TERRITORY OF THE VIRGIN ISLANDS

DEPARTMENT OF PLANNING & NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION

US VIRGIN ISLANDS
CAPITAL IMPROVEMENTS GRANT PROGRAM

FISCAL YEAR 2022 & 2023

INTENDED USE PLAN FOR THE CONSOLIDATED

DRINKING WATER CAPITAL IMPROVEMENT GRANT
&
CLEAN WATER CONSTRUCTION GRANT

September 2023

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I. INTRODUCTION

The Clean Water Title II Construction Grant Program (CGP) was established by the United States Congress in 1972 to further the construction of municipal wastewater treatment plants (WWTPs). The 1987 amendments of the Clean Water Act (CWA) established the Clean Water State Revolving Fund (CWSRF) for a wide range of water infrastructure projects under 33 U.S. Code §1383. The Environmental Protection Agency (EPA) allots a portion of the CWSRF funds to the District of Columbia and the Territories for the use as CWA Title II Construction Grants (CWCG). These construction grants help finance the costs related to the construction of municipal wastewater facilities, control nonpoint sources of pollution, build decentralized wastewater treatment systems and fund other water quality projects.

Many public water systems are in need of infrastructure improvements to protect public health and maintain compliance with the Safe Drinking Water Act (SDWA). The Safe Drinking Water Act Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) to help publicly owned and privately owned community public water systems and nonprofit non-community public water systems finance the costs of capital improvements. These capital improvements must be able to achieve and maintain compliance with the SDWA requirements and to further the public health protection objectives of the SDWA.

On an annual basis EPA allots both DWSRF and CWSRF funds as capitalization/construction grants to the United States Virgin Islands (USVI). This funding allows Territory to improve compliance with the Safe Drinking Water Act (SDWA) and Clean Water Act (CWA), provide safe drinking water, and protect the environment. Under the Fiscal Years 2022 and 2023 DWSRF & CWSRF approximately $11 million has been allotted to USVI for Drinking Water and Clean Water initiatives (***See Table 1 below***). These grants are administered by the Virgin Islands Department of Planning and Natural Resources - Division of Environmental Protection (DPNR/DEP) through the Virgin Islands Drinking Water Capital Improvement Grants (VIDWCIG) program.

The Omnibus Territories Act (OTA) provides authority for the Territories to consolidate grants. Under the OTA, the Territories may apply for all or a subset of grants they are seeking from EPA by filing a single application and work plan. Subject to federal law, the Territory may use any or all the funds in a consolidated grant award for clean water or drinking water projects. The funds must be expended in furtherance of the programs and purposes that are being consolidated. The Territories determine the proportion of the funds allocated to the consolidated grant programs and purposes. The USVI has decided to apply for the DWSRF and CWSRF federal allotments as a single consolidated grant. A consolidated grant program provides considerable benefits for the Territory. Consolidation can support the Territory's efforts to develop an overall approach to public

health protection, water quality planning, and to develop a big picture plan for water pollution control.

Table 1. Summary of DWSRF & CWSRF Allotments for the USVI

Allotment	FY2022
DWSRF FY2022	$3,351,000.00
DWSRF FY2023	$1,800,000.00
CWSRF FY2022	$3,645,000.00
CWSRF FY2023	$2,390,000.00
Total of All Allotments	**$11,186,000.00**

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In the US Virgin Islands, the CWCGs and DWCIGs are administered by the Department of Planning and Natural Resources - Division of Environmental Protection (DPNR/DEP) through the Virgin Islands Capital Improvements Grant (VICIG) program. DPNR/DEP, acting on behalf of the Government of the Virgin Islands as the authorized grant administrator, hereby submits to the U.S. Environmental Protection Agency this Intended Use Plan (IUP) for the federal DWSRF & CWSRF Fiscal Years 2022 and 2023 allotments to the territory. The IUP describes the use of consolidated CWCG and DWCIG grant monies by the Virgin Islands Capital Improvements Grant program to meet the objectives of the CWA & SDWA and further the goal of protecting public health. Specifically, the IUP establishes program goals, administrative procedures, the Project Priority System (PPS) and the Project Priority Lists (PPL).

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II. PROGRAM OVERVIEW

The ***Virgin Islands Capital Improvements Grant (VICIG)*** program will help ensure that drinking water supplies in the United States Virgin Islands remain safe and affordable and that public water systems, which receive funding, will be properly operated and maintained. Additionally, the program sets priorities for the management of federal funds for sewage treatment projects which are eligible for federal aid. These capital improvement projects must be able to achieve and maintain compliance with CWA Construction Grants for Wastewater Treatment Works (P.L. 92-500 as amended) requirements and further the water quality protection objectives of the CWA.

Drinking Water Capital Improvement Grant

The Safe Drinking Water Act Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) to help publicly owned and privately owned community public water systems and nonprofit non-community public water systems finance the costs of capital improvements. These capital improvements must be able to achieve and maintain compliance with the SDWA requirements and to further the public health protection objectives of the SDWA. Through the DWSRF, Drinking Water Capital Improvement Grants (DWCIG) are available to eligible public water systems in the USVI. The VICIG program has established the following goals for the implementation and maintenance of the DWCIGs.

- Provide financial assistance by administering grants to eligible public water systems for eligible projects associated with the capital improvements of water collection, storage, treatment and distribution facilities.

- Ensure that capital improvement projects will help public water systems achieve and maintain compliance with the Virgin Islands and National Primary Drinking Water Regulations and further the health protection objectives of the SDWA.

- Assist small public water systems (population served less than 3,300) in the Virgin Islands with the development of effective capital improvement projects.

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Clean Water Construction Grant

The Clean Water Title II Construction Grant Program (CGP) was established by the United States Congress in 1972 to further the construction of municipal wastewater treatment plants (WWTPs). The 1987 amendments of the Clean Water Act (CWA) established the Clean Water State Revolving Fund (CWSRF) for a wide range of water infrastructure projects under 33 U.S. Code §1383. The Environmental Protection Agency (EPA) allots a portion of the CWSRF funds to the District of Columbia and the Territories for the use as CWA Title II Construction Grants (CWCG). EPA is tasked with making capitalization grants to each to these jurisdictions to help finance the costs related to the construction of municipal wastewater facilities, control nonpoint sources of

pollution, build decentralized wastewater treatment systems and fund other water quality projects.

One of the main purposes of the VICIG program is to provide federal assistance funds to help the VI Government eliminate water pollution problems and meet the requirements of the Territorial Pollutant Discharge Elimination System (TPDES) permits. The VICIG program is designed to direct CWCG funds to projects that will achieve compliance with water quality standards and yield enhanced protection of public health. The program provides funding for the design and construction of projects that contribute to the Territory's compliance with the Clean Water Act (CWA) through two categories: (1) Wastewater Infrastructure Projects; and (2) Stormwater Infrastructure Projects.

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On an annual basis DPNR/DEP will apply for the DWSRF and CWSRF funds allotted to the U.S. Virgin Islands. In order to identify the projects that will be funded under the program "call for projects" letters/emails, meetings and/or pre-application forms requesting project proposals are issued to the Territory's public water systems, the Virgin Islands Waste Management Authority (WMA) and the Virgin Islands Department of Public Works (DPW), **herein after the "Sub-recipient"**. All submitted proposals will be prioritized and ranked in accordance with the Drinking Water Priority Ranking & Points System (***see Appendix B1***) and the Clean Water Priority Ranking & Points System (***see Appendix B2***) and entered on the Project Priority List of an annual Intended Use Plan.

DPNR/DEP will prepare an Intended Use Plan (IUP) for grant monies provided by the DWSR & CWSRF allotment(s). The IUP will describe how the Territory proposes to use the available funds. The IUP will include the Administrative Procedures, Priority Ranking & Point Systems and the Project Priority Lists (PPL). All unfunded projects will remain on the PPL and may be eligible for funding in future years. Additionally, these projects may be funded by available funds from past DWCIG/CWCG grant awards. This will require an amendment to the preceding IUP(s). Projects already listed on the PPL(s) of previous IUP(s) and were not funded DO NOT need to resubmit pre-applications unless significant changes are made to the project scope or other project information.

A. ADMINISTRATIVE PROCEDURES

DPNR will use the following procedures in administering the BIL Funds:

1. DPNR/DEP will prepare an IUP for each annual DWSRF & CWSRF appropriations to the USVI. The IUP will identify the intended uses of the Federal Fiscal Year funding and describe how those uses support the goals of the DWCIG & CWCG. The IUP will include the CW & DW Project Priority Lists (PPL) (***Appendices A1 & A2***), DW Priority Ranking & Point System (***Appendix B1***) and the CW Project Priority

System (PPS) (***Appendix B2***). It will also include the annual schedule, financial overview, project planning procedures, and construction oversight.

2. DPNR/DEP will develop a DW and/or CW Project Priority List (PPL) for each IUP. The PPLs identify the capital improvement projects which are likely to be funded during the period of performance of the grant awarded to the territory. Prior to being finalized, the IUP/PPLs will be subject to a specified public comment period.

3. DPNR/DEP will conduct technical review and approve the Facility Plans and Engineering Plans & Design submitted for each project. All CW project submittals must be provided to EPA Region II for their review and concurrence with DPNR's approval.

4. DPNR/DEP along with EPA will conduct technical review of the environmental information/documents submitted by the Subrecipient necessary for compliance with the **National Environmental Policy Act (NEPA)**. NEPA regulations provide for varying levels of environmental review depending on the potential significance of predicted environmental impacts.

   DPNR/DEP is responsible for the review and assessment of environmental information relating to Drinking Water projects. EPA is responsible for the review and assessment of environmental information relating to Clean Water projects. In carrying out the NEPA review, DPNR and EPA does the following:
   - **Reviews** the information submitted by the Subrecipient.
   - **Determines** the adequacy of the information submitted for deciding on the appropriate level of environmental review under NEPA.
   - **Prepares** the appropriate environmental review document (CATEX determination, EA, or EIS) or reviews and adopts environmental review documents (Draft EA) prepared by the grantee or a third-party contractor and ensures its accuracy.
   - **Issues** a preliminary FONSI or draft/final EIS and takes public comment on the preliminary FONSI or draft/final EIS.
   - **Completes** the NEPA process through preparation of the appropriate decision-making document.

5. DPNR/DEP may amend a PPL and IUP to include a project requested by a public water system, WMA and/or DPW, as needed to protect public health or to meet emergency needs. PPLs and IUPs may also be amended to include projects from past and future IUPs that are deemed "ready to proceed" and require additional funding.

6. Only projects listed on the PPLs of this IUP, past and future IUPs and/or amended IUPs may receive funding. The grant Subrecipient can begin construction of a project only after execution of a Grant Agreement (Sub-Award) between the Subrecipient and DPNR.

7. The construction cost for projects will be financed only after the execution of the Grant Agreement (Sub-Award) and the documents for payments are approved by DPNR.

8. If available monies are not used by higher ranked projects listed on the PPL within a specified time (*see section II-D. Project Bypass*), those funds will be made available to lower ranked projects or to projects amended to the PPL that are deemed ready to proceed.

B. PUBLIC REVIEW AND COMMENT

In accordance with the requirements of 40 CFR Part 25 (Public Participation for certain EPA programs) and 40 CFR Part 6 (NEPA), DPNR will ensure proper public participation during the development of the Project Priority List, the Intended Use Plan, and environmental review procedures.

Wide circulation of information about the Intended Use Plan (IUP) are required before DPNR submits the final document to EPA. Any significant revision of the IUP may require the same activities.

Once the IUP is completed, it will be subjected to a specified public comment period. After the comment period has closed, DPNR will prepare and distribute a response to comments ***(see Appendix H)*** and a final IUP.

C. PROGRAM SCHEDULES

In order to ensure that all available funds are obligated on a timely basis, DPNR has established a strict schedule for the implementation of the VICIG program. Table 2 provides a summary of significant deadlines and other anticipated milestones which must be adhered to by the Sub-recipient and the VICIG program.

Table 2: Anticipated Schedules

ACTIVITY	ANTICIPATED MILESTONE
DPNR will finalize this IUP by incorporating public comments and make copies of the final plan available to the Sub-Recipients listed on the PPL.	**September 30, 2023**
All Sub-Recipients listed above the funding line on the PPL must submit a project schedule within 3 months of DPNR issuing the finalized IUP to the Sub-Recipient.	**December 30, 2023**
All Sub-Recipients listed above the funding line on the PPL must submit a complete grant application package within 12 months of DPNR issuing the finalized IUP to the Sub-Recipients.	**September 30, 2024**

Table 2: Anticipated Schedules

ACTIVITY	ANTICIPATED MILESTONE
Sub-Award Agreements between DPNR and the Sub-Recipients must be executed within 45 days of the submittal of the complete grant application package. (During this time the VICIG program will review design plans and environmental assessment reports)	**45 days after submittal of final application package**
Sub-Recipients will be required to begin construction within six (6) months of the execution of the Sub-Award Agreement.	**6 months after execution of sub-award agreement**

D. PROJECT BYPASS

Any project that is not ready to proceed may be bypassed. A project is designated as **"ready to proceed"** once a final plans & design package (i.e. scope of work, engineering report, environmental documents) has been approved by DPNR. The contents of the final plans & design package are discussed in *section IV-B. Design and Administrative Considerations*. A project may also be bypassed if the Subrecipient fails to implement construction within the timeframe specified by the Subaward Grant Agreement.

Bypassed projects may lose their grant allotment to lower ranked projects listed in the order indicated on the Project Priority List. If there is a decision to bypass a project, DPNR/DEP will notify, in writing, the Subrecipient whose project is being bypassed and indicate the reason for the bypass, unless it is known that the bypassed project has been withdrawn by the PWS. The notified Subrecipient shall have 15 calendar days to respond in writing with any objections for being bypassed. If any objections are received by DPNR/DEP within the specified time period, DPNR/DEP will address the objections.

Any of the following circumstances will be used to bypass a project on the PPL.

1. The project is for a system that is identified as a Significant Non-Compiler (SNC) under the Safe Drinking Water Act and the project will not ensure compliance.

2. The project has had a major change in scope.

3. The grant application, project feasibility report, environmental planning documentation, and other applicable planning and construction documentation has not been submitted to DPNR/DEP in a timely manner as indicated above.

4. The project is unable to proceed in a timely manner.

5. The project is bypassed or withdrawn by the applicant or DPNR.

6. Clean Water Projects which are withdrawn by the applicant or do not meet critical dates on their Pre-Award schedule, or fail to meet deadlines will, upon written

notice to the subrecipient(s), be bypassed. Each segmented and/or phased project is required to have a schedule for completion of all work necessary to assure that the funded segment or phase can achieve operation in accordance with TPDES permit requirements. This schedule must be acceptable to those responsible for administration of the TPDES permit. The Federal Clean Water Act requires that all publicly owned treatment works achieve compliance with the effluent limitations applicable to their discharge by that date, without regard to the availability of federal financial assistance. If such a schedule has not been accepted by enforcement authorities the project will be bypassed.

A bypassed project may be added to the PPL of a subsequent Intended Use Plan and therefore will remain eligible for funding. **DPNR may increase the funding for the bypassed project by 15% to account for expected cost increases over time.** Projects which are bypassed because the Subrecipient is identified as a SNC or because the project is withdrawn by the applicant or DPNR, **WILL NOT** remain on the PPL unless the Subrecipient returns to compliance or the applicant resubmits the project. DPNR/DEP will work with the Subrecipient whose project has been bypassed to ensure that the project will be eligible for funding under subsequent Intended Use Plans/BIL Grants.

E. EMERGENCY PROJECTS

Consistent with Federal Guidelines, DPNR/DEP may bypass projects listed on the PPL to fund an emergency project. Emergency projects may include those where some type of unanticipated failure has occurred and requires immediate attention in order to protect public health. In such cases, DPNR/DEP has the authority to fund the emergency project ahead of other selected projects. DPNR/DEP will inform the Subrecipient(s) whose project(s) were bypassed of the decision and rational behind that decision. The projects that were bypassed will receive the highest priority

III. PROJECT PRIORITY LIST

The DWCIG Project Priority List (PPL) (***see Appendix A1***) and/or the CWCG PPL (***see Appendix A2***) identifies the capital improvement projects which are likely to be funded during the period of performance of the grant awarded to the territory. All projects on the PPLs must be thoroughly reviewed by DPNR/DEP and subjected to the public review process. Additionally, all CW projects must be subjected to the NEPA review and approval process prior to be added to the list. All DW projects must receive NEPA approval prior to being awarded funds through a Subaward Grant Agreement.

Projects are considered for funding in ranked order, from the highest to the lowest. An "***Anticipated Funding Line***" will be drawn dividing the PPL at the point where available program funds end. Applicants above the line will receive funding only after complying with VICIG program requirements and the incurrence of the project cost. Compliance of program requirements includes timely submission of the complete grant application and implementation of construction within six months of execution of the Subaward between

DPNR and the Subrecipient. The line may be adjusted downward if projects above the line are bypassed or removed from the list. If funds have not been obligated to projects above the line as a result of a systems noncompliance with VICIG program requirements or the system decision to withdraw a project, the line will be moved down the list and drawn at the point where the remaining un-obligated funds end. Projects newly positioned above the line may submit a final grant application within twelve months of being notified of their funding status.

The PPLs can be amended to include projects listed on past and future PPLs that need additional funds and are deemed "ready to proceed". These projects will be inserted ahead of projects that are bypassed because they were not ready to proceed.

Projects which are not funded under this IUP may be added to the PPL of a subsequent Intended Use Plan. **DPNR may also increase the assistance amount for these projects by 15% to account for expected cost increases over time.**

IV. FINANCIAL OVERVIEW

The DWSRF and CWSRF have made available through federal fiscal years (FFY) 2022 and 2023 appropriations totaling **$11,186,000.00** to the USVI's. DPNR/DEP will use these funds for both project expenditures and administrative expenditures. The sources of the Territory's capitalization grant are presented in Table 3.

Table 3. Sources of Capitalization Grant

Source	Amount
FFY 2022 Base Program Funding – DWSRF	$3,351,000.00
FFY 2023 Base Program Funding – DWSRF	$1,800,000.00
FFY 2022 Base Program Funding – CWSRF	$3,645,000.00
FFY 2023 Base Program Funding – CWSRF	$2,390,000.00
Total Sources	**$11,186,000.00**

A. CONSOLIDATED GRANT

The USVI, through the Omnibus Territories Act, is allowed to combine the DWSRF and CWSRF funding sources into a single consolidated grant. DPNR intends to consolidate the USVI BIL funds into one consolidated grant for clean water and drinking water infrastructure projects. Consolidation of the DWSRF and CWSRF funds will support the Territory's efforts to develop an overall approach to public health protection, water quality planning, and to develop a big picture plan for water pollution control. DPNR will determine the proportion of the funds allocated to the consolidated grant program and the purposes. Table 4 shows a summary of the uses of the consolidated grant award.

Table 4: Consolidation & Use of Capitalization Grants

Source	Allotment	4% Admin	2% Tech	Projects
CW Base FY2022	$3,645,000.00	$145,800.00	$0.00	$3,499,200.00
CW Base FY2023	$2,390,000.00	$95,600.00	$0.00	$2,294,400.00
	$6,035,000.00	**$241,400.00**	**$0.00**	**$5,793,600.00**
DW Base FY2022	$3,351,000.00	$134,040.00	$67,020.00	$3,149,940.00
DW Base FY2023	$1,800,000.00	$72,000.00	$36,000.00	$1,692,000.00
	$5,151,000.00	**$206,040.00**	**$103,020.00**	**$4,841,940.00**
Consolidated Totals	**$11,186,000.00**	**$447,440.00**	**$103,020.00**	**$10,635,540.00**

B-1. Administrative Set-asides

The USVI is authorized and intends to use 4% or $447,440.00 of the total consolidated grant award for administration of the program. Administrative tasks include, but are not limited to: developing and finalizing the capitalization grant application package to secure federal funds; implementing the Operating Agreement (OA) between DPNR and EPA Region II; review of facility plans for clean water projects; performing technical project reviews and ranking project proposals in priority order; preparing an IUP which identifies available funding resources and expenditures and establishes current year and multi-year project priority lists; implementing an Environmental Review Process; reviewing and approving engineering reports, construction plans and specifications; conducting project inspections; conducting public participation efforts; conducting database management activities; preparing subaward grant agreements; establishing disbursement schedules; processing disbursement requests and conducting associated document reviews; insuring program and fiscal audits are conducted; and preparing technical and financial reports to meet federal and local mandates.

B-2. Technical Assistance Set-asides

The USVI is also authorized and intends to use 2% or $103,020.00 of the FY2022 and FY2023 Base DW grant awards to provide technical assistance to small water systems (those with populations of 10,000 or fewer). The form of assistance is flexible and could include, but is not limited to, community outreach, technical evaluation of wastewater solutions, preparation of applications, preliminary engineering reports, and financial documents necessary for receiving SRF assistance.

C. PROJECT FUNDS

The USVI intends to use approximately 95% or $10,635,540.00 of the total consolidated grant award for the construction of drinking water and clean water capital improvement projects. These expenditures involve the costs associated with the planning, design, materials, equipment, and construction of the capital improvement projects.

D. FUNDING ALLOCATION FOR SMALL, MEDIUM, AND LARGE SYSTEMS' PROJECTS

In keeping with §1442(e) of the SDWA, DPNR/DEP will provide technical and financial assistance to small and medium size public water systems through the DWCIG. In order to ensure that small and medium size public water systems are able to participate in the VICIG program. DPNR/DEP will reserve at least 10-25% of the project funds available for grants to small and medium size water system (population served is less than 10,000). The remaining 75-90% of the project funds will be used for providing grants to large size water systems (population served is more than 10,000).

In the event that there are insufficient small and medium size public water systems projects to meet the 10-25% reserve the funding percentage for the large public water systems will be increased accordingly to ensure the disbursement of all project funds. The funding percentage targets may also be adjusted if final construction costs are less than the estimated assistance requests and when projects are withdrawn or bypassed on the DW Project Priority List(s).

To ensure participation of small & medium sized public water systems approximately 27% of the project funds has been allocated to these types of water systems. The remaining 73% has been allocated to large public water systems. These percentages may change if the IUP is amended to include a project requested by a public water system, as needed to protect public health or to meet emergency needs.

DRINKING WATER CAPITAL IMPROVEMENTS GRANT ALLOCATIONS

DW Grants Available	**FY2022/2023**
Project Funds Available	$4,841,940.00
Small and Medium Projects *(27% of Project Funds)*	$1,291,684.00
Large Projects *(73% of Project Funds)*	$3,550,256.00

E. GREEN INFRASTRUCTURE (*OPTIONAL*)

From the total allotment of construction grants funds to the Virgin Islands there are several portions set aside (or reserved) for special purposes.

The DWSRF requires that, to the extent there are sufficient eligible project applications, not less than 20% of the funds provided for projects be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. This requirement is optional for the U.S. Virgin Islands. There is one green infrastructure project listed on the DW Project Priority List of this Intended Use Plan.

Priority is given to projects that incorporate components that qualify towards the green project reserve. This IUP may be amended to reflect the addition of green infrastructure project(s). A business case that demonstrates why a project qualifies as green infrastructure must be submitted to DPNR.

F. PLANNING AND ENGINEERING DESIGN ALLOWANCES

While the purpose of the DW/CW SRF consolidated grant is to provide funding for capital improvements at public water systems and municipal wastewater treatment plants, DPNR/DEP recognizes that preliminary work (planning, design, and engineering) is necessary before the construction of a project can take place. DPNR/DEP will allow a portion of the grant money to defray the cost of the planning, design, and engineering of the capital improvement projects. The allowance for planning, design, and engineering will be a percentage of the cost of the construction and materials to complete the capital improvement project and will be allowed in addition to the construction and materials costs. This means that if the planning and design costs exceed the allowed percentage of construction costs, the Sub-recipient must pay the difference out of their own funds. The following table provides the percentage of the construction costs, which will be allowed to be used for planning, design, and engineering purposes.

PROJECT COST	ALLOWANCE FOR PLANNING AND DESIGN AS A PERCENTAGE OF CONSTRUCTION COST
Up to $5,000	14% or up to $650
$5,001 to $20, 000	13% or up to $2,400
$20,001 to $35,000	12% or up to $3,850
$35,001 to $50,000 $50,001 to $75,000	11%or up to $5,125 10.25% or up to $7,313
$75,001 to $100,000	9.75% or up to $9,250
$100,001 to $150,000	9.25% or up to $13,200
$150,001 to $200,000	8.8% or up to $16,800
$200,001 to $300,000	8.4% or up to $24,450
$300,001 to $400,000	8.15% or up to $31,200
$400,001 to $500,000	7.8%or up to $37,500
$500,001 to $750,000	7.5%or up to $54,375
$750,001 to $1,000,000	7.25% or up to $70,000
Over $1,000,000	7%

NOTE: The compensation for planning or design services should be based upon the nature, scope and complexity of services required by the system. Therefore, the allowance table should not be used to determine the cost for planning or design services.

V. SPECIAL CONDITIONS

A. ROOF CATCHMENT PROJECT

The Virgin Islands uniquely uses roofs to catch/collect rainwater as a source of water to meet its human consumption needs. This occurs through a system of roof surfaces, gutters, downspouts and cisterns. This system must conform to V.I. Code Title 29, Chapter 5.

Projects for the improvement of a rainwater collection system or for the increase of rainwater collection and storage may be eligible for funds from the DWCIG.

The following types of projects relating to a rainwater catchment system will be 100% funded:

- Construction of additional catchment surface to increase water collection capability.
- Repair or replacement of gutters and downspouts.
- Installation of first flush device or rainwater bypass device.

The following projects, subject to DPNR's evaluation will receive 50% funding:

- Repair and coating of roof surface with NSF approved coating.

B. BUY AMERICAN

Congress passed the Build America, Buy America (BABA) Act under Division G at Title IX of the BIL. Congress established this domestic preference requirement to create long-term opportunities for domestic manufacturers and manufacturing jobs and build resilient domestic supply chains for a wide range of products. For wastewater treatment projects, BABA builds on the requirements for American materials in the Federal Water Pollution Control Act §215, 33 U.S.C. § 1295, and will newly apply to drinking water projects. On April 18, 2022, the Office of Management and Budget (OMB) released program guidance to federal agencies on BABA that specifies May 14, 2022, as the effective date for the BABA requirements. In addition, the OMB guidance details the process involved for seeking a waiver from the BABA requirements. EPA will issue implementation procedures for BABA compliance for federal water infrastructure funding programs, including a process for applying for waivers under BABA in the near future. EPA will work closely with federal agencies, DC, and the Territories on BABA technical assistance and training, as needed, to ensure compliance with the requirements.

VI. PROJECT PLANNING

The design phase of the project turns the conceptual project proposed in the pre-application into concrete plans and specifications. The activities undertaken during the design phase can have a substantial impact on cost of the project when bids are taken.

A. FACILITY

Facilities planning for projects that will be funded by the Clean Water Construction Grants is required by 40 CFR 35.2030. Facilities planning consists of those necessary plans and studies which directly relate to treatment works needed to comply with enforceable requirements of the Clean Water Act. The goal of facilities planning is to investigate the need for proposed facilities. A facilities plan must include a systematic evaluation of alternatives that are feasible in light of the unique demographic, topographic, hydrologic and institutional characteristics of the area. It must demonstrate that, except for innovative and alternative technology under §35.2032, the selected alternative is cost effective (*i.e.*, is the most economical means of meeting the applicable effluent, water quality and public health requirements over the design life of the facility while recognizing environmental and other non-monetary considerations). For sewered communities with a population of 10,000 or less, consideration must be given to appropriate low-cost technologies such as facultative ponds, trickling filters, oxidation ditches, or overland-flow land treatment; and for unsewered portions of communities of 10,000 or less, consideration must be given to onsite systems. The facilities plan must also demonstrate that the selected alternative is implementable from legal, institutional, financial and management standpoints.

Facilities planning will lead to successful grant applications and the placement of selected projects on the Intended Use List.

The facility Plan is a first step in the process of obtaining construction grant funding for implementation of Clean Water projects and should be completed by the Subrecipient and certified by EPA. The environmental information that is gathered during the facilities planning process can also be used for the National Environmental Policy Act (NEPA) assessment process.

B. DESIGN AND ADMINISTRATIVE CONSIDERATIONS

Each public water system that has a proposed capital improvement project on the Project Priority List must submit a Final Plans & Design Package to DPNR/DEP before the funding of any project can proceed. **The technical and engineering plans, specifications, and cost estimates must be included in the Final Plans & Design Package for approval by DPNR/DEP.** The preparation of the plans, specifications, and cost estimates included in the Engineering Report must be well organized and complete in order to obtain the lowest, realistic bid possible.

C. TECHNICAL REVIEW

The Engineering Report is the document that will demonstrate the need for a proposed project. The information contained in this document provides the basis for the design and construction of the capital improvement project. Depending on the scope of the project, a

licensed plumber or a professional engineer registered in the U.S. Virgin Islands must prepare the Engineering report. Project review will be based heavily on this document. All technical and engineering plans, drawings, and specifications, and cost lists must be detailed and specific.

The Engineering Report must include the following:

- Description of the project;
- Objective of the project or the problem which the project will solve;
- Design plans and engineering drawings;
- Equipment and materials specifications;
- Environmental Review as necessary to evaluate short & long term impacts of capital improvement projects and related construction;
- Construction schedule with a chronological list of construction tasks and deadlines;
- Materials lists with costs;
- Cost schedule, including design costs, construction costs, labor costs, and equipment costs.

C. ADDENDA AND REVISED PLANS

Changes are often made to design plans and specifications between the time they are approved and the advertisement for bids. If any change occurs, revised documents must be submitted to DPNR/DEP for approval. DPNR/DEP will determine if the changes can be incorporated through the issuance of an addenda or if the grantee would have to re-advertise for bids.

VII. CONSTRUCTION OVERSIGHT

The construction phase of the project is very important from a managerial standpoint. The ability of a project to achieve its design performance for the estimated design life is dependent upon proper construction techniques. Costs can be increased during construction due to change orders. Without proper inspection and construction management, the public water system may face increased capital costs and increased operation and maintenance costs during the facilities useful life. Adequate construction oversight of the capital improvement project must be planned for and maintained.

A. INCREASES AND DECREASES IN COSTS DUE TO BIDS

Bids that are significantly lower or higher than estimated must be carefully analyzed. The plans and specifications should be reviewed to ensure that all work in the pre-bid cost estimate is included. The experience of the contractor should also be assessed to ensure that the scope of work is clearly understood.

B. CHANGE ORDERS

A change order is a written authorization by the grantee, approved by DPNR/DEP, to the construction contractor for an addition, deletion, or revision in the scope of work of the project after execution of the construction contract. The Subrecipient is responsible for determining whether a proposed change is appropriate. Documentation of the proposed change in scope of work and reasons for the change must be submitted to DPNR/DEP prior to the approval of any change orders.

C. CONSTRUCTION MONITORING

Inspections will be conducted by DPNR/DEP throughout the construction of the project to ensure that the construction is in accordance with the contract. These inspections will check for compliance with the plans and specifications, as well as with the contract schedule. Payment of grant funds to the Subrecipient by DPNR/DEP will be contingent upon compliance with the project contract. If it is found through these inspections that modifications have been made to the agreed upon plans and specifications without prior approval of DPNR/DEP, these modifications may not be funded by the Capital Improvements Grant (CIG). Upon completion of the construction, a final inspection will be conducted. Any deficiencies noted during the final inspection must be resolved prior to release of the final grant award.

The following construction oversight process must be adhered to for any CIG project to receive grant awards.

1. A copy of the Construction Contract with the bid documents must be submitted to DPNR/DEP.

2. DPNR/DEP will attend all contract negotiation meetings.

3. No contract shall be awarded without the approval of DPNR/DEP.

4. Once a bid is awarded, a pre-construction meeting is to take place before any construction is started. The Subrecipient, DPNR/DEP and the construction contractor are to be present at this meeting.

5. Inspections must be performed by DPNR/DEP prior to any grant disbursements to the construction contractor. Inspections for the purpose of making grant payments must be scheduled by the Subrecipient. Documentation of materials procurement may be required at these inspections.

6. Periodic inspections, in or out of schedule, may take place at the discretion of DPNR/DEP.

7. DPNR/DEP may attend all or any construction progress meetings, at their discretion. The Subrecipient must keep DPNR/DEP apprised of when construction progress meetings are scheduled.

8. DPNR/DEP will review, evaluate and recommend the approval of all change orders for capital improvement projects.

9. DPNR/DEP will review all documents related to the contract closeout. The Operation and Maintenance (O & M) Manual is considered a closeout document and no project will be given final payment without the submittals of an O & M Manual.

10. DPNR /DEP will perform a final project construction inspection in conjunction with the Subrecipient to ensure compliance with the design plans and specifications. Evaluation for start-up for the facility will take place at the final inspection.

D. OPERATION AND MAINTENANCE MANUAL

Proper operation and maintenance of a drinking water facility is essential to ensure a continuing supply of safe drinking water. In order to achieve the maximum design life of the drinking water system and its equipment, adequate maintenance and correct operation of the system are also necessary. Therefore, an Operation and Maintenance (O & M) Manual is required for all Capital Improvement Grants. Any project that does not have an O & M Manual will not be considered complete and will therefore not receive final payment for the project. The O & M Manual may be submitted to DPNR/DEP for review at any time before completion of the construction phase of the Capital Improvement Project.

Rank	Points	Large PWS	Pop	Cost/Pop	Project Title/Location	Project Description	Estimated Assistance Amount	Green Project Reserve Amount
1	700	WAPA St. Thomas	35,000	$5.40	WAPA St. Thomas (MIOX System)	Repair and upgrade the automated chlorination system for the WAPA St. Thomas PWS	$188,842.00	
2	700	WAPA St. Croix	35,000	$7.97	WAPA St. Croix (MIOX System)	Repair and upgrade the automated chlorination system for the WAPA St. Croix PWS	$279,048.00	
3	425	WAPA St. Thomas & St. Croix	70,000	$44.03	Advanced Metering Infrastructure & Automated Meter Reading [Partial Funding]	Installation of Ultrasonic E-series Polymer Meter Model E-25P to improve the efficiency water meter reading and water consumption accountability	$3,082,366.00	$3,477,500.00
Funding Line							**$3,550,256.00**	
Large PWS Total Estimated Assistance Amount							**$3,550,256.00**	**$3,477,500.00**

Rank	Points	Small/Medium PWS	Pop	Cost/Pop	Project Title/Location	Project Description	Estimated Assistance Amount	Green Project Reserve Amount
11	735	The Reef Condominium	400	$3,229.21	St.Croix	Replace old R/O plant, and potable water lines	$1,291,684.00	
Funding Line							**$1,291,684.00**	
12	660	Cowpet Bay West_1	250	$867.62	St. Thomas	Replace R/O Plant & install new UV system	$216,905.87	
13	660	Cabrita Point	120	$1,517.33	St. Thomas	Upgrade R/O; Install UV treatment, filters & related piping	$182,079.50	
14	660	Dorothea Beach Condos	90	$2,801.38	St. Thomas	New R/O, UV, pressure tanks, filters, distribution system improvements	$252,124.00	
15	645	Harborview Apartments	825	$359.45	St.Croix	Rehabilitation of existing potable water storage facilities	$296,550.00	
17	610	Saman Villas	200	$1,430.28	St. Thomas	Install R/O Plant, related piping & POU-R/O & UV	$286,056.75	
18	535	Good Hope Townhouses	270	$1,152.83	St.Croix	Construct & Install galvalume water catchment system on 3 buildings to increase water collection capability & improve the quality of water collected for human consumption	$311,264.00	
19	510	Sea Cliff Villas	150	$3,592.36	St. Thomas	Replacement of existing aging copper lines with PVC pipes	$538,854.15	
21	385	Mill Harbour Condominium	180	$117.56	St. Thomas	Repair & Seal Cistern	$21,160.00	
22	385	Point Pleasant	100	$3,178.55	St. Thomas	Construct new cistern w/ pump, pressure tanks, pipes & electrical; Seal existing cistern	$317,855.00	
25	100	Mahogany Run Golf Course	500	$105.29	St. Thomas	Replacing & Rerouting 4” distribution pipe	$52,645	
Small/Medium PWS Total Estimated Assistance Amount							**$3,767,178.27**	**$0.00**

Rank	Points	Sub-Recipient	Project Title/Location	Project Description	Estimated Assistance Amount	Green Project Reserve Amount
1	140.8	VIDPW	Centerline-Rt. 70 St. Georges Box Culvert Replacement	Upgrading existing culverts to box culvert or larger diameter culverts/road reconstruction	$567,134.00	
2	131.2	VIWMA	Mangrove Lagoon WWTP	Equipment Upgrade	$3,000,000.00	
3	126.0	VIDPW	Enfield Green Culvert Replacement	Construction of concrete box culvert	$653,534.00	
4	91.2	VIWMA	Brass View WWTP Upgrades, Phase 2	Equipment upgrade	$234,400.00	
5	81.8	VIWMA	St. Thomas Small Pump Stations, Phase 3	Equipment upgrade	$175,550.00	
6	81.8	VIWMA	St. Croix Small Pump Stations, Phase 3	Equipment upgrade	$424,870.00	
7	81.8	VIWMA	St. Thomas/St. John Pump Station Telemetry	Equipment upgrade	$420,644.00	
8	81.8	VIWMA	St. Croix Pump Station Telemetry	Equipment upgrade	$308,514.00	
9	65.8	VIWMA	LBJ Pump Station Upgrades, Phase 3	Equipment upgrade	$225,354.00	
Funding Line					**$6,010,000.00**	
				Total Estimated Assistance Amount	**$6,010,000.00**	**$0.00**

Drinking Water Priority Ranking & Points System

The purpose of the priority ranking system is to establish a list of eligible projects to be funded in a manner that the most serious risks to public health are given the highest priority. DPNR has established that the highest priority be given to acute public health risks, particularly those related to microbiological organisms. The next priority is given to situations that pose chronic and longer-term risk to consumers, such as chemical contamination (i.e. lead and copper). The scoring criteria also considers issues that are related to infrastructure upgrading or replacement.

A. PRIORITY RANKING

The ranking criteria will be divided into the following four categories: 1) Compliance with SDWA Health Standards; 2) Infrastructure Improvements for Public Water Systems; 3) Consolidation or Interconnection of systems; 4) Population Served. Eligible projects can receive points from any of the categories (***see Section B for RANKING POINTS SYSTEM***). The project's rank will be determined from the sum of all points received in each category. Each category is briefly described below. ***In addition to the above listed categories special consideration will be given to projects that address water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. These projects may be placed above the funding line to ensure compliance with the green project reserve requirements***. The ranking scheme is as follows:

1) Compliance with SDWA Health Standards:

Great emphasis will be placed on addressing compliance with health standards established by the Safe Drinking Water Act (SDWA). Projects to address SDWA health standards that have been exceeded or to prevent future violations of rules will receive higher ranking points. The ranking scheme is as follows:

a. Project that will bring into compliance a public water system that is not currently in compliance with existing acute drinking water standards (fecal coliform, E. coli, nitrate).

b. Project that will bring into compliance a public water system that is not currently in compliance with existing non-acute drinking water standards (all non-acute MCLs including heavy metals, SOCs, VOCs).

c. Project that will ensure compliance (prevent non-compliance) with existing acute drinking water standards.

d. Project that will ensure compliance (prevent non-compliance) with existing non-acute drinking water standards.

2) Infrastructure Improvements for Public Water Systems:

Projects aimed at infrastructure deficiencies that may affect water quality or the system's ability to comply with the SDWA.

a. Rehabilitate or develop sources to replace contaminated sources.

b. Rehabilitate storage system which, is in poor condition, has failed, or subject to contamination, not related to inadequate maintenance of the facilities.

c. Cross-contamination prevention/ backflow prevention projects.

d. Existing transmission or distribution mains with appurtenances that need to be rehabilitated, repaired, replaced, or looped to improve water pressure to maintain safe levels or to ensure compliance with the SDWA.

e. Existing treatment facilities or equipment that need to be rehabilitated, repaired, or replaced to ensure compliance with the SDWA.

f. Add, upgrade, replace or rehabilitate water system components necessary to meet standards specified in *Recommended Standards for Water Works*.

3) Consolidation or Interconnection of Systems:

Capital improvement projects which consolidate or interconnect systems to ensure the consistent production and distribution of water of adequate drinking quality is considered in the priority system. The ranking scheme is as follows:

a. Project which will consolidate water systems or provide an interconnection with another water system for capacity development and to ensure that the system returns to and maintains compliance with SDWA requirements.

4) Population Served:

Projects that serve a larger number of people will receive more ranking points because they will benefit more people and further the health protection objectives more.

TIE BREAKER

It is possible that two or more projects may receive the same total number of points in the project ranking process. In the event of a tie, the project that is more cost effective will be ranked higher. Cost effectiveness will be evaluated by determining which project will benefit the most people at the least cost. Please note, that if two or more projects are tied, it will be assumed that the public health and compliance benefits are the same. If anyone disagrees with DPNR/DEP's final tie

breaking decision, they may present to DPNR/DEP an argument for why they feel one project should out rank another project based on public health protection or regulatory compliance merits.

B. Points System

All eligible projects will be rated with respect to four categories to determine their ranking and selection for funding. These categories are discussed in ***Section VI-D*** of this IUP.

- **Compliance with SDWA Health Standards** - Up to 500 points will be given to projects that address public health issues. Points will be awarded based on the seriousness of the health risk. The highest points are given to projects which will bring a system into compliance with monitoring requirements which address acute health hazards. Projects will receive points for ***only*** the highest applicable classification as illustrated in the table below:

Item	Score
Repair source of bacteriological contamination to bring system into compliance	500
Repair source of chemical contamination to bring system into compliance	450
Prevent bacteriological contamination to ensure compliance	400
Prevent or reduce chemical to ensure compliance	350
Corrosion Control (Lead & Copper)	300
Reduce turbidity levels to meet SDWA Standards	250

- **Infrastructure Improvements for Public Water Systems** - up to 400 points will be given to project that address system deficiencies. Projects will receive points for ***only*** the highest applicable classification as illustrated in the table below:

Item	Score
Rehabilitate old or develop new source to replace contaminated sources	400
Install, upgrade or rehabilitate storage facilities	375
Cross contamination prevention/backflow prevention	350
Ensure proper flow pressure to distribution system	325
Provide adequate storage capacity	300
Develop rainwater catchment area for increase water collection capability	275
Install new disinfection/treatment system	250
Upgrade existing disinfection/treatment system	200
Introduce new R/O treatment unit	175
Rehabilitate old R/O treatment unit (*not for routine replacement of membranes*)	125
Repair Leaks	100
Improve distribution system	80
Repair or replace aging gutters and downspouts	75
Introduce new filtration system	60
Improve existing filtration system	50
Repair catchment surface and re-coat with NSF approved coating	45
Introduce point-of-use treatment units for additional treatment	40

- **Consolidation or Interconnection of Systems** - up to 200 points will be given to project that address this criteria. Projects which consolidate or interconnect systems to ensure the consistent production and distribution of water of adequate drinking quality is considered in the priority system. Projects will receive points for ***only*** the highest applicable classification as illustrated in the table below:

Item	Score
Introduce new public water system or distribution line extensions to a service area with water quality problems	200
Interconnect water system with more reliable source(s)	100

- **Population Served** - Projects that serve a larger number of people will receive more ranking points because they will benefit more people and further the health protection objectives more. Projects will receive between 10 and 100 points based on population served by the system as illustrated in the table below:

Population Served	Score
25 to 499	10
500 to 999	20
1000 to 1999	30
2000 to 3999	40
4000 to 5999	50
6000 to 7499	60
7500 to 9999	85
10,000 and up	100

A project's ranking will be the sum of all points received in each category. However, before any final funding is granted, each project will be carefully evaluated to ensure that the project addresses all issues for which points are scored.

Clean Water Project Priority System

I. OVERVIEW

The Virgin Islands Clean Water Project Priority System (PPS) has been developed to set priorities for the management of federal funds for sewage and stormwater infrastructure projects which are eligible for federal aid. The PPS consists of a variety of criteria and rules for their application and is essential for the development of the Project Priority List (PPL). Proposed projects are rated and ranked according to the criteria of the PPS. The ranked projects are placed on the PPL based on their rank from the highest to lowest score. Only those projects which are ranked and have satisfied the requirements of the ***National Environmental Policy Act*** (NEPA) may receive federal grant assistance. In accordance with the provisions of the Clean Water Act (CWA) as amended in 1987, federal aid will be distributed to proposed projects on the basis of the rules of the PPS, position on the PPL, and the availability of funds.

The PPS is designed to reflect the priorities of both the Federal and Territorial governments in achieving clean water. Enforcement activities will be consistent with those priorities. The Federal Clean Water Act required that all publicly owned treatment works (POTWs) achieve compliance with the effluent limitations applicable to their discharge by July 1, 1988. Additionally, in 1987 the CWA was amended to require EPA to establish a program to address storm water discharges. The PPS establishes the process by which the Department of Planning & Natural Resources (DPNR) solicits projects, develops the Project Priority List (PPL) and identifies projects for applications for the Clean Water Construction Grants (CWCG) funded by the Environmental Protection Agency (EPA).

The Project Priority List is an inventory of potential projects that are eligible for funding through the CWCG. All proposed projects submitted to DPNR are evaluated for minimum eligibility, scored, and then placed on the PPL. The PPL presents the projects in two lists, one for each project category: (1) Wastewater Infrastructure Projects and (2) Stormwater Infrastructure Projects. Projects are listed on the PPL in descending order by rank based on the total points awarded using the scoring criteria. Each project listing displays relevant information about the project, including the priority score, rank, project description, applicant/Sub-recipient, project category, NEPA approval status, and the estimated cost. For each newly updated PPL, DPNR will provide an opportunity for public involvement, which allows stakeholders to become aware of and provide input on the Territory's determination of project scoring and ranking.

On an annual basis DPNR will apply for the federal fiscal year's Clean Water Construction funds appropriated to the Territory. DPNR will use the PPL to identify the set of the most highly ranked projects that are ready to proceed and are NEPA approved for inclusion in its grant application. This list of projects is a fiscal year (FY) specific listing of projects from the PPL and will be identified as the "FY-PPL" (i.e. FY2022-PPL). The FY-PPL will be based on the amount of available funds, the number of projects identified as ready to proceed by the Sub-recipient(s), and DPNR's capacity to oversee the project. The FY-PPL will be made available to the public for at

least a 30-day commenting period prior to being finalized and submitted to EPA for review and approval.

II. PROJECTS

DPNR will solicit projects from potential Sub-recipients for development and/or addition to the PPL. The solicitation will request proposals for the two categories of work: Wastewater Infrastructure Projects and Stormwater Infrastructure Projects. Projects are expected to contribute to the achievement or maintenance of compliance with the enforceable requirements of the CWA as well as goals of other Territorial environmental initiatives. Generally, enforceable requirements are limitations or conditions contained in permits issued under the TPDES program. Each project proposal should include a schedule for completion of all items prerequisite to grant award. The projects will be tentatively rated in accordance with the PPS.

A. Sewage Infrastructure Projects

Sewage Infrastructure Projects include work on devices or systems that collect liquid municipal wastes, including sanitary sewage and combined stormwater and sanitary sewage, convey waste waters to a central location, process such wastes to reduce the pollutant potential of those wastes, and provide for disposal of residues or byproducts that result from treatment of those wastes.

Project examples include the following:

- New, expanded, or rehabilitated wastewater treatment works including Biological Nutrient Removal;
- Infiltration/inflow correction;
- Replacement/rehabilitation of sanitary and/or storm sewers;
- Replacement/rehabilitation of collector, trunk, and interceptor sewers and of pumping stations;
- Combined sewer overflow abatement;
- Repair or replacement of damaged sanitary or combined sewer infrastructure that leaks untreated sewage into District waters.
- New, expanded, or rehabilitated sludge handling and disposal facilities;
- Water treatment plant filter backwash and sludge treatment; and
- Measures to reduce the energy consumption for publicly-owned treatment works.

B. Stormwater Grey Infrastructure Projects

Stormwater Grey Infrastructure Projects are projects to prevent or reduce discharge of stormwater pollution from industrial activities at municipal facilities into a storm sewer, combined sewer, or District waterbody. Industrial activities are those for which stormwater pollution prevention is required under the TPDES permit.

Project examples include the following:

- Leachate pretreatment at municipal landfills and trash transfer stations;
- Infrastructure to prevent stormwater from coming into contact with contaminants, including structures for the conveyance of stormwater or structures for preventing contaminants from coming into contact with stormwater; and
- Any method, conveyance, equipment, or infrastructure used as part of a system for treating stormwater to remove pollutants.

III. SEGMENTATION & PHASING

A. SEGMENTATION

DPNR will, where necessary and permitted by federal regulations, defer project segments. **A project segment normally consists of one or more construction contracts.** This mechanism allows for a wider distribution of available funds island-wide to achieve maximum progress toward overall water quality benefits. The procedure will be as follows: (a) DPNR/EPA will review later projects to determine whether there exists a logical segment or combination of segments that meet the EPA regulations governing phasing/segmentation ***(see Appendix G)***. (b) Selection of segments to be included on the fundable portion of the PPL will be based on the DPNR/EPA's judgment of the importance of the segment and the relative amounts of funding required for each. The grant amount indicated for each segment on the fundable range will provide the full federal share of all work to be performed under the contracts which constitute that segment. (c) Remaining segments, which meet all requirements for inclusion on the funding list will be shown as deferred. (***See Section IV. A. 2.***)

B. PHASING

Segmentation may not be practical for some projects which meet the criteria described in Appendix G. Phased Funding, which is a special funding arrangement requiring USEPA approval on a case specific basis, may be available for these projects. However, such availability will be limited to cases where there is reasonable assurance that remaining phases will be on the fundable range of subsequent Project Priority Lists in years for which funding is authorized in the Federal Clean Water Act.

In the phased funding approach, subrecipients would be authorized to proceed with construction of a large contract but receive a grant award only large enough to meet the contract cash flow needs for that fiscal year. The contract cash flow needs for future years would be provided by subsequent increases to that grant if sufficient grant funds are available. The priority list will address "phases" in the same manner as deferred segments; that is funding will be governed by funds available on the priority score of the project. Subrecipients must be aware that this approach will require them to make a commitment to complete all work in the phase funded contract without an assurance of future grants funding to complete the contract. Therefore, prior to EPA approval of phased funding,

subrecipients will be required to demonstrate financial capability to satisfactorily complete construction regardless of the availability of grant assistance. The details of each case must be worked out well in advance with the active involvement of all parties (Subrecipients, DPNR, and EPA).

IV. PROJECT RANKING CRITERIA

All projects are rated and entered into the Project Priority List (PPL) based on the following criteria (*Criteria may be revised depending on changing priorities and new program requirements*):

1. The nature of existing conditions which require correction.

2. The value of the natural resource in need of protection and/or improvement, the severity of impairment to the quality and use of the resource, and the probable results of the proposed project in terms of restoration of beneficial uses and/or protection of public health.

3. The need to maintain an on-going and progressive water quality program.

Each of the above criteria includes several sub-criteria or factors. Criteria which cannot be considered in rating include: a project's location within the Virgin Islands, financial hardship, future population growth, and development needs not related to pollution abatement.

Under each factor in criteria 1 through 3, a numerical score is calculated or assigned for each project. The project's rating is the sum of those scores. Using these criteria, the higher rating will apply to the project with the more severe problem, the more substantial potential improvement, the greater prior commitment, and the more imaginative solution.

Each operable project (which some cases may be part of a larger system) is scored on its own merits based on the existing conditions which it is designed to correct. This numerical rating and a project's readiness-to-go date, all determine the placement of the project on the priority list.

V. PROJECT RATING SYSTEM

Scoring in the Rating System

The numerical scores in the Virgin Islands Priority Rating System are based on the following criteria:

A. The existing conditions which cause the pollution.

B. The value of the resource to be protected and/or improved, the need for improvement, and the probable results of the proposed project.

C. Intergovernmental needs.

The total numerical score for the project or project segment being scored shall be the sum of the scores for Criteria A, B, and C.

Each project shall be re-scored annually to reflect the current problems which remain to be addressed by funding additional portions of the wastewater treatment system. The project score(s) will be computed based on information in the approved facilities plan (Sewer System Evaluation Study (SSES) for III correction projects). Projects without approved facilities plans will be scored based on information from other sources available to DPNR and the scores will be adjusted when a facility plan has been approved. DPNR intends to use 604(b) Funds to support the development of a VI Facilities Plan.

A. Existing Conditions Criterion

The proposed project should receive points allotted for whichever **ONE** of the following factors as defined below, best describes the **most** critical problem (contributing to the impairment of the use scored in Criterion B) to be corrected by the proposed project:

1. **Untreated Sewage/Stormwater Discharge** - Untreated sewage/stormwater is discharged over extended periods of time. Intermittent overflows which are caused by rainfall are not included here, but for purposes of scoring will be treated as combined sewer overflow. Likewise, discharges from failing individual systems are not included here. However, if a substantial portion (10% or more) of the problem areas consists of individual raw sewage discharges, they may, in aggregate be considered a raw sewage discharge.

    a) A raw sewage/stormwater discharge identified in a TPDES permit or other enforcement instrument issued against VIWMA/VIDPW — 80 points

    b) A raw sewage/stormwater discharge which is not covered by a TPDES permit or other enforcement instrument requirement — 20 points

2. **Type of Wastewater or Stormwater Treatment -** At a Treatment Plant or Conveyance System.

    a) Primary Treatment or Less i.e. No Treatment - The existing sewage treatment plant or stormwater conveyance system is designed to treat sewage or stormwater but removes less than 40% of the biological demand (BOD) or less than 60% of the suspended solids (SS) of the influent. — 60 points

    b) Intermediate Treatment/Manufactured Devices - The existing sewage treatment plant or manufactured device is designed to treat sewage/stormwater but remove less than 75% of the biological oxygen demand (BOD) or less than 75% of the suspended solids (88) from the influent — 30 points

c) Secondary Treatment/Green Infrastructure - The existing sewage treatment plant or green infrastructure is designed to treat sewage/stormwater and receive more than 85% of the suspended solids (SS) and Biological Oxygen Demand (BOD) from the influent. 10 points

3. **Combined Sewer Overflows -** Existing sewers transport both sewage and storm waters, and on occasion, rainfall discharges combined waste through an overflow without treatment. 30 points

4. **Failing Individual Systems or Conveyance Component -** Sewage treatment works serve one or more principal residences or small commercial establishments and are neither connected into, nor part of, conventional treatment works.

a) Documented water quality degradation attributing to failing individual system(s) - Areas where failing individual systems are causing a documented degradation in water quality 50 points

b) Formal notice of violation - Projects where a significant number (generally 20%) of the individual systems were cited by the local health department as having failed and requiring corrective action 30 points

c) No formal notice - Areas where it is evident that significant numbers (generally 20%) of individual systems are unsatisfactory, but have not been officially cited by the health department 20 points

5. **Excessive Flow to a Municipal Sewage Treatment Facility**

Excessive Flow - Any condition which causes the design capacity of the municipal sewage treatment works to be exceeded, or any flow which is so great as to cause operational problems generally associated with infiltration or inflow (I/I). Infiltration and inflow are mutually exclusive.

Infiltration is defined as water other than wastewater that enters a sewerage system (including sewer service connections) from the ground through such means as defective pipe joints, connections, or manholes.

Inflow is defined as water other than wastewater that enters a sewage system (including sewer service connections) nominal sources such as roof leaders, cellar drains, yard drains, area drains, foundation drains, drains from springs and swampy areas, manhole covers, cross connections between storm sewers and sanitary sewers, catch basins, cooling towers, storm waters, surface runoff, street wash waters, or drainage.

a) Water Quality Violations - A project where the excessive flows attributable to I/I cause documented water quality degradation — 60 points

b) Average daily flow exceeds plant capacity - A project where excessive (I/I) causes the average daily flow to the treatment plant to exceed the plant capacity — 30 points

c) Average daily flow does not exceed plant capacity - A project where the average daily flow does not exceed the plant capacity, but where infiltration/inflow causes operational or other problems — 10 points

d) Note: Where treatment facilities were designed on the basis of the excess flow being removed the project shall receive the same point score as the treatment facilities.

6. **Unsuitable disposal of sludge and/or septage -** Present method for disposal of sludge/septage has been cited through a formal enforcement instrument by the Virgin Islands Department of Health, EPA or DPNR as causing health, nuisance or environmental problems. — 30 points

7. **Imminent failure -** Documented evidence that major facilities have exceeded their useful life and are in danger of failure which would result in a major prolonged discharge of inadequately treated sewage, which cannot be corrected without major capital construction.

a) Structural condition of sewer/stormwater collection systems - A line inspection by the CCTV determines the structural integrity deterioration of an existing line and manholes. — 70 points

b) Condition of equipment - Facilities equipment are not in working condition and need to be upgraded. Including but not limited to instrumentation, pumps, and flow meters among others. — 10 points

c) Structural condition of facilities - Pump Stations facilities or Conveyance Systems must be upgraded based on previous engineering inspections. Such as wet well, dry well, electrical system, plumbing system, building structural repairs, fencing among others. — 20 points

8. **Municipal Pretreatment Program Needs** (Identified in an approved pretreatment program) - An approved local pretreatment program has identified eligible Step 3 facilities necessary to ensure that the following conditions are met: 100 points

   a) There is no pass-through of industrial pollutants which will cause water quality problems in the receiving waters.

   b) There is no discharge of industrial pollutants to the municipal treatment works that will cause plant upsets.

   c) There is no concentration of industrial pollutants in sludge which render the sludge unsuitable for disposal. Under the Water Quality Improvement Criterion, the project will be scored on the basis of the problem.

B. Water Quality Improvement Criterion (WQIC)

Based on the existing condition identified for Criterion A, points are allotted to a project on the basis of the state-assigned classification of the receiving water at the point of discharge or where higher, the classification of downstream surface water and the use of which is impaired by the existing discharge. The points are modified, dependent upon the severity of impairment of the desired best usage of the receiving water and the potential for the proposed project to improve water quality.

The WQIC is calculated using the following equation (where the acronyms are defined below):

$$WQIC = \frac{CPF + IF + PIF}{5}$$

(Note: For projects which receive points for "imminent failure", under the Existing Conditions Criterion, the WQIC situation which would be caused by such failure will be scored and be multiplied by 0.7 to reflect probability considerations.)

1. Classification Points Factor (CPF)

The classes and points allocations are as follows:

Points are allotted to a project on the basis of state-assigned classification of the receiving waters at the point of discharge or at an alternate location which would have a greater affect on downstream surface waters.

Classification	Points
Class A Preservation of natural phenomena requiring special conditions, such as the Natural Barrier Reef at Buck Island, St. Croix and the Under Water Trail at Trunk Bay, St. John.	70
Class B For maintenance and propagation of desirable species of aquatic life (including threatened, endangered species listed pursuant to section 4 of the federal Endangered Species Act and threatened, endangered and indigenous species listed pursuant Title 12, Chapter 2 of the Virgin Islands Code) and for primary contact recreation (swimming, water skiing, etc.).	50
Class C Other fishing; commercial harbors	20
Impairment of resource other than water (For projects which have important non-water quality impacts such as odor, sludge disposal etc.)	5

2a. Impairment Factor (IF)

The points allocated for the state-assigned c1assifications will be modified, dependent upon an assessment of the severity of impairment of the affected desired usage of the receiving water.

6 – Severe	A desired usage is essentially eliminated or precluded.
4 - Moderate	A desired usage is restricted.
2 – Slight	A desired usage is marginally impaired.
1 – None	No evidence of impairment of use.

2b. Impairment Factor (IF) - for Onsite Systems

For scoring non-water quality impacts of nuisances or other conditions associated with on-site waste water disposal systems, modification factors will be assigned as follows:

6 - Severe	Continual or near-continual outbreak or discharge of sewage/stormwater to ground surface evidenced by readily visible sewage, septic effluent (blackwater) or stormwater runoff. Usage of property surrounding on-site systems is generally precluded.

4 - Moderate	Continual or near-continual outbreak or discharge of graywater to ground surface; or septic effluent is present immediately below ground surface evidenced by blackened, odorous or saturated soil; or conditions similar to "severe" occur due to wet weather or flooding; or in-house waste plumbing is occasionally rendered unusable due to blockage.
2 - Slight	Residents are not able to enjoy, full usage of their in-house plumbing or roadway system (i.e. curb and gutter sidewalks, etc.). Some problems, and/or nuisances occur during peak usage or stressed conditions.
1 – None	No public health or nuisance condition is evident.

3. Potential Improvement Factor (PIF)

The points allocated for the state-assigned classification will be modified, dependent upon the potential for improvement of water quality related to the project being rated.

1 - No reduction in impairment level

2 - Reduced impairment by one level (e.g., moderate to slight)

3 - Reduced impairment by two levels (e.g., severe to slight)

5 - Reduced impairment by three levels (e.g., severe to none)

C. Intergovernmental Needs Criterion

Extra priority points are assigned to projects on the basis of governmental needs, requirements or mandates.

1. Segment or phase deferred from fundable range in prior year(s).	25 points
2. Project ready in prior year. Project was on funding list but below funding line. All grant application requirements (App. C) were completed by August 30 in that year.	15 points
3. Prior Step 3 grant awarded for a project or project segment which is part of this waste system. (Projects are physically or fiscally interconnected.)	15 points
4. Required by condition in prior grant	5 points

5. Sewer connection and/or extension ban imposed by the direction of a federal or state regulatory agency — 10 points

6. Abatement of sewage/stormwater discharge required by a TPDES Permit or other enforcement instrument — 25 points

7. In addition to the permit(s)/enforcement instrument in factor 6, the project will also satisfy a TPDES Permit(s) or other enforcement instrument(s) requiring abatement of a sewage discharge held by a municipality other than the grant applicant — 10 points

8. Provides for substantial use of Innovative Alternative Technology/Green Infrastructure — 10 points

9. Provides for substantial resource recovery resulting in a clearly identified benefit to the public (off-site utilization) — 10 points

10. Provides for substantial multiple-use points (recreation, education, etc.) — 10 points

***The Point Total is limited in the following manner:

a. Choose <u>one</u> of Factors 1 through 4, whichever is the highest, if the segment to be scored is necessary for proper operation and/or fiscal integrity of the parent project.

b. Add additional points from all of Factors 5 through 10 which apply.

D. Tie Breaking

In the event of equal total scores, preference shall be given:

First: To the project using Innovative and Alternative (I/A) Technology; then if not resolved,

Second: To the project having the higher Existing Condition Criterion raw score; then if still not resolved,

Third: To the project receiving the higher Water Quality Improvement points.

VI. EXCEPTION

Based upon the imminence of an extreme health hazard, Sub-recipients may request a change in a project's ranking such that it will be ranked highest on the PPL (based on the status or prerequisites described above) regardless of its priority score. Such an application will be considered by DPNR for recommendation to the Regional Administrator of EPA, if and only if, its submission is accompanied by an Order of the Department of Health, DPNR or a Court of competent jurisdiction which, among other things;

1. Declares that there is an imminent, extreme health hazard.

2. Determines that the construction of a municipal sewage treatment works project or portion of a project is both essential to alleviate the hazard and the only feasible means of doing so.

3. Directs construction to proceed forthwith on a specified schedule irrespective of the availability of grant assistance from any source.

4. Mandates the payment of substantial penalties for failure to achieve the various milestones set forth in the schedule.

VII. USE OF THE PRIORITY LIST

A. EPA Review. The final list is submitted to EPA and is reviewed for procedural completeness.

B. Obligation of funds. After EPA approves the list, obligation of funds may proceed.

C. Project bypass. Complete and approvable grant applications, including all supporting documents (see Appendix C), must be submitted to the Department of Planning and Natural Resources. Projects which are withdrawn by the Applicant or do not meet critical dates on their Pre-Award schedule, or fail to meet deadlines will, upon written notice to the subrecipients, be bypassed. Each segmented and/or phased project is required to have a schedule for completion of all work necessary to assure that the funded segment or phase can achieve operation in accordance with TPDES permit requirements. This schedule must be acceptable to those responsible for administration of the TPDES permit. The Federal Clean Water Act requires that all publicly owned treatment works achieve compliance with the effluent limitations applicable to their discharge by that date, without regard to the availability of federal financial assistance. If such a schedule has not been accepted by enforcement authorities the project will be bypassed.

The use of funds released through bypassing will follow this protocol:

1. Deferred segments and phases.

2. DPNR will amend the funding list to the extent that funds are made available from having a project bypassed. The amendment will address high priority projects from the planning portion of the list which have progressed more quickly than anticipated and meet all conditions applicable to other projects on the funding list.

3. Lower ranked projects (in order of descending priority score) for which a complete and approvable application including all supporting documents has been filed.

If, on the deadline date, insufficient complete applications are on hand, funds will be distributed to other projects to prevent loss of funds from the program.

A project which is bypassed will retain its priority rating, and with a revised schedule (agreed to by the subrecipients, consultant, and DPNR) will take its appropriate position on the appropriate portion of the PPL for the following year (See Deadlines, Paragraph V.C.I.), based on its priority score. A bypassed project will receive further consideration in the year bypassed only if the available funds are not fully utilized by other projects which did meet the deadline.

D. Project Cost. The Priority List shows the funds which have been designated for each project, and DPNR expects that the grant request included in any application will not exceed that amount. If the grant application exceeds the funded amount shown on the Priority List, a detailed explanation of the reason must accompany the grant application. Until acceptance of this explanation, the application will not be considered complete and approvable and the project will not be certified. If the higher request is accepted, the potential for re-scoping (phasing/segmenting) the project will be evaluated. If re-scoping is not appropriate, the use of funds from the reserve for grant increases could be considered.

If sufficient funds are not available to fund the higher estimate, and if re-scoping is not appropriate, the project will be bypassed. If the grant application is certified at an amount less than the amount designated for the project, the extra funds will be used in accordance with the protocol described in the above project by-pass provision (see Paragraph VIII.C).

E. Priority List Update. DPNR will review the progress of each project on the entire priority list on a monthly basis. Projects may be added to or removed from the funding portion of the list at any time, subject to acceptance by the EPA Regional Administrator. Significant modifications (those that may jeopardize the funding of a project above the funding line) can only be made in accordance with the public participation requirements (see Paragraph X). An annual review of the score will be made for each project prior to submission of the list to EPA for the next fiscal year. Furthermore, each completed facilities plan should be reviewed to determine if the previously calculated score is supported. Prior to the facilities plan approval the priority score will be recalculated and if necessary, the project priority list will be modified accordingly.

F. Removal from List. A project will be moved from the funding to the planning portion of the priority list for the reasons cited in paragraphs V.B-C, and VIII.C-E. It may also be removed from the priority list if any of the following conditions are met:

1. Except as described in Paragraph G below, the Regional Administrator of EPA determines after a public hearing that the project is not needed to comply with the enforceable requirements of the act.

2. The project is otherwise ineligible.

3. Or the project is no longer viable.

Virgin Islands Clean Water Construction Grant
Project Priority Score Sheet

Project Number: _____ Agency Name: _____

Project Name: _____

Project Description: _____

Cost: _____

Eligible @ 100% : _____ Target Date: _____

Eligible @ 55% : _____ Schedule Date: _____

Ineligible: _____

A. Existing Condition Criteria — A. 0

SELECT ONLY ONE

1. Untreated Sewage/Stormwater Discharge			
a)	Identified in Municipal Permit	80	
b)	Not Identified in Municipal Permit	20	
2. Type of Wastewater or Stormwater Treatment			
a)	Primary Treatment or Less (i.e. No Treatment)	60	
b)	Intermediate Treatment/Manufactured Devices	30	
c)	Secondary Treatment/Green Infrastructure	10	
3. Combined Sewer Overflows		30	
4. Failing Individual Systems or Conveyance Component			
a)	Documented water quality degradation attibuting to failing individual system(s)	50	
b)	Formal Notice of Violation	30	
c)	No Formal Notice	20	
5. Excessive Flow to a Municipal Sewage Treatment Facility			
a)	Water Quality Violations	60	
b)	Average daily flow exceeds plant capacity	30	
c)	Average daily flow does not exceeds plant capacity	10	
6. Unsuitable disposal of sludge and/or septage		30	
7. Imminent failure			
a)	Structural condition of sewer/stormwater collection systems	70	
b)	Condition of equipment	10	
c)	Structural condition of facilities	20	
8. Municipal Pretreatment Program Needs		100	

B. Water Quality Criterion

B. 0

Receiving Water Name _____

Classification Points Factor (CPF)

CLASS A	70	
CLASS B	50	
CLASS C	20	
Impairment of resource other than water	5	

Impairment Factor (IF)

Severe	6	
Moderate	4	
Slight	2	
None	1	

Potential Improvement Factor (PIF)

No Reduction	1	
Moderate to Slight	2	
Severe to Slight	3	
Severe to None	5	

WQC = (CPF + IF + PIF)/5

C. Intergovernmental Needs Criterion

C. 0

SELECT ONLY ONE	1	Segment deferred from prior year	25	
	2	Project ready in prior year	15	
	3	Previous Step 3 segement funded	15	
	4	Required by condition of prior Grant	5	
SELECT ALL THAT APPLY	5	Sewer connection and/or extension ban	10	
	6	Abatement of sewage/stormwater discharge	25	
	7	Permit & Enforcement of TPDES Permit	10	
	8	Innovative Alternative Technology/Green Infrasturce	10	
	9	Provides substantial resource recovery	10	
	10	Provides for substantial multiple-use points	10	

TOTAL SCORE: 0

Score Determined By: _____ **Date** _____

Score Reviewed By: _____ **Date** _____

Score Approved By: _____ **Date** _____

Drinking Water Eligibility Criteria

Eligible Systems and Type of Projects to be Funded

A. Eligible Systems

Drinking water systems that are eligible for project funding are community water systems (CWS), both privately and publicly owned; and non-profit non-community water systems (NCWS). Federally owned systems are not eligible to receive VICIG assistance.

B. Eligible Projects

Drinking water capital improvement project or *water supply project* means the planning, design, construction, improvement, or acquisition of facilities, equipment, or buildings for the supply, control, treatment, distribution, and transport of drinking water and the testing and monitoring to ensure the integrity and quality of such water supply project intended to improve drinking water facilities including achievement of compliance with the Federal SDWA and Territory drinking water quality goals and standards.

Projects eligible for DWCIG financing include design and construction to upgrade or replace infrastructure, address exceedances of Federal or Territory health standards, prevent future violations of drinking water standards, and provide the public with safe drinking water. Examples of such projects include:

- Rehabilitation or development of drinking water sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated water sources;
- Installation or upgrading of treatment facilities if the project will improve the quality of drinking water to comply with primary or secondary drinking water standards;
- Installation or upgrading of storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system
- Installation or replacement of transmission and distribution pipes to prevent contamination caused by leaks or breaks; and
- Replacement of aging infrastructure if the replacement is needed to maintain compliance or further the health protection goals of the SDWA

The DWCIG program will provide assistance to an eligible public water system to consolidate with other public water system(s) only if the consolidation will ensure that the system returns to and maintains compliance with SDWA requirements, and the owner or operator of the water

system agrees to undertake feasible and appropriate changes in operations necessary to ensure the system has the technical, managerial and financial capability to comply with the SDWA requirements.

C. Projects not Eligible for Funding

The DWCIG cannot provide funding assistance for the following projects and activities:

- Dams, or rehabilitation of dams;
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;
- Laboratory fees for monitoring;
- Operation and maintenance expenses;
- Projects needed mainly for fire protection;
- Projects for systems that lack adequate technical, managerial and financial capability, unless funding will ensure TFM;
- Projects for systems in significant noncompliance, unless funding will ensure compliance;
- Projects primarily intended to serve future growth.

CAPACITY DEVELOPMENT REQUIREMENTS

Before a drinking water capital improvement grant can be awarded, a public water system must have adequate technical, financial, and managerial capacity (TFM). Each applicant must provide a capacity assessment (described below) as part of the pre-application. Public water systems that do not have adequate TFM are not eligible to be funded unless the public water system agrees to make appropriate changes in operation (management, rate structure, maintenance, consolidation, alternative supplies, etc.) that will ensure the long-term capability of the system.

Water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water regulations and to provide safe drinking water to the public. Below is an excerpt from an EPA guidance document that defines TFM and identifies questions that lead toward an assessment/ demonstration of adequate capacity.

A. TECHNICAL CAPACITY

Technical capacity is the physical and operational ability of a water system to deliver safe drinking water and to meet SDWA requirements. Technical capacity refers to the physical infrastructure of the water system, including the adequacy of source water and the adequacy of treatment, storage and distribution infrastructure. It also refers to the ability of system personnel to adequately operate and maintain the system and to otherwise implement requisite technical knowledge. A water system's technical capacity can be determined by examining key issues and questions, including the following:

Source water adequacy: Does the system have a reliable source of drinking water? Is the source of water generally good quality and adequately protected?

Infrastructure adequacy: Can the system provide water that meets SDWA standards? What is the condition of its infrastructure, including wells(s) or sources of water intakes, treatment, storage, and distribution? What is the infrastructure's life expectancy? Does the system have a capital improvement plan?

Technical knowledge and implementation: Is the system's operator(s) certified? Does the operator(s) have sufficient knowledge of applicable standards? Can the operator(s) effectively implement this technical knowledge? Does the system have an effective operation and maintenance program?

B. FINANCIAL CAPACITY

Financial capacity is a water system's ability to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with the SDWA requirements. Financial capacity can be determined by examining key issues and questions, including the following:

Revenue sufficiency: Do revenues cover costs to operate and maintain the system in compliance with SDWA standards? Are water rates and charges adequate to cover the cost of water?

Credit worthiness: Is the system financially healthy? Does it have access to capital through public or private sources?

Fiscal management and controls: Are adequate books and records maintained? Are appropriate budgeting, accounting, and financial planning methods used? Does the system manage its revenues effectively?

C. MANAGERIAL CAPACITY

Managerial capacity is the ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with the SDWA requirements. Managerial capacity refers to the system's institutional and administrative capabilities. A water system's managerial capacity can be determined by examining key issues and questions, including the following:

Ownership accountability: Are the system owners clearly identified? Can they be held accountable for the system?

Staffing and organization: Is the system operator(s) and manager(s) clearly identified? Is the system properly organized and staffed? Do personnel understand the management aspects of regulatory requirements and system operations? Do personnel have adequate expertise to manage water system operations? Do personnel have the necessary licenses and certifications?

Green Infrastructure

DWSRF Project Descriptions and Examples for Green Project Reserve

The Safe Drinking Water Act (SDWA) Drinking Water State Revolving Fund (DWSRF) requires that, to the extent there are eligible project applications, a State shall use 20 percent of its DWSRF capitalization grant for green infrastructure projects to address water and energy efficiency improvements or other environmentally innovative activities. EPA is referring to this provision as creating a Green Infrastructure Reserve within each DWSRF capitalization grant.

EPA anticipates that "water or energy efficiency" projects will likely be the principal focus of the Green Project Reserve under the DWSRF. However, there may also be projects, or components of projects, that qualify for consideration under the Green Infrastructure Reserve in the DWSRF on the basis of application of green infrastructure or being environmentally innovative.

Under the Green Project Reserve in the DWSRF both entire projects may be considered for inclusion or appropriate identifiable components of larger projects may be considered for inclusion. Whatever projects or project components are included, such projects or project components must clearly advance the objectives articulated in the specific categories discussed below.

Business Case Requirements for Counting Costs toward the 20 percent Reserve for Energy and Water Efficiency

There are some types of projects that clearly will qualify towards the 20 percent Green Project Reserve, being entirely and explicitly framed as a green infrastructure or a water or energy efficiency project. However, some types of traditional projects may also have benefits that may in some cases be counted towards the 20 percent Green Project requirement. For example, lower friction afforded by a new distribution pipe could reduce the energy needed to pump water through the distribution system. For such traditional projects (or portion of a project) to be counted towards the 20 percent requirement, VIDPNR's project files must contain documentation that the clear business case for the project (or portion) investment includes achievement of identifiable and substantial benefits that qualify as Green Project benefits.

The required documentation could be a simple memo but must indicate the basis on which this project was judged to qualify to be counted toward the 20 percent requirement. Such a memo would typically include direct reference to a preliminary engineering or other planning document that makes clear that the basis upon which the project (or portion) was undertaken included identifiable and substantial benefits qualifying for the Green Project Reserve.

Identified below are a number of project and project-related costs that could count toward the 20 percent. Examples that would require a business case are so noted.

Energy Efficiency:

Energy efficiency includes capital projects that reduce the energy consumption of eligible drinking water infrastructure projects

Web link to EPA's Better Management-Energy page
http://www.epa.gov/waterinfrastructure/bettermanagement_energy.html
Web link to EPA's clean energy site http://www.epa.gov/cleanenergy/
Clean energy includes wind, solar, geothermal, hydroelectric, and biogas combined heat and power systems.

Eligible costs associated with energy efficiency projects may include:

- Planning and design activities for energy efficiency that are reasonably expected to result in a capital project are eligible.
- Building activities that implement capital energy efficiency projects are eligible.
- Costs associated with a utility energy audit if required as a condition of assistance

Energy efficiency projects can be stand alone projects. They do not need to be part of a larger capital improvement project.

Examples of projects include, but are not limited to:

- Energy efficient retrofits and upgrades to pumps and treatment processes (requires business case)
- Leak detection equipment
- Producing clean power for treatment systems on site (wind, solar, hydroelectric, geothermal, biogas powered combined heat and power)
- Replacement or rehabilitation of distribution lines (requires business case)

Water Efficiency:

Water efficiency is the use of improved technologies and practices to deliver equal or better services with less water.

Water Sense program Focus on Utilities - http://www.epa.gov/watersense/tips/util.htm

Eligible costs associated with water efficiency projects may include:

- Planning and design activities for water efficiency that are reasonably expected to result in a capital project.
- Purchase of water efficient fixtures, fittings, equipment, or appliances
- Purchase of leak detection devices and equipment
- Purchase of water meters, meter reading equipment and systems, and pipe
- Construction and installation activities that implement capital water efficiency projects.

- Costs associated with development of a water conservation plan if required as a condition of DWSRF assistance.

Water efficiency projects can be stand alone projects. They do not need to be part of a larger capital improvement project.

*Examples of projects include, but are not limited to**:***
- Installation of water meters or automated meter reading systems
- Retrofit or replacement of water using fixtures, fittings, equipment or appliances (can include rebate programs)
- Distribution system leak detection equipment
- Replacement or rehabilitation of distribution lines (requires business case)

Green Infrastructure:
Definition: Green Infrastructure includes a wide array of practices that manage wet weather to maintain and restore natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater. In the context of the DWSRF, green infrastructure consists of site-specific practices, such as green roofs and porous pavement at drinking water utility facilities. In addition to managing rainfall, these green infrastructure technologies can simultaneously provide other benefits such as reducing energy demands.

Green infrastructure projects can be stand alone projects. They do not need to be part of a larger capital improvement project. Examples of projects include, but are not limited to:

- Implementation of wet weather management systems for utility buildings and parking areas which include: the incremental cost of porous pavement, bioretention, trees, green roofs, and other practices that mimic natural hydrology and reduce effective imperviousness.

Environmentally Innovative Projects:
Definition: Within the context of the DWSRF program, "environmentally innovative projects" would include those that are: (1) consistent with the underlying project eligibilities of the DWSRF program; and (2) consistent with the timelines and objectives of the SDWA DWSRF; and (3) that demonstrate new and/or innovative approaches to delivering service and/or managing water resources in a more sustainable way, including projects that achieve public health protection and environmental protection objectives at the least life-cycle costs,
Environmentally innovative projects can be stand alone projects. They do not need to be part of a larger capital improvement project. Any project which a State wishes to qualify for funding from the Green Project Reserve on the basis of being an "Environmentally Innovative Project" would require business case documentation. Examples of projects include, but are not limited to:
- Projects, or components of projects, that enable the utility to adapt to the impacts of global climate change

- Projects, or components of projects, consistent with a "Total Water Management" planning framework; or other planning framework within which project life cycle costs (including infrastructure, energy consumption and other operational costs) are minimized.

Basis in Law for Clean Water Priority System & List

Clean Water Act of 1977 (P.L. 95-217)

Section 204 of the Act requires that the EPA Administrator must determine that "such works are in conformity with any applicable state plan under §303(e) of this Act" and "that such works have been certified by the appropriate State water pollution control agency as entitled to priority over such other works in the State in accordance with any applicable state plan under §303(e) of this Act. . .

Section 303(e) of the Act requires that the Administrator shall approve any continuing planning submitted to him by the state which shall include "an inventory and ranking order of priority of needs of construction of waste treatment works required to meet the applicable requirements of Section 301 and 302." (§301 and §302 deal with effluent limitations).

The Administrator's authority over the state's priority system and list is tempered by §216 of the act which states in full, "Notwithstanding any other provision of this Act, the determination of the priority to be given each category of projects for construction of publicly owned treatment works within each State shall be made solely by that state, except that if the Administrator, after a public hearing, determines that a specific project will not result in compliance with the enforceable requirements of this Act, such project shall be removed from the State's priority list and such State shall submit a revised priority list. These categories shall include, but not be limited to (A) secondary treatment, (B) more stringent treatment, (C) infiltration in-flow correction, (D) major sewer system rehabilitation, (E) new collector sewers and appurtenances, (F) new interceptors and appurtenances, and (G) correction of combined sewer overflows. Not less than 25 percent of funds allocated to a State in any fiscal year under this title for construction of publicly owned treatment works in such State shall be obligated for those types of projects are referred to in clauses (D), (E), (F), and (G) of this section, if such projects are on such State's priority list for that year are otherwise eligible for funding in that fiscal year.

PHASE/SEGMENTATION REGULATION

The text of the regulation governing project phasing or segmentation follows:

§35.2108 Segmented treatment works.

"Grant funding may be awarded for a phase or segment of a treatment works, subject to the limitations of §35.2123, although that phase or segment does not result in compliance with the enforceable requirements of the Act, provided:

a. The applicant agrees to complete the treatment schedule specified in the grant agreement regardless of whether or not grant funding is available for the remaining phases or segments;" and

b. One or more of the following conditions exist:

    1. The federal share of the cost of building the treatment works would require a disproportionate share of the State's annual allotment relative to other needs or would require a major portion of the State's annual allotment;

    2. The period to complete the building of the treatment works will cover three years or more; or

    3. The treatment works must be phased or segmented to meet the requirements of a Federal or State court order."

    The term "disproportionate share" as used in the above regulation has not been defined or delineated by EPA. Any facility (total interconnected and interdependent systems) involving total construction grants in excess of the disproportionate share could qualify for phasing and/or segmentation under the "disproportionate share" criteria.

Report on Public Participation

The FY22/23 Consolidated Drinking Water & Clean Water Capitalization Grant Intended Use Plan will be subjected to a 15-day public comment period from September 11, 2023 to September 25, 2023. The general public will be notified of the commenting period through the Department of Planning & Natural Resources' website (dpnr.vi.gov/home/public-notices).

EXPLANATION OF ABBREVIATIONS

*** Used in Project Description***

ALT SYS	Alternative Systems
BMP	Best Management Practices
COL. con, COLL	Collector Sewers
CSO	Combined Sewer Overflow
FAC	Facilities
FONSI	Finding of No Significant Impact
FM	Force Main
FUTURE EXP	Future expansion
FNL TKS	Final Tanks
GEN	Generators
I/A Technology	Innovative and Alternative Technology
I/I Correction	Infiltration and Inflow
INT	Interceptor Sewers
INT EXT	Interceptor sewer extension
MBE/WBE	Minority Business Enterprises/Woman Business Enterprises
MOD, Mods	Modifications
ORF	Overflow Retention Facility
OS	Outfall Sewer
Pkg, Plant	Package treatment plant
Pretreat, PT	Program for the pretreatment of industrial discharges to sewer system
PS	Pump station
Rehab	Rehabilitation
Ret. Basin	Flow Retention Basin
SAWS	Small Alternative Waste Systems
Sewer Sep.	Separation of Combined Sewers
SM SYS&SW	Small Systems and Scavenger Waste
STP	Sewage Treatment Plant
STP-ADD	Additions to a STP
STP EXP	Expansion of a STP
STP MOD	Modification of a STP
STP Up	Upgrading of a STP's processes
STR	Structural
SW	Scavenger Waste