2.00%	20 years	
8	Laurel Village MHC	DE0000265	1,200	Remediation of Emerging Contaminants at Laurel Village MHC	This project will treat the water distribution system within Laurel Village by removing emerging contaminants including but not limited to PFOS and PFOA. This will help ensure that contaminant levels are significantly reduced or eliminated altogether in the drinking water supply.	$ 865,000.00	C	365	EC	2.00%	20 years	EC
9	City of Wilmington	DE0000663	108,367	Emerging Contaminants/PFAS Removal	This project will incorporate the most cost-efficient means of removing PFAS from the City's source.	$ 30,000,000.00	A, C	350	EC	2.00%	20 years	EC
11	Town of Bethany Beach	DE0000526	7,647	Water System Replacement - Clarifier	This project is to address PFAS, levels in community wells. The project will entail the upgrages to water infrastructure to address the issues resulting from PFAS.	$ 4,900,000.00		260	EC	2.00%	20 years	

Delaware Division of Public Health Drinking Water State Revolving Fund
2025 Lead Service Line Capitalization Grant Project Priority List

Rank	Water System/ Borrower	PWSID #	Population Served	Fundable Project Name	Project Description	Amount	DAC? - A, U, C	Total Points	Funding Appropriation	Financing	Terms	Anticipated subsidy
5	City of Wilmington	DE0000663	108,367	Water Distribution and Transmission Improvements- Lead Removal	This project will eliminate any exposure the potable water may have with lead material in the distribution system by replacing the old cast iron pipe with modern-day cement-lined, ductile iron pipe with an engineered rubber gasket.	$ 10,000,000.00	A, C	610	LSLR	0.00%	20 years	LSLR
7	Town of Magnolia	DE0000610	6,863	North Main Street Watermain and Lead Service Line Replacement	This project will remediate the potential of lead within the distribution system by replacing aging water service lines that are known to have lead gooseneck distribution main connections and fire hydrants containing lead components.	$ 1,620,750.00		420	LSLR	0.00%	20 years	

Appendix D 2024 DWSRF PPL Ranking Criteria Approval

From: Kresse, Brianna (DHSS)
To: Schulingkamp, Joseph
Subject: RE: Changes to Ranking Criteria
Date: Thursday, January 23, 2025 4:26:05 PM
Attachments: FW DPH General Notice for March Register - Drinking Water State Revolving Fund (for Secretary Manning"s ReviewSignature).msg
image001.png
image002.png
image003.png
image004.png
image005.png
image006.png
image007.png

Hi Joe,

Please see attached the email approving the general notice and ranking criteria to be released for public comment in the March *Register* publication (Monthly Register of Regulations - Delaware Regulations - State of Delaware).

Thank you,

Brianna
Brianna Kresse
Public Health Treatment Program Administrator
Drinking Water State Revolving Fund

Appendix E 2025 DWSRF Set-Aside Work Plans

Delaware

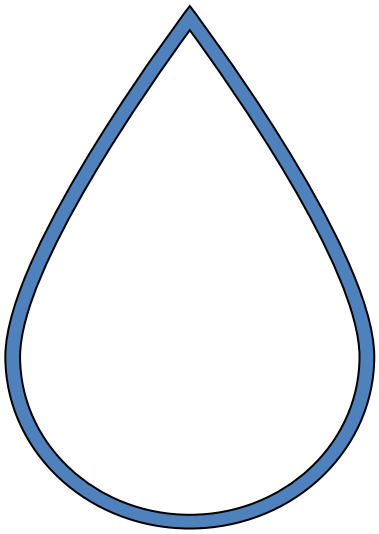
DRINKING WATER STATE REVOLVING FUND (DWSRF)

Appendix E

DWSRF Workplans
Federal Fiscal Year 2025
State Fiscal Year 2026

DWSRF Work Plans

Delaware Drinking Water State Revolving Fund



Background:

This document contains the work plans that the Delaware Drinking Water State Revolving Fund (DWSRF) and their partners across the state will accomplish this year. Delaware Health and Social Services (DHSS) submits the Set-Asides work plans annually as part of the grant applications to the U.S. Environmental Protection Agency (EPA) to request the DWSRF Capitalization Grants under the Safe Drinking Water Act (SDWA) and Catalog of Federal Domestic Assistance (CFDA) 66.468.

The Base Grant will not be used to fund Set Aside activities. The Infrastructure Investment and Jobs Act ("IIJA") Supplemental and Emerging Contaminants Grants will be used to fund the following set-asides, 2% Technical Assistance, 4% DWSRF Administration, 10% State Program Management, and 15% Local Assistance/Other Programs.

2025 Delaware Drinking Water State Revolving Fund DWSRF Set-Aside Work Plan

Supplemental IIJA Capitalization Grant

2% Technical Assistance

Technical Assistance 2%

The 2% Supplemental Set Aside will be used to fund required program audits, and the salaries, fringe benefits, travel, health insurance, supplies, contractual services, indirect and other personnel charges of DHSS DWSRF FTEs.

Eastern Research Group, Inc. (ERG)

Education on PFAS, PFOS, and Emerging Contaminants

ERG is a trusted and experienced provider of drinking water operator training, having delivered hundreds of successful workshops, webinars, and in-person sessions for EPA, state agencies, and operators nationwide. ERG recently designed and implemented a year-long training program for the New Mexico Environment Department, consisting of nine modules delivered both in person and virtually. Three modules—including a two-day session on emerging contaminants—were presented live and on-site, while the remaining sessions were delivered virtually and recorded for future access.

ERG proposes to provide the following services, targeted to operators of small or medium drinking water systems serving 10,000 or fewer people per year.

1. Six virtual trainings of two hours in length at least quarterly for each year of the contract. Each training can address a different, targeted topic related to emerging contaminants, with final topics and agendas determined based on input from DHSS. The trainings will be designed for up to 30 participants each.

2. Three full-day (six CEU hours) in-person workshops addressing PFAS and other emerging contaminants. For costing purposes, we assume that we will deliver one in-person workshop in each of Delaware's three counties (two counties over two days and a third county on another date), and that each of the workshops will share a common agenda drawn from the same set of topics as virtual meetings. Each training will have two presenters and will be designed for up to 20 participants. Costs are based on all three trainings being provided and cannot be "prorated" to only one or two trainings. However, ERG is open to subsequent modifications of the cost estimate if DHSS prefers fewer trainings.

Delaware Technical and Community College (DTCC)

Workforce Development 2%

To ensure accessibility for all interested water operators, Delaware Tech's Environmental Training Center (ETC)offers flexible training sessions for water certification, accommodating a range of schedules and class sizes. The college provides base-level water courses, continuing education courses, endorsement courses, limited license, and sub-endorsement courses twice a semester. This structure allows operators to pursue certification at their convenience while meeting the demands of their work schedules. In collaboration with state agencies, Delaware Tech ensures training aligns with industry standards and regulatory requirements.

Education and Outreach on New Initiatives 2%

DTCC's ETC will continuously research new initiatives and policies. Updates will be completed regularly through newsletters and community forums. Research will also be done on real case studies that can be integrated into workshops offered. These will assist operators in real-world situations and give water operators the skills to respond effectively.

Emergency Planning and Cybersecurity 2%

The ETC will develop a new course covering the importance of cybersecurity within water systems and the risks that come with it. It will also cover how to respond effectively to these risks and vulnerabilities. The training will be marketed and offered to Delaware water operators annually. ETC staff will assist with registering students and tracking the funding for students enrolled in this program. ETC will also host three workshops that will be centrally located to conduct simulation exercises to prepare staff for potential emergencies. Topics may include subjects such as: Emergency Response, Emerging Technology, Aging Workforce, PFAS, and Cybersecurity. Workshop Topics will be approved by DHSS personnel.

4% Program Administration

Program Administration 4%

The 4% Supplemental Set Aside will be used to fund required program audits, and the salaries, fringe benefits, travel, health insurance, supplies, contractual services, indirect and other personnel charges of DHSS DWSRF FTEs.

State Program Management 10%

Office of Drinking Water (ODW)

Capacity Development-Operator Certification 10%

Costs of maintaining the Operator Certification program remain low. However, updates and enhancements to the program are underway and may elicit temporary funding increases.

Relationship to On-Going Program
The Operator Certification program ensures that operators of Delaware's public water systems are properly trained and therefore able to operate their water systems in compliance with the Safe Drinking Water Act (SDWA).
Progress Made To-Date
Currently there are 120 Approved Sampler/Tester-only individuals and approximately 443 active licensed water operators:
Water Supply Operator (Base Level) - 365
Distribution Operator - 7
Limited License - 30
Grandfather License - 9
Operator in Training (OIT) - 2
Reciprocal License - 30

Future Plans
Delaware Department of Health and Social Services (DHSS) will continue to administer the Operation Certification program in coordination with the Advisory Council for Certification of

Public Water Systems Operators and the Office of Drinking Water (ODW).

Objectives and Outputs

- Monitor, track, and report water operator licensures to the U.S. Environmental Protection Agency (EPA).
- Communicate with operators by offering help, training opportunities, industry and regulatory updates, and other information pertinent to drinking water.
- Expand regulatory-related trainings to water operators by ODW staff, including greater online training opportunities.
- Provide administrative review and processing of water operator license renewals.
- Provide support to third-party technical assistance partners for Drinking Water Operator examinations.
- Assist licensed water operators in obtaining the proper endorsements for the water systems they operate.
- Maintain licensed water operator data in a database.
- Plan and prepare for updating the aging database.

Outcomes and Benefits

- Regulatory oversight of all water operator licensure via ODW staff
- The vast majority of Delaware public water systems requiring a licensed water operator will adhere to the requirements, currently at a rate of 99%.
- Information about important drinking water topics reaches a large segment of the drinking water professional community.
- The number of water operator examinations and passing rates will be monitored for use in decision-making regarding examination quality and effectiveness.
- License renewal and associated continuing education compliance will be tracked and maintained administratively via a database.
- Increased Base-level Operator and Endorsement examinations and training opportunities for Delaware licensed water operators.
- Improved and enhanced operator certification database and data management to replace aging and failing ACESS database.

Evaluation

ODW will meet with the Drinking Water State Revolving Funds (DWSRF) office quarterly to review deliverable accomplishments. Successes and barriers will be evaluated, and adjustments will be made accordingly. DWSRF will provide the EPA with Set-Aside reports for the periods of October 1, 2025 – March 31, 2026, and April 1, 2026 - September 30, 2026.

Public Water Supply Supervision **10%**

Relationship to Ongoing Program

The set-aside funds are used to supplement the Public Water Supply Supervision (PWSS) Program in carrying out activities including staff training, enforcement of SDWA regulations, data management, laboratory certification, and compliance assistance.

Progress Made To Date

The PWSS Program has helped Delaware's public water systems maintain compliance with SDWA regulations and health-based standards, resulting in 98% compliance. This program has also assumed responsibility for oversight and compliance for the Lead and Copper Rule (LCR)/Lead and Copper Rule Revisions (LCRR)/Lead and Copper Rule Improvements (LCRI). Each Environmental Health Specialist II is responsible for all LCR-related compliance for all water systems within their assigned territories.

Future Plans

The PWSS Program will work with applicable stakeholders on the installation and implementation of electronic submittals of drinking water sample results analyzed by private Delaware-certified drinking water laboratories through DW-SFTIES that is under development. The program is also continuing its investigation of options for performing electronic sanitary surveys in the field and an electronic Consumer Confidence Report Writer (CCRW) platform to further assist water systems in complying with the Consumer Confidence Rule (CCR). The PWSS Program has successfully contracted directly with a third-party vendor for Safe Drinking Water Information System (SDWIS) upgrades, new product implementation, and ongoing maintenance, as well as to assist with the SDWIS to DW-SFTIES transition. Staff will also attend the Data Management Users Conference (DMUC), where the focus is on data management for drinking water, and where they will have the opportunity to learn more about what other states are doing with regard to data management and the challenges they face.

Objectives and Outputs

- Monitor, track, and report compliance for approximately 454 public water systems (PWS)
- Develop a plan for private drinking water labs to submit their drinking water sample results electronically.
- Ensure public water systems that are required to have a licensed water operator do so, either by directly employing an operator or by contracting with an operator
- Continue to utilize EPA reporting under the Enforcement Response Policy and Enforcement Tracking Tool (ETT)
- Facilitate posting of all relevant public water systems information and sample results to Delaware's Drinking Water Watch (DWW) public-facing webpage.
- Continue with cross-connection control plan development necessary to ensure compliance after the compliance deadline, development of asset management plans, lead service line inventories, and training/awareness of final per- and polyfluoroalkyl substances (PFAS) drinking water MCLs.
- Continue to build LCR/LCRR/LCRI resiliency within the PWSS Program by providing training and mentoring to staff.
- Continued improvement in response to issues related to SDWIS.

Outcomes and Benefits

- Approximately 95% of Delaware's population served by public water systems will receive water that meets all health-based standards.
- Electronic submittals for private laboratory sample results will allow for improved efficiency in storing and reporting drinking water sample data.
- PWS with an ETT score of 11 or greater will be monitored quarterly and offered technical assistance and/or increased enforcement.
- PWS and the public will have access to sample results for all PWS through the Drinking Water Watch platform.
- Lead service line (LSL) inventories will assist with the removal of all LSLs in Delaware to assure lead-free drinking water.
- Cross-connection control plans will reduce/prevent the unnecessary contamination of public drinking water systems.
- Training and awareness of the final PFAS rule to control PFAS in drinking water and the environment will promote discussion regarding monitoring, control technologies, and outreach for public water systems and the public.
- Improve overall LCR compliance and rule management resiliency.
- Improve response efficiency for SDWIS upgrades and maintenance of the SDWIS database.

Evaluation
ODW will meet with DWSRF quarterly to review deliverable accomplishments. Successes and barriers will be evaluated, and adjustments will be made accordingly.

Delaware Public Health Laboratory (DPHL)

Delaware Public Health Laboratory 10%

Relationship to Ongoing Program

The Delaware Public Health Laboratory is within the Department of Health and Social Services, Division of Public Health. The primary responsibilities of the Laboratory, regarding the Safe Drinking Water Act, is to ensure the safety of drinking water sources to protect public health through the detection of microbiological and chemical contaminants. DPHL upholds these responsibilities by providing analysis and valid results to Delaware's regulatory agency (Office of Drinking Water).

Progress Made To Date

The Delaware Public Health Laboratory continues to ensure consistency, reliability, and quality of all analytical work involving drinking water samples obtained from public and private sources. Beyond the routine work, the laboratory has made significant strides in expanding its testing capacity by embarking on advanced methodologies such as the EPA method 525.3 for pesticides and digital PCR analysis for the detection of Legionella (both in progress).

- Now that all instruments and reagents have been purchased, the analyst has been working diligently with the instrument vendor (Agilent), EPA Region III, as well as public health labs in other states (Arkansas, Nebraska) to move forward with method implementation for 525.3.
- Method validation was initiated for the detection of Legionella utilizing the digital PCR method. After the purchase of the automated extractor, analysts were able to successfully extract and yield results for Legionella *pneumophila*. The primary analyst will continue to work on the extraction and recovery of Legionella *longbeachae* and Legionella species before full method implementation.

Future Plans

- Implement EPA method 525.3 for pesticides, which will include the purchase of reagents required for analysis.
- Implement and validate updated US EPA-approved methodologies per the Clean Water Act 1972.
- Achieve certification for EPA method 525.3.
- Implement and validate a digital PCR method to detect Legionella *pneumophila,* Legionella *longbeachae,* and Legionella species in drinking water that will permit preliminary results within 24- 48 hours of submission.
- Implement EPA Method 531.2 for the detection of herbicides in drinking water, which will

include the purchase of an HPLC instrument (estimated cost $115,000), reagents, and supplies.

- Implement EPA Method 537.1 for the detection of PFAS in drinking water, which will include new personnel, the purchase of an LC/MS-MS, reagents, and supplies.
- Pursue grant funds to maintain updated technologies, including equipment (instruments, incubators, autosamplers, balances, water baths, chillers, vacuums), software, and supplies (reagents, standards, acids, gases, vials, filters, syringes, pipette tips, pipettes) as required by the US EPA program. Estimated cost for supplies, reagents, instrument gases, and maintenance contracts.
- Maintain compliance with US EPA and state standards and regulations.
- Continue to perform the responsibilities of the certification officer program for the state of Delaware. This includes sending staff members to Certification Officer training and the 5-year refresher training.
- Ensure that the Delaware Public Health Laboratory meets all certification testing standards defined by the US EPA through proficiency testing and triennial on-site inspections by the US EPA.
- Ensure that the laboratory is cooperating and integrating with associated programs to ensure the best use of funding, personnel, and equipment.
- Ensure that staff attend and participate in trainings and conferences like new instrument trainings, Certification Office training, refresher training, and ASDWA Annual Conference.

Objectives and Outputs

- Continue analyzing samples for the presence of *Legionella* utilizing screening and molecular methods (Approximate cost $40,000 with new digital PCR method)
- Continue to purchase instruments, software, supplies, and reagents to maintain higher levels of operational efficiencies and cost effectiveness.
- Approximate cost for supplies and reagents is $400,000 annually, including instrument gases
- The approximate cost for instrument maintenance contracts annually is $85,000.
- Approximate cost of instrument replacement $238,000 with installation, training, and warranty extension.
- Approximate cost for mandatory software updates for Windows 11 upgrade $125,000.
- Continue to cross-train for continuity of operations in the event of emergencies, including flooding and other weather-related events.
- The estimated amount of laboratory tests that will be performed from June 2025 to May 2026 is as follows:
- Samples for chemical analysis 24,376
- Samples for bacteriological 8,189
- Tests reported 117,641
- The Delaware Public Health Laboratory will continue to perform audits for the certification of drinking water testing laboratories within Delaware and continue to

support two additional positions to allow time to perform external laboratory certification audits.

- Continue to support salary positions for environmental staff (Chemists, Microbiologists, Environmental Control Tech III, and Laboratory Manager II) as well as the Supply, Storage, and Distribution Tech I whose role as the lab courier allows us to receive EPA-regulated samples for testing in a timely manner while abiding by EPA compliance rules for sample transport.

Outcomes and Benefits

- The Delaware Public Health Laboratory continues to provide reliable, accurate, timely, and consistent monitoring for the drinking water program in Delaware. To ensure the health and safety of the citizens and visitors of Delaware.
- The Laboratory continues to maintain preparedness for emergency response and disaster in cooperation with other emergency responders, including the 31st Civil Support Team (US National Guard) in Delaware.
- Among programs, the Delaware Public Health Laboratory is ensuring that our role meets all the needs and requirements for the successful implementation of other components that influence and affect drinking water covered by the Delaware Department of Health and Social Services.

Evaluation

The Delaware Public Health Laboratory meets and exceeds all EPA requirements and maintains certification for analyzing drinking water samples by US EPA.

Department of Natural Resources and Environmental Control (DNREC)

Underground Injection Control (UIC) Program 10%

Relationship to Ongoing Program

The UIC Program continues to be administered by the Delaware Department of Natural Resources and Environmental Control's Division of Water. This regulatory program manages real and potential sources of groundwater contamination from the construction, operation, and closure of injection wells used to place fluids underground for storage or disposal, thereby protecting Delaware's potable water supply for present and future use and protecting public health.

Future Plans

The UIC Program will continue to work with the Division of Public Health to ensure that underground sources of drinking water are protected by providing technical and oversight support on the State's management of wastewater treatment and disposal systems and other UIC wells. UIC Program activities include permitting, compliance, and enforcement, integration of water quality protection and management with local, state, and federal programs, providing technical assistance and support to municipalities, counties, and utilities regarding wastewater treatment and disposal operations, and managing information, including groundwater monitoring data.

Objectives and Outputs

- Review applications and issue 20 large OWTDS Permits
    - The UIC Program will continue to review applications and issue large On-site Wastewater Treatment and Disposal System (OWTDS) Construction and/or Operations Permits that include effluent limitations, operational, monitoring, and reporting requirements designed for the protection of public health and the environment.
- Inspect 200 large on-site wastewater treatment and disposal systems, and other UIC wells (e.g., remediation projects, aquifer storage and recovery projects, deep well injection projects, etc.)
    - The UIC Program will continue to perform inspections and monitoring data reviews of wastewater treatment and disposal systems and other UIC wells, and if any compliance issues are identified, follow-up with informal (i.e., Notices of Violation) and/or formal (i.e., Orders) enforcement to gain compliance with permit conditions, State, and/or Federal Regulations. As part of the inspection program, the UIC Program is also instituting a wastewater treatment and disposal system wastewater and groundwater monitoring verification program. The program will split monitoring samples with Permittees to ensure that monitoring data submitted is representative of on-site conditions.
    - Any reconnaissance inspections performed to identify and close (if found) automotive floor drains, large capacity cesspools, and industrial discharges with direct discharges to groundwater (if existing) will be reported out.
    - Enforcement activities will be reported out.
- Work to migrate current wastewater treatment and disposal systems data into EQuIS™
    - The UIC Program will continue to provide contract support to the Division of Water for the development of the Environment Quality Information System (EQuIS™). The implementation of this application supports the UIC Program's data collection, storage, and analysis requirements by sharing analytical groundwater data throughout the State for permit and compliance evaluations and allowing the submission of electronic and continuous real-time monitoring data.
- Participate in UIC technical assistance and outreach opportunities
    - The UIC Program will continue to participate in technical assistance and outreach opportunities including offering technical support to municipalities, counties, and utilities regarding wastewater treatment and disposal operations and technologies, continue to participate in EPA's Decentralized Wastewater MOU Partnership, and continue to work with public and private partners on economic development plans through the Department's Planners Technical Advisory Committee (PTAC).
- Participate in the implementation of the pollution control strategy (PCS) for the Chesapeake Bay Watershed
    - The UIC Program will continue to implement the pollution control strategies for the Chesapeake Bay Watershed including wastewater treatment and disposal system

performance and monitoring and septic elimination. As part of this objective, the UIC Program will continue to participate in conference calls/meetings with the Chesapeake Bay Interagency Work Group, Chesapeake Bay Watershed Implementation Plan Group, and calls/meetings for consultation with the Division of Watershed Stewardship's Water Quality and Assessment Program on Delaware's Water Quality Standards.

Outcomes and Benefits

- Real and potential groundwater impacts from wastewater treatment and disposal systems and other UIC wells can be accurately identified and managed including the employment of best management practices (BMPs) and mitigation measures.
- Groundwater contamination from underground injection wells will decrease.
- The EQuIS™ data management application will provide a powerful tool to manage, visualize, and assess groundwater monitoring data, ensuring a more data-driven integrated approach to policy and compliance decision-making, and greater protection of groundwater resources and public health.
- Technical support to municipalities, counties, and utilities regarding wastewater treatment and disposal system operations and technologies will ensure improved system performance thereby protecting public health and the environment.
- Collaboration between government agencies and non-profit organizations will increase pollution prevention and reduction opportunities in the Chesapeake Bay Watershed.

Evaluation

The UIC Program will meet with DWSRF quarterly to review deliverable accomplishments. Successes and barriers will be evaluated, and adjustments will be made accordingly.

Local Assistance and Other State Programs 15%

The 15% Supplemental Set Asides will be used to fund the salaries, fringe benefits, travel, supplies, health insurance, contractual services, indirect and other personnel charges of DHSS Office of Drinking Water (ODW), Office of Engineering (OE), EH&T, DNREC Division of Water FTEs, Kash Srinivasan Group, The Brandywine Conservancy, Sussex Conservation District, DNMC, Delaware Technical Community College, and Eastern Research Group, Inc.

Office of Drinking Water (ODW)

Capacity Development Program NEW systems 15%

Relationship to Ongoing Program

This portion of the Capacity Development program assists new drinking water system owners/operators and DWSRF applicants in building technical, managerial, and financial (TMF) capacity.

Progress Made To Date

All new and newly discovered PWS that will be regulated by ODW have been given TMF assistance, thus ensuring that PWS can operate and/or maintain compliance with SDWA regulations. Since the initial implementation of the Capacity Development Program in Delaware, all DWSRF loan applicants are assessed for TMF needs and assisted in any areas identified as insufficient.

Future Plans

- Track and identify trends in TMF capacity for all Delaware PWS triennially.
- Assist new community water systems (CWS) and non-transient non-community water systems (NTNCWS) to prepare LCR compliance monitoring sampling plans upon activation as a public water system and aid with achieving compliance with LCRR and LCRI.
- Maintain increased educational efforts to prospective new systems so that initial operations are not impeded by non-compliance.
- Assist new CWS and NTNCWS to be compliant with the SDWA for their three-year term as a new PWS in Delaware
- Encourage and assist PWS to develop and implement asset management plans that include best practices for asset management as required by America's Water Infrastructure Act (AWIA).
- Continue with contractual staff for continued development and implementation of a voluntary cybersecurity assessment program, as well as other assigned duties/projects.

Objectives and Outputs

- Assist all proposed PWSs to ensure that the water system owner/operator has demonstrated adequate TMF capacity, and that the water meets all applicable SDWA requirements prior to operating.
- Monitor and assist new PWS in LCR/LCRR/LCRI compliance and related activities.
- Report the names of new and proposed PWS for the semi-annual DWSRF Set-Aside reports.
- Assist new CWS and NTNCW in their compliance with the requirement to operate under the supervision of a Delaware licensed water operator.
- Continue the development of a voluntary cybersecurity assessment program to assist water systems with cybersecurity initiatives.

Outcomes and Benefits

- 100% of new water systems will open and remain in compliance with the SDWA for their three-year term as a new PWS in Delaware
- 100% of new PWS will receive assistance with LCR/LCRR/LCRI compliance requirements.

- New PWSs identified in need of assistance shall be referred to third-party technical assistance providers.
- Ensure cybersecurity resiliency to protect public health.

Capacity Development Program EXISTING Systems 15%

Relationship to Ongoing Program

This portion of Capacity Development assists existing water systems with maintaining technical, managerial, and financial capacity.

Progress Made To Date

The Capacity Development Program has provided technical and managerial assistance to existing PWS to facilitate compliance with the LCR, the CCR, and other regulatory requirements under the SDWA. The number of existing systems out of compliance with the requirement to operate under the purview of a licensed water operator remains low. Added contract staff to develop and implement a voluntary cybersecurity assessment program.

Future Plans

- Improve compliance with the SDWA by facilitating a better understanding of the regulations, including the LCR Revisions, CCR, and other state and federal regulations in development.
- Refer existing PWS with a score of 5 or greater on the ETT list to technical assistance providers.
- Encourage and assist PWS to develop and implement asset management plans that include best practices for asset management as required by AWIA.

Objectives and Outputs

- Provide in-depth training in CCR report creation to technical and managerial staff of CWSs in Delaware to facilitate a better understanding of requirements and to increase compliance with the CCR.
- Assist existing PWS with an ETT score of 11 or higher or that are identified through routine regulatory activities conducted by ODW.
- Evaluate and report the TMF capacities of at least one-third of Delaware's water systems.
- Monitor, evaluate, train, and assist PWS and operators in LCR compliance, schedules, and reporting to include LCRR/LCRI compliance requirements.
- Track and report existing PWS appearing on the ETT report with scores of 5 and greater proactively to technical assistance providers to facilitate achieving compliance.
- Continue to develop/improve a voluntary cybersecurity assessment program to assist water systems with cybersecurity initiatives.

Outcomes and Benefits

- PWS will be better equipped to create and distribute CCR reports per the requirements of the SDWA.
- All existing PWS with an ETT score of 11 or higher and those that are otherwise identified as needing assistance will be offered TMF assistance.
- One-third of Delaware's PWS will be assessed for TMF capacities.
- Delaware's CWS and NTNCWS will be monitored, evaluated, and assisted in LCR sampling compliance, schedules, and reporting; training will be conducted on LCR compliance and on LCRR/LCRI compliance requirements.
- Existing PWS will be offered TMF capacity assistance to achieve compliance.
- Ensure cybersecurity resiliency to protect public health.

Evaluation

ODW will meet with DWSRF Program representative(s) quarterly to review deliverable accomplishments. Successes and barriers will be evaluated, and adjustments will be made accordingly.

Department of Natural Resources and Environmental Control (DNREC)

Source Water Protection 15%

Relationship to Ongoing Program

The Source Water Protection (SWP) program continues to be administered by the Department of Natural Resources and Environmental Control (DNREC)'s Division of Water. This regulatory program manages wellhead and source-water protection activities.

Future Plans

The Delaware Source Water Assessment and Protection Program (SWAPP) will help public water systems receive assistance from the DWSRF by the following activities: Source Water Assessment, Characterization, and Monitoring; Prioritization of State SWP activities; Integration of SWAPP with other state, federal, and local programs; Motivating Local SWP activities; and Managing Information.

Objectives and Outputs

- Source Water Assessment, Characterization and Monitoring – This includes providing assessments for any new system, revising and updating existing source water assessments (e.g. delineation, contaminant sources, susceptibility assessment), providing technical assistance to solve source water problems including recommendations for potential DWSRF funded monitoring network/systems development, and resource characterization activities. The SWAPP will continue the development of a statewide ambient groundwater monitoring program, including the deployment of long-term monitoring equipment with

real-time data telemetry capabilities, while utilizing existing DGS and DNREC Division of Water monitoring well infrastructure, and the Water Allocation Branch permitting process. For this grant cycle, contractual support will be utilized for miscellaneous groundwater sampling, including raw water sampling of public water systems, as well as PFAS-related sampling in collaboration and with guidance from the PFAS Steering Committee.

- Prioritization of State SWP activities – This includes support of local efforts to develop SWP 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 with regards to source identification, characterization, and prevention.

- 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 and participation on the New Castle County Resource Protection Area Technical Advisory Committee (RPATAC) and the Delaware Water Supply Coordinating Council.

- Managing Information – This includes data collection, data storage, and recovery, GIS development, web availability, state and federal data reporting capacity. Additionally, the SWAPP will work with systems to evaluate their needs for data management and operational enhancements (e.g. SCADA) that could benefit from potential DWSRF funding. For this grant cycle, contractual funding will be utilized to support the EQUIS Enterprise migration project which will be used by the Division of Water to store, share, and review analytical/permit data throughout the State including the Ambient Groundwater Monitoring project. In addition, the SWAPP will continue to participate and lead the discovery and needs assessment, in collaboration with the Office of Drinking Water, Delaware Geological Survey, and DNREC Division of Water to determine the feasibility of creating an interagency data repository to using WaterSTAR, formally RBDMS Environmental, as a set of tools for managing laboratory analytical and field data. For this grant cycle the SWAPP working closely with the Division of Water Licensing Program Coordinator to continue work on the "Bilingual Licensing Examination and Content Development Accessibility and Support Project", which will offer online training content in multiple languages to prospective licensees pursuing water well, on- site wastewater, or wastewater operation licensees. Additionally, since the training courses will be available online, they will be available to contractors, including those from underrepresented sectors, at any time convenient for the prospective licensee.

Outcomes/Benefits

- Provide assessments for any new system, revising and updating existing source water assessments (e.g., delineation, contaminant sources, susceptibility assessment), providing technical assistance to solve source water problems, including recommendations for potential DWSRF-funded monitoring network/systems development, and resource characterization activities. The SWAPP will continue the development of a statewide ambient groundwater monitoring program, including the deployment of long-term monitoring equipment with real-time data telemetry capabilities, while utilizing existing

DGS and DNREC Division of Water monitoring well infrastructure, and the Water Allocation Branch permitting process. For this grant cycle, contractual support will be utilized for miscellaneous groundwater sampling, including raw water sampling of public water systems, as well as PFAS-related sampling in collaboration and with guidance from the PFAS Steering Committee. Water quality data results collected as part of the ambient groundwater monitoring program or traditional groundwater sampling efforts will be shared with the Office of Drinking Water and other appropriate partners to inform and facilitate future regulatory decisions.

- Support local efforts to develop SWP ordinances and comprehensive plans or other local approaches, support for SWP-related UIC activities, and related needs.

- Work with the federal, state agencies, private organizations, and local governments with regard to source identification, characterization, and prevention.

- Provide 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 and participation on the New Castle County Resource Protection Area Technical Advisory Committee (RPATAC) and the Delaware Water Supply Coordinating Council (WSCC).

- Manage data includes data collection, data storage, and recovery, including developing GIS datasets and tools, increasing and managing web availability, and improving efficiency of state and federal data reporting. Additionally, the SWAPP will work with systems to evaluate their needs for data management and operational enhancements (e.g., SCADA) that could benefit from potential DWSRF funding. For this grant cycle, contractual funding will be utilized to support the EQUIS Enterprise migration project, which will be used by the Division of Water to store, share, and review analytical and permit data throughout the State, including the Ambient Groundwater Monitoring project. The data stored in EQUIS will be used to inform future Division of Water permitting decisions, while data stored in the WaterSTAR system will be used to increase data sharing and data access between interagency partners. Additionally, future Division of Water license holders who participate in the online "Bilingual Licensing Examination and Content Development Accessibility and Support Project" will have improved access and accessibility to training content before sitting for the licensing exams leading to more highly trained and licensed contractors benefitting Delaware's water resources as well as improved regulatory compliance.

- Cover Crop Program—Ag Strategy

- DWSRF proposes to meet EPA's recommended Ag Strategy to fund the Cover Crop Program this grant cycle.

Evaluation

SWP will meet with DWSRF quarterly to review deliverable accomplishments. Successes and barriers will be evaluated, and adjustments will be made accordingly.

Sussex Conservation District

Source Water Protection 15%

The Sussex Conservation District (SCD) proposes to improve the implementation rate of agricultural Best Management Practices (BMPs) in well-head protection areas, excellent groundwater recharge areas, and all other agricultural areas in Sussex County as part of an effort to protect the public drinking-water supply and nearby surface waters.

This project will concentrate on runoff and leaching, which are considered nonpoint sources of pollution. The Chesapeake Bay Program defines nonpoint pollution sources as diffuse sources that cannot be traced to a specific location or discharge channel. Nutrients are deposited on the ground by land use, such as cropland, feedlots, or lawns. It also includes nutrients that enter the waterways through groundwater, air pollution, or septic systems.

Delaware citizens must have clean drinking water. This can only be achieved by implementing water-quality BMPs. These BMPs are necessary to accomplish the goals of the Chesapeake Bay Watershed Implementation Plan, Inland Bays Pollution Control Strategy, and Total Maximum Daily Loads for Sussex County, Delaware, as well as to assist public drinking water utilities in protecting their water supplies.

SCD proposes to track and increase the implementation of BMPs by agricultural producers in established source water protection zones (well-head protection areas and excellent recharge areas). A SCD agricultural conservation planner will work with producers and landowners in Sussex County to help them understand the role their properties play in protecting drinking water resources. The planner will identify opportunities for implementing various Source Water Protection Areas (SWPA) priority practices in accordance with the USDA-NRCS Environment Quality Incentive Program (EQIP). SCD will also assist the agricultural producers in addressing any other resource concerns within SWPA areas and recommend options for improvement using various BMPs. Planners will assist landowners through the USDA-NRCS EQIP application process, contract obligation, and practice implementation.

Producers within the SWPA can receive a 90% cost-share incentive on 32 Source Water Priority Practices through USDA-NRCS EQIP. SCD will partner with the Delaware Rural Water Association (DRWA) Source Water Program and their relationship with local water utilities to share in the costs of these practices. The desired outcome would be for the landowner and the local water utility to share in the remaining 10% of the cost, with the local water utility contributing as part of its source water protection efforts.

SCD's Conservation Cost Share Program encourages the voluntary adoption of agricultural BMPs to improve or maintain soil and water quality throughout the County, State, and Region. While all source water BMPs have a positive impact, planting cover crops is one of the most efficient and effective water-quality BMPs currently available. The DWSRF funding for this proposal will allow SCD to target cover crops on lands that impact public drinking water supplies while also increasing the overall water quality impact of SCD's Conservation Cost Share Program.

Cover crops are effective because they utilize excess nutrients in the field following the harvested crops. Planted in the fall and immediately put to work through the winter, cover crops absorb excess nutrients, preventing surface runoff during rain events and leaching into groundwater. In the spring, cover crops are destroyed, returning the nutrients to the soil for use by the newly planted crops.

SCD, through its Conservation Cost Share Program and utilization of the DWSRF, proposes to provide technical and financial assistance for the installation of 5,454 acres of cover crops for the

protection of source water for public drinking systems and excellent recharge areas of groundwater in Sussex County. SCD offers cost-share for cover crops, averaging $55.00 per acre.

Finally, SCD will promote the partnership through its outreach and education program, including print and broadcast media, social media outlets, and personal conversations with Sussex County property owners. SCD will include this information at soil health events, including workshops and field days. SCD brings over 80 years of experience as a trusted resource in agriculture that will be used to help build a relationship between farmers and water systems. DRWA and SCD provide outreach and education for the water system and the farmer about the importance of source water protection and proper nutrient control. SCD will encourage farmers to participate in the Conservation Cost Share Program, increasing the adoption of agricultural conservation practices that reduce the impact of nitrogen and phosphorus on drinking water supplies.

Approved USDA-NRCS SWPA Priority Practices:

1. 313 – Waste Storage Facility
2. 316 – Animal Mortality Facility
3. 317 – Composting Facility
4. 327 – Conservation Cover
5. 329 – Residue and Tillage Mgmt., No Till
6. 340 – Cover Crop
7. 345 – Residue and Tillage Mgmt., Reduced Till
8. 355 – Groundwater Testing
9. 360 – Waste Facility Closure
10. 367 – Roofs and Covers
11. 368 – Emergency Animal Mortality Mgmt.
12. 382 – Fence
13. 390 – Riparian Herbaceous Cover
14. 391 – Riparian Forest Buffer
15. 393 – Filter Strip
16. 604 – Saturated Buffer
17. 442 – Irrigation System, Sprinkler System
18. 441 – Micro-irrigation Sprinkler System
19. 449 – Irrigation Water Management
20. 512 – Forage and Biomass Planting
21. 528 – Prescribed Grazing
22. 554 – Drainage Water Management
23. 558 – Roof Runoff Structure
24. 561 – Heavy Use Area Protection
25. 578 – Stream Crossing
26. 587 – Structure for Water Control
27. 590 – Nutrient Management
28. 595 – Integrated Pest Management (IPM)
29. 605 – Denitrifying Bioreactor
30. 634 – Waste Transfer
31. 646 – Shallow Water Development and Management
32. 657 – Wetland Restoration

The Brandywine Conservancy

Source Water Protection **15%**

Pocopson Creek – Upper Brandywine Creek - Brandywine Creek Watershed HUC 020402050401

Pocopson Creek intersects four municipalities, beginning in Newlin Township and empties into the Brandywine just south of Route 926 in Pennsbury Township. Ranked 11th for highest levels of Cryptosporidium loading in the City of Wilmington's Source Water Protection Plan (SWPP), with 49% of the land use in agriculture. The 2020 Pennsylvania Department of Environmental Protection (PADEP) Integrated List for Streams categorizes Pocopson Creek as a non-attaining stream.

Pocopson Creek Watershed Restoration Plan– Brandywine Red Clay Alliance (BRC) is completing a watershed assessment and planning effort to identify known impairments in the Pocopson Creek Watershed. The plan will provide a road map for future restoration by identifying and prioritizing sections for riparian buffer habitat improvement, stream restoration, and flood plain reconnection as well as other appropriate best management practices to improve water quality, aquatic habitat, and riparian buffer habitats.

Buck Run - Brandywine Creek Watershed - HUC 020402050204

Buck Run begins in West Caln and Sadsbury Townships. Buck & Doe Run intersect to form a single stream just before they reach the west branch of the Brandywine Creek. The watershed encompasses 11 municipalities, 49 square miles of land, and 80 miles of stream. The PADEP currently defines Buck Run as an attaining stream.

Buck Run Farm – Property is a mushroom and crop farm targeted for easement protection. The farm has an up-to-date conservation plan. BMP implementation is beginning. The property is located within a *'Synergy Area'* designated by the SWPP.

Doe Run – (King Ranch Holding Pens) Brandywine Creek Watershed - HUC 020402050203

The headwaters of Doe Run begin in Highland, Londonderry, and West Fallowfield Townships. Buck & Doe Run intersect to form a single stream just before they reach the west branch of the Brandywine Creek. The watershed encompasses 11 municipalities, 49 square miles of land, and 80 miles of stream. The PADEP currently defines Doe Run as an attaining stream.

Doe Run Farm – Property was eased by the Conservancy in 1984. This beef farm has an up-to-date conservation plan. BMP implementation is beginning. The property is located in a 'Synergy Area' designated by the SWPP.

Brandywine Creek – Brandywine Creek Watershed – HUC 020402050202

Various Honey Brook Farms

Honey Brook sits at the headwaters of the Brandywine Creek. Since 2005, The Conservancy has completed over 20 conservation easements (totaling 4,872 acres) and managed more than 20 acres of HQ stormwater, which have helped preserve more than 30 percent of the land in Honey Brook Township.

Honey Brook Farm #1 (David Kauffman)- Property is targeted for easement protection. The dairy operation has an up-to-date conservation plan. BMP implementation is beginning. The property is located in '*Ag Cluster #3'*** designated by the SWPP. This project is to be fully funded by the Pennsylvania Infrastructure Investment Authority (PENNVEST). The Conservancy used match

funds to assist with the planning of the PENNVEST application and planning.

Honey Brook Farm #2 (Enos Stoltzfus) - Property is targeted for easement protection. The dairy farm has an up-to-date conservation plan. BMP implementation is ongoing. The property is located adjacent to '*Ag Cluster #1'* designated by the SWPP. 90% of this project will be covered by the Agriculture Conservation Assistance Program (ACAP). The Conservancy used match funds to assist with the planning of the ACAP application and planning.

Honey Brook Farm #3 (Merv Stoltzfus) – The Property was eased by the Conservancy, Chester County, and Honey Brook Township in 2009. BMP implementation is ongoing. The dairy farm is located in '*Ag Cluster #1'* designated by the SWPP. We currently have an engineer's estimate completed as some of the originally proposed BMPs have changed.

Honey Brook Farm #4 (Sam Fisher)– The Property was eased by the Conservancy, Chester County, and Honey Brook Township in 2014. BMP implementation is ongoing. The dairy farm is located adjacent to '*Ag Cluster #1*' designated by the SWPP. Phase I of this project is completed. Farmer has additional work to be completed.

Honey Brook Farm #5 (David Stoltzfus) – Property is pending preservation by Chester County with assistance from the Brandywine Conservancy. BMP implementation is ongoing. The dairy farm is located adjacent to '*Ag Cluster #1*' designated by the SWPP. The Conservancy is currently working with Honey Brook Borough and Township to determine the best way to proceed with below BMPs.

Kash Srinivasan Group

Sustainability 1:1 Assistance and Cyber Security Programs 15%

The contractor will provide continued support for the Sustainability of Drinking Water Utilities in the State. Contractor will provide support to the Capacity Development and DWSRF programs by assisting Delaware's public water systems (PWSs) with resources to meet EPA's Financial capacity requirements, which in turn will assist PWSs achieve and maintain long-term sustainability and compliance with the national safe drinking water regulations. Additionally, the contractor will assist the Office of Drinking Water (ODW) in creating a cybersecurity plan for PWSs.

The provision of any services will only be initiated upon specific written authorization by the client. Contractor will not directly solicit any work from PWS; engagements with candidate PWS will only be at the direction and active support of the Division.

Engage with PWS to develop custom implementations of Financial Analysis tools developed by the University of North Carolina ("UNC tools"):

a. The Financial Health Checkup Tool provides utilities' financial performance trends by examining their audited financial reports

b. The Rate Analysis Tool is a modeling tool that allows utilities to develop financial projections of the impacts of current and proposed rate structures for water/sewer utility services that they provide.

c. This tool also allows for the assessment of the financial impacts of proposed infrastructure investments and the timing and extent of rate changes needed to absorb

these investments.

d. The Affordability Tool provides insights into the affordability of the water service across the range of income demographics within the service area

General Approach for Financial Tools:

- Identify candidate municipalities; generally, the driver for participation is engagement with the State on grants and loans
- Development of financial plans using the UNC tools; engage with UNC staff as needed to provide ongoing support to municipalities.
- Where appropriate, provide support to Division staff and other consultants engaged in municipal work for the deployment of the UNC tools
- If necessary, work with municipalities to reinforce continued use and familiarity with the completed tools in the conduct of their financial planning and rate-making processes.

Cyber Security Assessments: Provide support to the Office of Drinking Water relative to oversight of municipal cybersecurity assessments and risk mitigation practices. Specific scope of support to be determined by discussion and the applicable regulatory regime.

Support the Department's Source Water Program initiative; develop and manage relationships with partner entities to accelerate water pollution mitigation efforts on regional farms affecting surface and groundwater sources used by Delaware water utilities.

Review and assess PWS asset management plans and related financial planning efforts.

DE Department of Agriculture-DE Nutrient Management Commission

Delaware Nutrient Management Commission 15%

The DWSRF Program aims to bolster the Delaware Nutrient Management Commission's initiatives to mitigate phosphorus intake in Delaware's soil, addressing the contamination affecting the State's source water. The addition of nutrients to bodies of surface water accelerates the eutrophication process, in which the water becomes overly enriched with nutrients. Elevated nutrient levels within the water often cause abnormally high production of algae and aquatic plants. The eventual decomposition of increased amounts of organic matter can deplete the water's dissolved oxygen content, resulting in the death of fish and other aquatic organisms. Of all the cropland nutrient inputs, phosphorus is the most important nutrient to prevent from reaching surface water bodies. Due to low natural levels of phosphorus, phosphorus availability usually limits biological productivity in surface waters.

Delaware Technical Community College (DTCC)

Operator Certification Proctoring 15%

Testing for the operator certifications will take place twice a year, once in January and once in June. The Delaware Technical Community College Environmental Training Center will reserve a room at the DTCC Terry Campus and provide trained personnel to administer and proctor the certification examinations. DTCC will also collect and grade all examinations and analyze each level of test by tracking all incorrect answers given to further validate water examinations and

provide graded examinations and analyzed answers to DHSS staff.

Eastern Research Group, Inc. (ERG)

Infrastructure Needs Development 15%

ERG will assist small water systems with infrastructure planning. ERG proposes a structured, practical approach to helping small drinking water systems serving up to 3,300 people assess their infrastructure needs and develop long-term capital planning strategies. ERG proposes to provide guided asset management support, capital improvement planning, and project implementation readiness support, delivered through a mix of remote and in-person engagements tailored to each system's capacity and needs. As part of infrastructure assessments, we help systems plan for treatment upgrades tied to new regulatory drivers, including those related to PFAS and other emerging contaminants.

Outreach and Public Awareness on Water Issues 15%

ERG will support DHSS and public water systems across the State of Delaware in increasing public access to accurate, understandable, and actionable information about drinking water and public health. ERG is prepared to create a range of materials to accommodate a range of needs.

Building Technical Managerial and Financial (TMF) Capacity 15%

ERG will support the long-term sustainability of Delaware's small public water systems. ERG proposes to deliver three in-person, one-day workshops annually, focused on infrastructure funding options, including but not limited to the Delaware DWSRF. ERG will tailor these workshops to systems serving 10,000 people or fewer and design them to build practical capacity in navigating SRF processes, aligning infrastructure planning with funding opportunities, and addressing documentation requirements. Each workshop will serve at least three but no more than ten systems to allow for peer-to-peer and group learning and tailored system-specific support.

Emerging Contaminants IIJA Capitalization Grant

Program Administration 4%

The 4% Emerging Contaminants Set-Asides will be used to fund the salaries, fringe benefits, contractual, travel, supplies, indirect, and other personnel costs of DHSS Environmental Hazards and Toxicology (EH&T), and Office of Engineering (OE) FTEs. The DWSRF Program will not be utilizing the 2%, 10% and 15% Emerging Contaminants Set-Asides to fund Set-Aside activities.

Appendix F 2024 Updated Interest Rate Policy Approval

STATE OF DELAWARE
DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENTAL CONTROL
OFFICE OF THE SECRETARY
ENTERPRISE BUSINESS PARK
97 COMMERCE WAY, SUITE 106
DOVER, DELAWARE 19904

ENVIRONMENTAL FINANCE

PHONE: (302) 739-9941
FAX: (302) 739-2137

MEMORANDUM

To: Shawn M. Garvin
Secretary, DNREC

Through: Eric D. Dawson
Chief Operating Officer

From: Laura Robbins
Chief of Administration

Date: July 18, 2024

Subject: Updated Annual Interest Rate and Administrative Fee Policy for the Delaware Water Pollution Control Revolving Fund and Delaware Safe Drinking Water State Revolving Fund

---

On June 26, 2024, the Water Infrastructure Advisory Council ("WIAC") reviewed, provided input, and voted to recommend the Delaware Water Pollution Control Revolving Fund ("WPCRF or CWSRF") and the Delaware Safe Drinking Water State Revolving Fund ("DWSRF") annual interest rate policy revision for the interest rate change effective 9/1/2024, as follows:

The WIAC recommends **changing the current interest and fee rates during the disbursement period of the loan (known as interest/fee during construction) from 2.0% to 0.0% for both new and existing loans in a disbursement status.**

The following conditions will apply to this change:

- The policy will be in effect until the receipt of the last Bipartisan Infrastructure Law ("BIL") Grants or until the programs decide it necessary to change.
- These effects of the interest change will be monitored. Any significant financial impacts will be reported, and the policy will be revised as necessary.
- Should the disbursement ratios not improve as a result of this change, the policy will be revisited.
- All existing Bonds securing the loans will be amended allowing for the interest rate change with no cost to the Borrowers.

All other portions of the interest rate policy will remain the same as follows and apply to the amortization period of the loan:

The size and complexity of the CWSRF and DWSRF underscore the need to routinely analyze and track financial conditions and periodically evaluate various Fund management options. Such an analysis was recently completed by our financial management analysts in consultation with the State's financial advisory consultant, PFM, LLC.

For the purpose of this policy, loan documents shall set forth provisions for the borrower to pay to the Department on the principal amount drawn down and outstanding from the date(s) drawn, interest and an administrative fee (collectively, interest and the administrative fee are referred to as "Fee" in the loan documents).

The payments of principal and interest are deposited into the CWSRF and DWSRF respectively. The administrative fee is deposited separately into the CWSRF or DWSRF Non-Federal Administrative Account ("NFAA"), respectively, to support each of the SRF's program expenses, wastewater and drinking water quality related expenses, and innovative wastewater and drinking water quality programs. Funds within the respective NFAAs are accounted for separately from the CWSRF and DWSRF Capital Reserve Loan Funds. Each NFAA complies with EPA's Guidance on Fees Charged on CWSRF and DWSRF loans.

The following criteria, interest rates and administrative fees apply to new public, private/public use, investor-owned, and private/private use CWSRF and DWSRF loan applications presented for approval effective 9/1/2024 as well as all current loans in a disbursement status, until this policy is revised.

Criteria for Setting Interest Rates and Administrative Fees (1):

- Interest plus fee rates during the shall be set at 2.0 percent per annum.

- Administrative Fees shall be set at 50 percent the overall interest rate.

- Interest plus fee rates for all Lead Service Line Replacement loans shall be set at 0.0 percent per annum.

- A lower interest rate may be made available based on projected residential user rates as a percentage of Median Household Income (MHI) above 1.5 percent for a single wastewater or drinking water provided utility, and 3.0 percent for a combined wastewater and drinking water provided utility, only after other alternatives such as extended repayment terms, principal forgiveness or supplemental grants are exhausted.

- Should any municipal applicant demonstrate that the municipal bond rate available to its organization is lower than the collective interest rate and administrative fee set by this policy, then DNREC may match the lower bond rate by adjusting the interest rate.

- Should US Tax Reform (or other regulatory changes) have an impact on the pricing of tax-exempt bonds and their relative value to taxable bonds, this policy will be reviewed and adjusted.

Administrative Accountability and Annual Review Requirements:

- No less frequently than annually, Environmental Finance will perform a financial review of the CWSRF and DWSRF loan portfolios and make any changes to assure efficient use of funds and their perpetuity. This review shall consider factors such as the water quality and public health priorities, demand for financial assistance, availability and financial benefit of other assistance programs, state funding priorities, demographics and affordability and current market conditions.

- Environmental Finance will use financial modeling to understand how different loan terms and project types may impact the long-term growth of the CWSRF and DWSRF.

(1) Benchmarks Used for this Policy:

The benchmarks for this policy were recommended by the State's financial advisory council PFM, LLC. The below is historical data of the Bond Buyer Index 11 (BBI 11-GO1) and Bond Buyer Index 20 (BBI 20-GO2) over the past three years as published weekly in the Bond Buyer https://www.bondbuyer.com/tag/bond-buyer-indexes. Environmental Finance will continue to monitor the below industry benchmarks to ensure compliance with offering a "rate between 0.0 percent and market rate." CWSRF regulations Section 35.3120 and DWSRF Section 35.3525 require that SRF loan interest rates be between zero percent and the market rate, as determined by the states. The U.S. Environmental Protection Agency (EPA) does not define market rate.

If you have any questions, or concerns regarding the recommendation, please let me know. If you concur with the recommendation, please indicate so by signing this memo and returning it to Environmental Finance. Thank you.

_____ 8/5/24_____
Shawn M. Garvin, Secretary, DNREC DATE

Appendix G Timely and Expeditious Use Plan

Timely and Expeditious Use Plan
Delaware Drinking Water State Revolving Fund

To ensure timely, impactful environmental and public health outcomes, the Delaware Drinking Water State Revolving Fund (DWSRF) must maximize the efficient use of available funds. Delaware DWSRF will comply with the Safe Drinking Water Act's requirement at 42 U.S. Code §300j-12(g)(3) and the EPA's regulations at 40 CFR §35.3550(l), committing to expend all funds efficiently and in an expeditious and timely manner. The Delaware DWSRF will aim to reduce, if not eliminate, unliquidated obligations (ULO) and expedite cash draws, using the state's oldest open grant when drawing capitalization grant funds.

1. Introduction and Objectives

Delaware DWSRF provides financial assistance to public water systems in Delaware, supporting eligible water quality improvements, infrastructure upgrades, and system enhancements. The primary objectives of this timely and expeditious use plan are to:

- **Lower ULO and expedite cash draws.**
- **Delaware aims to reduce its ULO from ten years to meet EPA's best practice standard of two years.**
- **Maximize the use of all DWSRF resources to advance investment in the reliable delivery of safe drinking water to the Delaware**

2. Loan Payments

Delaware DWSRF will utilize a "First in-First Out (FIFO)" approach for making loan payments. FIFO is an accounting method where the first funds acquired are the first used. It is best practice to draw federal capitalization grant funds and state match funds before other sources. Disbursements should be made with the oldest available capitalization grant funds to close them out in a more-timely manner. By drawing down the oldest grants first, FIFO

helps Delaware meet the ULO policy requirement, which limits states to having no more than two open capitalization grants at any one time.

3. Maintain a Robust List of Projects

Delaware DWSRF will solicit projects annually. If the available funds exceed the demand, the program may pursue additional solicitation for projects each year. Notices of Intent will be reviewed promptly.

4. Funding Prioritization Criteria

To allocate funds efficiently, projects will be ranked and prioritized based on the *Delaware Drinking Water State Revolving Fund Ranking Criteria*. These projects will then be placed on the Project Priority List. Delaware DWSRF will prepare one-year budgets based on applications received during the solicitation of Notices of Intent. If projects do not proceed as expected, Delaware DWSRF will use the bypass procedure to elevate projects on the Project Priority List, ensuring the grants are used expeditiously within one year after receiving the Capitalization Grant. Delaware DWSRF proposes to fund all projects listed on the PPL. Delaware included “Readiness To Proceed” points to the Ranking Criteria to ensure projects that are ready to begin get additional points.

5. Interest Rates

On September 1, 2024, Delaware DWSRF changed the interest rate policy to offer a 0% interest rate during the construction and disbursement period for all projects, regardless of the Disadvantaged Community Status. This approach supports infrastructure improvements while easing financial constraints, with the goal of increasing the number of projects and disbursements. The goal is to reduce ULO balances and expedite cash draws, aligning with Delaware’s commitment to reduce ULO from ten years to meet the EPA’s best practice standard of two years. It's a significant step toward encouraging more projects, increasing disbursements, and ensuring safer and more reliable water systems. The decision could also incentivize entities that might have previously hesitated due to financing concerns. By reducing financing costs, this policy will help spend down available grant funds faster and more efficiently.

6. Conclusion

The Delaware DWSRF will assess and track its progress in reducing ULO balances and increasing loan disbursements on an annual basis. Based on this evaluation, the DWSRF will make necessary adjustments to its policies and procedures to ensure continued improvement.