



**STATE OF RHODE ISLAND**

**STATE FISCAL YEAR (SFY) 2024 INTENDED USE PLAN**

*in support of the*

**FEDERAL FISCAL YEAR (FFY) 2023 BASE, GENERAL SUPPLEMENTAL, LEAD  
SERVICE LINE REPLACEMENT AND EMERGING CONTAMINANTS  
CAPITALIZATION GRANTS**

*To be made available by the Safe Drinking Water Act Amendment of 1996 for the  
Drinking Water State Revolving Fund*

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## **I. INTRODUCTION**

This Intended Use Plan (IUP) serves as the State of Rhode Island's application for the Environmental Protection Agency's (EPA) Federal Fiscal Year 2023 Drinking Water State Revolving Fund (DWSRF) Capitalization Grant as authorized by §1452 of the Safe Drinking Water Act Amendments of 1996 (SDWA). The Rhode Island Infrastructure Bank (the Bank) and Rhode Island Department of Health (RIDOH) have developed this Intended Use Plan to describe how the state is intending on using the DWSRF funds for State Fiscal Year (SFY) 2024 (July 1, 2023 through June 30, 2024) provided by federal funds allocated to Rhode Island through the Base and BIL appropriations for Federal Fiscal Year (FFY) 2023.

In addition to the FFY2023 Base Capitalization Grant allotment of \$4,938,000, the Bank is applying for \$21,055,000 for the DWSRF General Supplemental Grant, \$7,640,000 for the Emerging Contaminants Grant and \$28,650,000 for the Lead Service Line Replacement Grant made available through the Bipartisan Infrastructure Law (BIL). As required by the SDWA, the Bank agrees to provide, through methods available to it, the required 20% State Matching Funds in the amount of \$987,600 for the Base Capitalization Grant and the required 10% State Matching Funds for the General Supplemental Grant in the amount of \$2,105,500. The required FFY2023 state match for both the Base and BIL capitalization grants have been received and have been deposited into DWSRF program on May 8, 2023.

The federal Bipartisan Infrastructure Law (BIL) was signed on November 15, 2021, which provides significant investment for water and wastewater infrastructure improvements. The BIL is expected to provide additional General Supplemental, Emerging Contaminants and Lead Service Line Replacement funding to the Base DWSRF program allocations for a five (5) year period, ending in FY2026. This IUP reflects the second year of BIL funding.

The RI DWSRF is jointly administered by Rhode Island Infrastructure Bank (Bank) and Rhode Island Department of Health (RIDOH). The Bank manages the financial aspect of the program while the RIDOH prioritizes eligible projects and manages the technical and certain programmatic aspects of the program.

Consistent with EPA requirements, Rhode Island develops an annual Intended Use Plan (IUP) identifying the intended uses of the funds to support the goals of the program. The IUP also details how the programmatic requirements will be met by the state. Prior to development of the IUP, RIDOH solicits projects for inclusion on the Project Priority List. The annual Project Priority List (PPL) and IUP are developed collaboratively by the Rhode Island Infrastructure Bank (Bank) and the Rhode Island Department of Health (RIDOH) and are subject to public comment and review before being submitted to the EPA.

## **II. THE RHODE ISLAND DWSRF PROGRAM**

### **A. Administration**

The entities involved in the application for these Federal Capitalization Grants are the Bank and the Rhode Island Department of Health (RIDOH). The Bank is the designated lead agency with

respect to the financial aspects of the DWSRF Program (the Program) and is empowered to enter into capitalization grant agreements with the Regional Administrator to accept capitalization grant awards, and to otherwise manage the fund in accordance with the requirements and objectives of the Act, as established by Chapter 46-12.8 of the General Laws of Rhode Island, as amended.

RIDOH is the designated lead agency responsible for establishing assistance priorities; assisting in development of the IUP; establishing project priority lists (PPL); determining project eligibility; performing technical project reviews; monitoring construction; approval or denial of payment; and determining and implementing the Technical Assistance, Local Assistance, and State Program Management set-aside programs.

## **B. Planned Program Activities**

These Capitalization Grant Applications (the Applications) are for qualifying projects and set-aside dollars made available to the State of Rhode Island for Federal Fiscal Year 2023.

The IUP, included as Section III.B to this document, outlines the anticipated use of all funding available in the Program and the methods of financing to be used to make construction loans to Rhode Island-based water suppliers.

The current financial structure of the Program is the culmination of extensive modeling and analyses which provides the Program with the flexibility to achieve its short- and long- term goals (see section III C., below) within the changing financial, legal, and/or political environment.

The Program has a financing structure flexible enough to meet the needs of the varied types of water suppliers who seek financial assistance while ensuring the financial health of the Program, the Bank, its bond holders, and existing financial assistance programs. The financial structure attempts to maximize the number and volume of loans the Bank can responsibly make to the local communities and water supply authorities while complying with the Act and associated rules promulgated by EPA.

## **C. EPA and State of Rhode Island Operating Agreement**

The Operating Agreement (OA) which establishes a mutual obligation between the EPA and the State of Rhode Island for the oversight of the Program has been in effect since December 1997. The purpose of the OA is to define and integrate rules, regulations, guidelines, policies, procedures, and activities to be followed by EPA and the State of Rhode Island in administering the Program prescribed by §1452 of the SDWA. The OA will continue from year-to-year and will be incorporated by reference into the annual SRF Capitalization Grant Agreement (the Agreement).

The State of Rhode Island agrees that any modifications to this agreement that may be required by EPA regulations, policies, or program guidance, will be made, and implemented where applicable within six months of issuance or on such other schedule as negotiated with EPA. If feasible, such modifications may be discussed at the time of the annual review. EPA agrees that, unless mandated by Federal law, modifications will not apply retroactively, unless agreed to by

the State of Rhode Island.

Detailed information concerning Rhode Island's SRF laws, rules, policies, and procedures are incorporated by reference in the OA. During or before the annual Application submittal process, changes to the OA will be considered and only the materials relevant to the proposed changes shall be submitted for EPA's consideration.

Information which changes from year-to-year is contained in our annual application and the IUP. Several specific assurances necessary for submittal of an application are included in the OA. These include an assurance that the State:

- Had the authority to establish the Program and operates it in accordance with the Act;
- Will use Generally Accepted Accounting Principles;
- Will have the Program fund and set-aside accounts audited annually in accordance with Generally Accepted Government Auditing Standards;
- Will commit and expend funds as efficiently as possible and in an expeditious and timely manner;
- Will use funds in accordance with the IUP; and
- Will provide EPA with an annual or biennial report.

Other assurances specific to the award and acceptance of the capitalization grant are noted in the IUP.

As per the OA, EPA agrees to review the Application and take appropriate action within 45-days of receipt of a complete application (including, but not limited to, supporting documentation and certifications and any modifications to the OA, the annual IUP, and proposed payment schedule) in the Regional Office. EPA shall either approve the application and award the capitalization grant or shall notify the State of Rhode Island in writing of issues requiring resolution. The State of Rhode Island and EPA agree to negotiate promptly, cooperatively, and in good faith to clarify or resolve questions which may arise during review of the Application. The Bank agrees to execute the Capitalization Grant offer within 30 days of EPA approval.

### **III. DWSRF Intended Use Plan**

#### **A. Introduction**

The Bank and RIDOH submit to EPA the IUP for the SDWA §1452 funds available to the State of Rhode Island for Federal Fiscal Year 2023. This includes the Federal Fiscal Year 2023 Base Capitalization Grant allotment of \$4,938,000; \$21,055,000 of DWSRF General Supplemental grant; \$28,650,000 of Lead Service Line Replacement Grant; and \$7,640,000 of Emerging Contaminants Grant.

Consistent with the provisions of the SDWA and subsequent amendments to it, the Bank reserves the right to cross-collateralize between the DWSRF and Clean Water SRF (CWSRF). Similarly, the Bank reserves the right to transfer CWSRF funds to the DWSRF as permitted by SDWA in the

upcoming Federal Fiscal Year. While the Bank has not initiated any such transfers in prior years, the Bank may propose to make such a transfer in the near term if the need arises.

With the award of the Base Federal grant and BIL General Supplemental Funding Grants, it is the State's intention to continue a subsidized loan program for eligible publicly and privately organized drinking water suppliers in the State of Rhode Island.

### **Lead Service Line Replacement**

The State will be funding private and public lead service lines to minimize adverse public health effects of lead. In addition to funding the lead service line replacement projects with principal forgiveness and/or grants the Bank will also be making zero interest loans to borrowers. Loan fees will include a 1.0% loan origination fee and a 0.3% annual service fee on the outstanding balance of the loan.

### **Emerging Contaminants**

For a project or activity to be eligible for funding under this appropriation, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. Given the clear Congressional intent that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (PFAS), the State has actively solicited and prioritized PFAS-focused projects. The State, however, does have the flexibility to fund projects for any contaminant in any of EPA's Contaminant Candidate Lists.

To determine which projects are to be funded by the Program, RIDOH annually prepares the PPL. Projects are funded based on ranking and readiness to proceed. In addition to the most current PPL, a carryover list is later discussed in this document.

Projects expecting to need funding in the next fiscal year are identified in priority order. RIDOH has developed a "tie-breaking" procedure, by-pass provisions, by-pass for small systems procedure, and emergency projects procedure as part of the Rules and Regulations Pertaining to the Program.

The PPL was formatted in accordance with EPA requirements for both Green Project Reserve (GPR) and the Base Program. Although the State chose to opt out of the GPR for FFY2023, the format will remain the same in the event the State does not have the option of opting out in the future or chooses to implement GPR.

### **B. Revision to the IUP**

This IUP is based upon construction projects listed on the PPL. Throughout the course of the year, the need may arise to amend this IUP. If projects identified for funding in the IUP are unable to proceed, funding assistance for these projects will be deferred and other projects from the PPL will be selected for funding. Selection is based on procedures in the priority determination system, readiness to proceed, and availability of funds.

### **C. Short and Long-Term Goals**

As required by the Act, the Program has identified the following goals. The IUP details the short- and long-term programmatic goals of ensuring affordable drinking water, ensuring public health protections, complying with the Act, and maintaining the long-term financial health of the Program.

Both entities will develop and administer all their respective proper rules, regulations, and policies to implement the Program. The goals described below are grouped according to short- and long-term objectives and are not listed in any order of Program priority:

#### **Short Term Goals**

*#1:* Endeavor to provide 15% of project funds for assistance to small systems on an annual basis. Continued outreach efforts to small systems to educate and better promote the Program, to maintain a pipeline of projects that are eligible to receive funding.

*#2:* Develop various work plans for use of specific set-aside dollars.

*#3:* Coordinate Program activities with other state and Federal activities relating to public drinking water.

*#4:* Continue to reduce Unliquidated Obligations (ULO) associated with Capitalization Grant awards and work towards achieving EPA's ULO objective.

*#5:* Promote climate resilience of water systems through coordination and funding of eligible water suppliers.

*#6:* Prepare an annual report which lists the State's accomplishments for the fiscal year and submit to EPA in a timely manner.

*#7:* Identify and prioritize additional subsidies for projects in the IUP that serve disadvantaged communities by providing targeted outreach and engagement.

#### **Long Term Goals**

*#1:* To manage the Program in compliance with the SDWA of 1996 (§1452).

*#2:* Manage the Program to distribute funding to eligible public and privately- organized water suppliers in a timely and efficient manner.

*#3:* Maintain the Capacity Development Program as per §1420 of the Act.

*#4:* Maintain a Source Water Protection Program in accordance with § 1453 of the Act.



#5: Maintain a Disadvantaged Community Loan Program for those water suppliers meeting Program criteria.

#6: Ensure full compliance with §1452 of the Act and all Federal cross-cutting issues as required by the 1996 SDWA amendments.

#7: Provide a self-sustaining funding program that will assist public water systems in achieving compliance with public health objectives of the Act.

#8: Maintain the fiscal integrity of the Program and comply with generally accepted governmental accounting principles to assure continuance of loan funds for future generations.

#9: Provide financial assistance in the form of loans with principal forgiveness to mitigate the impacts from emerging contaminants on public water systems.

#10: Support BABA by ensuring that all products used in infrastructure projects as identified in the Act be produced in the US and assurance that required procurement language is used in contracts.

#11: Accelerate the identification and removal of lead service lines through technical and financial assistance.

#12: Fully enforce Civil Rights by promoting public engagement and program transparency.

#### **D. Program Issues and Initiatives**

As of April 30, 2023, and for the life of Program, the Bank has made 103 DWSRF loans totaling \$623,764,671. Projects on the draft 2024 PPL total \$1,397,367,044 and the total amount of projects that can be funded this year totals \$144,061,710 (See Attachment C, Sources and Uses Table); therefore, the Bank estimates its funding gap to be \$1,253,305,334.

The sources, as shown in Attachment B, equal \$144,061,710 and total uses equal \$118,192,683. While the Bank's sources currently exceed our uses, the Bank will be reaching out to each PPL applicant directly to ensure that they are aware of the program benefits and application timing. RIIB will continue to market our program through social media efforts and will be hosting information sessions on how to apply to our program and the benefits of utilizing the DWSRF. Our first program info session is scheduled for September 6, 2023. Additionally, we will be working with our small systems technical assistance provider to reach out to small systems. It is the Bank's intention to utilize all grant funds. The Bank will prioritize our marketing efforts from September 2023 through January 2024 so that we can coordinate loan applications for Board approval with the intent of closing loans in early Spring.

The Bank anticipates closing on 11 loans (\$37,667,983) in SFY2024. The list of anticipated loan commitments can be found in Attachment C.

To ensure the PPL is not a “wish list” for water suppliers and to get an accurate forecast of the funding needs, RIDOH’s annual solicitation letter requested water systems to only submit projects that will start construction within two years.

Resources will be allocated to long-term subsidized direct loans and/or leveraged loans to local governmental units and privately organized water suppliers in need of financing for identified capital projects. The State will require adherence to all aspects of the Davis- Bacon Act to every funded project. RIDOH’s Center for Drinking Water Quality requires that EPA’s Attachment 6 Wage Requirements under FY 2012 Appropriations Act become part of the project specifications. Additionally, EPA’s memorandum dated November 16, 2012 Class Deviation Prevailing Wage Interview Interval Requirements are required to be in the specifications as well as in the project files. Furthermore, a copy of the Rhode Island Rules and Regulations Relating to Prevailing Wages (Revised March 26, 2012) are also included in the specifications.

Set-aside monies will be used according to the work plans prepared for each set-aside. With this application, the State will be utilizing \$197,520 of the Base Administrative Set-aside; \$493,800 of Base State Program Management Set-aside; \$740,700 of the Base Local Assistance Set-aside and \$98,760 for the Base Technical Assistance Set-aside. Set-aside programs are discussed in depth later in this document. Attachment E shows the historical base capital grants and set-aside amounts, including for BIL.

#### **IV. FINANCIAL PLAN AND STRUCTURE FOR THE DWSRF**

On a regular basis the Bank coordinates with RIDOH, borrowers, and our financial advisory firm to evaluate the borrowing needs of the State. The Bank evaluates the need to issue debt to augment other funding sources such as Capitalization Grant Funds, State Match Funds, Borrower Repayments – all to find the most economically efficient way to meet the needs of water systems and communities. Once an approach is settled upon, the Bank will execute on its financial plan.

##### **A. Sources and Uses**

This IUP addresses the sources of funds expected to be available to the Program through State Fiscal Year 2024. The Sources and Uses table can be found in Attachment B. The use of these funds is expected to begin in SFY2024. The financing capability of this IUP is based upon the total Base, BIL General Supplemental, Emerging Contaminant and Lead Service Line Replacement Grants, less the amounts designated for the set-aside programs, plus the FFY23 State Match, plus available State Match Funds, plus available Capitalization Grant Funds. Principal and interest repayments to the fund, plus interest and equity earnings, will be returned to the fund and recycled. The use of “recycled funds” may be used for Federal Direct loans.

##### **B. Source of State Match**

Based on the expected FFY2023 Base DWSRF Base Capitalization Grant of \$4,938,000, the required 20% of state match equals \$987,600. The Bank is also expecting to receive an additional \$21,055,000 for the BIL General Supplemental Grant which has a state match requirement of 10%, equaling \$2,105,500. The required FFY2023 state match for both the Base and BIL capitalization grants were received and deposited into the DWSRF program on May 8, 2023.

##### **C. Loan Terms and Fees**

The Program offers an economic benefit to its borrowers in the form of loan interest subsidization. The standard interest rate is  $\frac{1}{4}$  off the individual borrower’s market rate (as jointly determined by the Bank’s financial advisor and the borrower’s financial advisor). Loans can be up to twenty years in duration and can be structured to meet the repayment abilities unique to each borrower. Loan fees include a 1.0% loan origination fee and a 0.3% annual service fee on the outstanding balance of the loan. Interest is collected twice annually, and principal is collected once annually. The Bank uses fees collected to pay for administration costs and other operating expenses.

#### **D. Schedule of Payments into the Automated Standard Application (ASAP)**

The Program anticipates funding its ASAP account in a manner to be agreed upon by the EPA and the Bank to allow for maximum Capitalization Grant draws as may become necessary. The Program anticipates deposits into the ASAP account for the FFY23 capitalization grant as per the following schedule for the Base DWSRF Capitalization Grant; General Supplemental; LSR and Emerging Contaminants, as shown in Attachment D.

#### **E. Federal Cash Draw Proportionality Ratio**

On November 18, 2022, the Office of Grants and Debarment (OGD) approved a permanent regulatory exception to the State Revolving Fund cash draw rules. This exception eliminates the requirement for the states to draw SRF disbursement request at a proportional federal to state ratio. It also eliminates the cap on federal funds that can be drawn for refinance projects in the first eight quarters after EPA awards a capitalization grant to the state.

In SFY2023, the Bank received amended the FFY2022 Base and BIL awards that reflect the updated terms and conditions.

#### **F. Additional Subsidization**

Under the Congressional Additional Subsidy Authority, the Bank is required to use at least 14% of the Base Capitalization Grant (\$691,320) to provide additional subsidy to eligible recipients in the form of principal forgiveness or grants. In addition, through BIL, the SDWA mandates that states use at least 12 % (but no more than 35%) of the Base Capitalization Grant (\$592,560) to provide subsidy to Disadvantaged Communities in the form of principal forgiveness or grants.

The BIL General Supplemental and Lead Service Line Replacement Grants each require 49% (\$10,316,950 for BIL General Supplemental and \$14,038,500 for BIL Lead Service Line Replacement) of the respective portions to be provided as additional subsidy to Disadvantaged Communities. The BIL Emerging Contaminants require 100% (7,640,000) to be provided as additional subsidy, with 25% to Disadvantaged Communities or public water systems serving fewer than 25,000 people.

Priority for principal forgiveness or grants will be given to small drinking water system projects that are on the PPL list, have a certificate of approval, and are ready to proceed. "Emergency" water quality projects will be given priority regardless of PPL ranking. Each qualifying drinking water small system will be eligible to receive a minimum of \$100,000 in principal forgiveness funds. Total principal forgiveness will not exceed the total project size and is subject to the availability of funds. Should there not be enough small system demand, principal forgiveness may be allocated to other drinking water applicants.

Further, additional subsidization will be given to water systems deemed disadvantaged as per the State's Disadvantaged Community Program later discussed in this IUP. Attachment G shows the subsidy requirements for FFY22 and FFY23 Base and BIL capitalization grants.

## **G. Investment Practices**

The Bank has an investment policy for “idle” funds, with most invested in short-term investments until the Bank can allocate those funds into the next pool of borrowing. The Bank, along with its financial advisors, closely monitors investment options. Loan demand can be met using direct loans or leveraged loans. The leveraging ratio for the program is approximately 2x which helps maximize its loan capability by issuing revenue bonds to meet the funding need.

## **H. Method of Distributing Funds**

The Program will provide loans for up to 100% of eligible project and finance costs. This is consistent with Federal limitations on the use of Program funds and RIDOH determining the eligibility based on Federal eligibility guidelines. RIDOH has developed the project priority determination system and has prepared the PPL for this fiscal year. The Bank will fund projects on the approved PPL based on the order in which they appear and readiness to proceed to the extent that the borrowers access the fund. Periodic mailings and notices of funding availability have been provided to all eligible borrowers.

Currently, the Bank and RIDOH are structuring loans and project approvals for several projects around the State.

The Bank and RIDOH will take several factors into consideration when determining which projects from the PPL will be funded by the Program. These factors include:

- Project will provide a necessary health benefit in accordance with the Act;
- Water supplier will make an application for financing;
- Water supplier has the financial, managerial and technical ability to apply for, receive and repay the loan; and
- Projects are ready to proceed at the time of financing availability.

## **I. Transfer Authority between Clean Water and Drinking Water SRF’s**

In accordance with the Safe Drinking Water Act (SDWA) and the SRF funds transfer provisions (Section 302), the State hereby reserves the authority to transfer an amount up to 33 percent of the DWSRF program capitalization grant(s) to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program. In addition, the Bank may transfer funds between CWSRF and DWSRF General Supplemental grants and between the CWSRF and DWSRF BIL Emerging Contaminants capitalization grant. No transfer of funds is planned at this time; however, the Bank reserves the right to transfer funds in the future.

## **J. Cross-Collateralization of the CWSRF and DWSRF Revenue Bond Structure**

The Master Trust Agreement dated May 1, 2021, provides for a bond structure that allows cross-collateralization of the CWSRF and the DWSRF to provide additional bond security and

ratings enhancement for both programs. With cross-collateralization, excess CWSRF revenues (revenues pledged to repayment of CWSRF bonds over and above what is needed to make actual debt service payments) would be available to cure any DWSRF bond payment default or reserve fund deficiency. Likewise, excess DWSRF revenues would be available to cure any CWSRF bond payment default or reserve fund deficiency. Pursuant to federal regulations, cross-collateralization support cannot extend to debt specifically issued for the purpose of providing state matching funds. The Master Trust Documents provide adequate safeguards to ensure that future CWSRF or DWSRF bond issues will comply with this limitation. Revenues pledged to the repayment of CWSRF bonds include: principal and interest payments received on loans, investment earnings on funds and accounts within the bond indenture, including a reserve fund comprised of CWSRF program assets (cash). The Master Trust Documents and each series bond indenture require that revenues pledged are sufficient to cover the debt service requirement for each payment date at least 1.1 times. Accordingly, a cash flow surplus is anticipated for each period absent a borrower default on a loan. This surplus flows to the other series of the CWSRF and DWSRF bonds. Under the new Master Trust Indenture, all CWSRF loans are pledged to all CWSRF outstanding bonds, and all DWSRF loans are pledged to all DWSRF outstanding bonds.

The order of priority for surplus CWSRF pledged revenues is:

- CWSRF bond issue debt service payment deficiencies;
- Any DWSRF bond issue debt service payment deficiencies (but not DWSRF state match bonds);
- CWSRF bond issue reserve fund deficiencies;
- Any DWSRF bond issue reserve fund deficiencies (but not DWSRF unrestricted reserve funds that secure DWSRF state match bonds);
- To replenish and repay the DWSRF for any surplus DWSRF pledged revenues that were previously utilized to cure a CWSRF bond issue debt service or reserve fund deficiency;
- All remaining funds are released back to the CWSRF Loan Account.

The order of priority for surplus DWSRF pledged revenues is similarly structured. Any surplus CWSRF pledged revenues utilized to cure a DWSRF bond issue debt service or reserve fund deficiency will ultimately be repaid to the CWSRF through operation of the Master Trust Documents.

## **V. PROJECT PRIORITY SYSTEM**

RIDOH utilizes a point system to rank the order in which eligible drinking water projects will receive funding from the Program. Projects which address acute public health issues will receive highest priority. The next priority is given to projects that address chronic and long-term public health issues. The ranking criteria also consider issues related to compliance with the Act, infrastructure upgrading and replacement, and the need for assistance based on affordability.

Each year, all eligible public drinking water systems will be asked to submit information on projects for which they are seeking funding or private funding for the next funding year. The information will be reviewed by RIDOH and then given a priority ranking score. The eligible projects and their respective information will then be listed in order of priority in a PPL. The PPL will show the following information: name of system, Public Water System (PWS) ID number, project

description, population served, priority point score, anticipated start date, and project dollars to be funded.

### **A. Activities to be supported**

RIDOH administers the set-aside programs targeted towards assisting water supply systems in meeting the broad-based goals of the program. Attachment F illustrates the dollars requested on Base and BIL set-aside programs. A discussion of each set-aside program follows:

#### **1) Base Administration**

RIDOH and the Bank use the annual allotments of Base administrative set-aside funds to manage the Program. It is expected that the accumulation of annual administrative set-aside award will outlast the Federal capitalization period, thus assuring adequate revenue for perpetual program administration.

With this application, the State is utilizing \$197,520 of the FFY23 Base capitalization grant request for administrative set-aside costs. The Bank will be utilizing \$98,760 for various purposes related to performing its administrative oversight responsibility of the financial aspects of the program. RIDOH will be utilizing \$98,760 to cover expenses incurred in carrying out its programmatic responsibilities for the program.

#### **2) Base Technical Assistance for Small Systems**

The State plans to utilize \$98,760 for technical assistance. Base technical assistance set-aside monies can be used for technical training small public water systems operators and specifically targeting operation and maintenance issues including water quality improvement and compliance with the SDWA. In SFY24, the Base Technical Assistance set-aside funding will be used to fund a portion of two RIDOH staff to provide technical training and outreach. The Base technical assistance set-aside workplan describes planned funding and uses in more detail and includes a line-item budget.

#### **3) Base State Program Management**

A maximum of 10% of a Base Capitalization Grant can be allocated for State Program Management (SPM) activities. The State will be utilizing \$493,800 of the grant request.

RIDOH uses the Base SPM set-aside to fund various activities which are mandated by the Act:

- Maintain the Capacity Development Program to ensure that water systems have the technical, managerial, and financial capacity to meet existing and future SDWA regulations;
- Fund a portion of the Operator Certification Program;
- Fund a portion of the Drinking Water Laboratory Quality Control and Quality Assurance Officer within the Department of Health; and
- Fund existing drinking water programs including a portion of other Public Water Surveillance Program activities.

The SDWA requires that states meet specific mandates or risk losing a portion of their federal grant. Failure to implement a Capacity Development Program and/or Operator Certification Program that are at least as stringent as the federal guidelines will result in a state losing up to 20% of their Capitalization Grant each year. RIDOH will comply with the capacity development authority, capacity development strategy, and operator certification program provisions.

RIDOH will comply with the nine major program components of certification and recertification of operators of community and non-transient, non-community public water systems, and all requirements of the Capacity Development Program. The State continues to ensure that public health objectives are met by the Operator Certification and Capacity Development programs.

The Base state program management set-aside workplan describes planned funding and uses in more detail and includes a line-item budget.

#### **4) Base Local Assistance**

The State will be utilizing \$740,700 of the grant request for Base Local Assistance activities. Activities include public outreach and education to promote source protection and support water system capacity, water system technical assistance, continued development of a GIS-based groundwater quality database, and toxicology support for regulated and emerging contaminants. In SFY24, services will be delivered by RIDOH staff. The Base local assistance set-aside workplan describes planned funding and uses in more detail and includes a line-item budget.

#### **5) General Supplemental Administration**

RIDOH and the Bank will use \$842,200 of General Supplemental administrative set-aside funds to manage the Program. With this application, RIDOH will be utilizing \$300,632.50 and the Bank will be utilizing \$541,567.50 for various purposes related to performing its administrative oversight responsibility of the financial aspects of the program. The administration and technical assistance set-aside workplans describe planned funding and uses in more detail and includes a line-item budget.

#### **6) General Supplemental Technical Assistance for Small Systems**

The State plans to utilize \$312,106 of FFY2023 General Supplemental technical assistance set-aside funds and reserve \$108,994 from a future capitalization grant. Supplemental technical assistance monies can be used to provide technical, managerial and financial assistance and training to small public water systems. This set-aside will be used to provide technical training, education and outreach to the operators of small public water systems. The training targets operation and maintenance issues and assists small public water systems in improving the quality of their water and maintaining compliance with the Safe Drinking Water Act. These funds are also used to provide compliance assistance to small water systems during or after violations or inspections, general operations assistance to small systems utilizing treatment, and circuit rider assistance and expertise. In SFY24, the General Supplemental technical assistance set-aside funding will be used to fund a portion of two RIDOH staff as well as contracts to provide



engineering services, technical assistance, training and outreach. The General Supplemental technical assistance set-aside workplan describes planned funding and uses in more detail and includes a line-item budget.

## **7) General Supplemental State Program Management**

A maximum of 10% of a General Supplemental Capitalization Grant can be allocated for State Program Management (SPM) activities. The State will be utilizing \$2,017,719 of the grant request and will reserve \$87,781.

RIDOH will use the General Supplemental SPM set-aside to fund various activities which are mandated by the Act including to:

- Maintain the Capacity Development Program to ensure that water systems have the technical, managerial, and financial capacity to meet existing and future SDWA regulations;
- Fund a portion of the Operator Certification Program;
- Fund a portion of the Drinking Water Laboratory Certification Officer within the Department of Health; and
- Fund existing drinking water programs including a portion of other Public Water Surveillance Program activities.

The SDWA requires that states meet specific mandates or risk losing a portion of their federal grant. Failure to implement a Capacity Development Program and/or Operator Certification Program that are at least as stringent as the federal guidelines will result in a state losing up to 20% of their Capitalization Grant each year. RIDOH will comply with the capacity development authority, capacity development strategy, and operator certification program provisions.

RIDOH will comply with the nine major program components of certification and recertification of operators of community and non-transient, non-community public water systems, and all requirements of the Capacity Development Program. The State continues to ensure that public health objectives are met by the Operator Certification and Capacity Development programs.

The Supplemental state program management set-aside workplan describes planned funding and uses in more detail and includes a line-item budget.

## **8) General Supplemental Local Assistance**

The State will be utilizing \$1,484,630 of the grant request for General Supplemental Local Assistance activities. Activities include public outreach and education to promote source protection and support water system capacity, water system technical assistance, continued development of a GIS-based groundwater quality database, guidance for contract operators and facility improvement planning. Services and products will be delivered through a combination of office staff, contracted services, and laboratory equipment. The Supplemental local assistance set-aside workplan describes planned funding and uses in more detail and includes a line-item budget.

## **9) Lead Service Line Replacement Administration**

RIDOH and the Bank use the annual allotments of Lead Service Line Replacement administrative set-aside funds to manage the Program. With this application, RIDOH will be utilizing \$172,511 and the Bank will be utilizing \$573,000 (total of \$745,511) for various purposes related to performing its administrative oversight responsibility of the financial aspects of the program.

## **10) Lead Service Line Replacement Technical Assistance for Small Systems**

The State is choosing not to take any of the Lead Service Line Replacement Technical Assistance set aside.

## **11) Lead Service Line Replacement State Program Management**

A maximum of 10% of the Lead Service Line Replacement Capitalization Grant can be allocated for State Program Management (SPM) activities. The State will be utilizing \$70,794 of the grant request and will reserve \$573,000, leaving the rest for projects. RIDOH will use the Lead Service Line Replacement SPM set-aside to fund 50% of a RIDOH Environmental Scientist dedicated to work on tasks related to lead service line replacements.

## **12) Lead Service Line Replacement Local Assistance**

The State will be utilizing \$57,367 of the grant request for Lead Service Line Replacement Local Assistance activities. RIDOH will use the Lead Service Line Replacement Local Assistance set-aside to fund 40% of a RIDOH Environmental Scientist dedicated to work on water system assistance related to lead service line replacements. RIDOH is also carrying forward the \$567,000 from the FFY22 local assistance set aside for a technical assistance contract for lead service line inventories. The contract is expected to start in summer 2023.

## **13) Emerging Contaminants Administration**

RIDOH will use the annual allotment of Emerging Contaminants administrative set-aside funds to manage the Program. With this application, RIDOH will be utilizing \$132,033 for various purposes related to performing its administrative oversight responsibility of the financial aspects of the program, including contractors and RIDOH staff, and will reserve \$173,567.

## **14) Emerging Contaminant Technical Assistance for Small Systems**

The State is choosing not to take any of the Emerging Contaminant Technical Assistance set aside but will reserve \$152,800 for future use.

## **15) Emerging Contaminant State Program Management**

A maximum of 10% of the Emerging Contaminant Capitalization Grant can be allocated for State Program Management (SPM) activities. The State will be utilizing \$91,311 of the grant request and will reserve \$672,689. RIDOH will use the Emerging Contaminant SPM set-aside to fund 50% of a RIDOH Senior Environmental Scientist dedicated to work on tasks related to PFAS.

## **16) Emerging Contaminant Local Assistance**

The State will be utilizing \$117,823 of the grant request for Emerging Contaminant Local Assistance activities. RIDOH will use the Emerging Contaminant Local Assistance set-aside to fund 40% of a RIDOH Environmental Scientist dedicated to work on water system assistance related to related to PFAS, and a portion of two engineers to do the same.

### **VI. LIST OF PROJECTS TO BE FUNDED**

RIDOH, in preparation of its State Fiscal Year 2024 PPL, has surveyed water suppliers around the State to gauge interest and readiness to proceed for projects needing funding provided by the FFY2023 Capitalization Grant. A list of potential borrowers, the projects to be funded, the project's ranking score, and estimated dollar amount of the project is provided as Attachment A to the IUP. The PPL was put on notice for public review on April 21, 2023 and can be found on RIDOH's Program webpage.<sup>1</sup>

#### **A. Green Infrastructure**

The PPL was formatted in accordance with EPA requirements of GPR and the base Program. Although the State chose to opt out of the GPR commencing with FY 2012, the format will remain the same in the event the State does not have the option of opting out in the future or chooses to implement GPR again.

#### **B. Emergency Power Generator Initiative**

Included in the small water systems comprehensive strategy will be a focus of accelerating improvements, including the installation of emergency generators or renewable energy systems, that will increase the resiliency of small water systems to impacts of extreme weather events. Funding for emergency generators will be available to all eligible systems. The level of financial assistance, including principal forgiveness, will be consistent with VII in the IUP. All eligible projects that receive a certificate of approval from RIDOH and are ready to proceed may be funded.

The Bank and the RIDOH are committed to providing a targeted approach that involves education, outreach, technical, and financial assistance to streamline the processes for an enhanced level of service to Rhode Island's small drinking water systems.

RIDOH contracts with industry partners and vendors to provide services to prepare small public for infrastructure upgrades, solicit funding, complete projects, and sustain strong financial and managerial practices. As a condition of eligibility, all small systems must have a Facilities Improvement Plan completed either independently or by the vendor with which RIDOH contracts. The requirement for a Facilities Improvement Plan can be waived if the Program determines that one is not necessary. This document serves as a planning tool for both short- and long-term capital project needs. Additionally, RIDOH contracts with an industry vendor to

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<sup>1</sup>[Project Priority List 2023- Final](#)

provide engineering services to small public water systems, which range from completion of engineering plans and specifications to bidding assistance, project oversight, and compliance with federal requirements. RIDOH has a contract in place with a vendor that will provide financial and managerial training to small public water systems. Both the Facilities Improvement Plan and financial and managerial training may be required of any small public water systems receiving principal forgiveness; determination will be made by RIDOH and the Bank.

### **C. Small Systems Strategy**

Per the Federal requirement, the State intends to use a portion of the DWSRF capitalization grant as principal forgiveness or grants as discussed in Section 4.F: Additional Subsidization.

All small water systems, serving 10,000 users or fewer, listed on the project priority list will be eligible to receive at minimum, \$100,000 in principal forgiveness not to exceed the total project size, subject to the availability of funds. Funding decisions will be made by considering their ranking on the project priority list combined with their readiness to proceed.

#### **a) Education and Outreach**

The DWSRF program views customer engagement as a critical step in cultivating and maintaining relationships with its customers. Below are steps that the Bank and RIDOH are undertaking to achieve the small drinking water system requirement:

- The Bank and RIDOH will meet with every small drinking water system that has a project on the PPL;
- The Bank will compile a small drinking water system client list and, on an annual basis, host informational sessions about the Program in partnership with RIDOH;
- RIDOH and the Bank developed and distributed a DWSRF fact sheet for small water systems and their contract operators and will routinely distribute it as needed, but at least once a year during PPL solicitation season;
- RIDOH and the Bank will attend small drinking water system association meetings such as the Rhode Island Rural Water Association and the Rhode Island Water Works Association;
- RIDOH will proactively market the DWSRF program during sanitary surveys and with systems that are not in compliance with State Drinking Water Regulations; and
- RIDOH, in partnership with the Bank, will proactively reach out to small systems, that are known to need improvements, during the yearly PPL development process to ensure applications for projects are received.

#### **b) Technical Assistance**

- The Bank, in partnership with RIDOH, will hold an annual information session for small drinking water systems to understand the project financing process and to ensure that they understand required Federal reporting requirements and processes for participating in the Program;

- The Bank will design marketing materials specifically targeted towards small drinking water systems;
- The Bank will assist with income surveys to disadvantaged very small systems to assist with the affordability analysis needed when considering additional principal forgiveness commitments over and above the \$100,000;
- The Bank and RIDOH will identify other funding and financing programs that have the potential to co-fund projects with financing;
- The Bank will assist small drinking water systems with energy efficiency technical assistance, such as energy audits through partnership with National Grid's energy efficiency team;
- RIDOH and the Bank will develop a small drinking water system technical assistance guide, including additional grant and financing options; and
- RIDOH will provide direct technical assistance to assist the PWS to complete the certificate of approval process.

**c) Streamline and Improve the Process for Small Systems**

- RIDOH and the Bank will create a packet of materials, templates, and guidance documents for the certificate of approval and loan approval process;
- RIDOH will refer systems to FIP and capacity development services once the PPL is finalized.

**d) Financing Incentives**

- Small drinking water systems will receive preference over other applicants to access principal forgiveness funds.
- To be eligible to receive principal forgiveness, projects must be on the PPL and have a Certificate of Approval. Those projects that are ready to proceed will be given priority. Readiness to proceed will be deemed as having either an RFP for engineering services to design the project, final bids in hand for engineering or construction services, or a signed engineering or construction contract. Emergency water quality projects will be given first-priority regardless of PPL ranking.
- Each qualifying drinking water small system will be eligible to receive at a minimum \$100,000 in principal forgiveness funds (dependent upon project size), subject to the availability of funds.
- Should there not be enough small system demand, Base principal forgiveness may be allocated amongst other drinking water applicants.

**VII. DISADVANTAGED COMMUNITY PROGRAM**

To assess affordability needs in the DWSRF, Rhode Island has established an Affordability Criteria for Rhode Island's municipalities and drinking water utilities. Entities with an Affordability Index less than the statewide average may qualify for additional subsidization such as principal forgiveness. Indexed entities are grouped into tiers, with tiers further below the statewide average qualifying for increased levels of subsidization.

Once each year, prior to the release of the Intended Use Plan for the fiscal year, RI Infrastructure Bank shall use current data, funding availability and expected loan volume to update the calculation, tiers and thresholds; RI Infrastructure Bank may also establish additional eligibility provisions at its discretion. All RI municipalities shall be indexed along with selected drinking water and wastewater entities. Additional entities can be indexed on an as-needed basis.

The Affordability Index is calculated using the following formula:

$$\text{Affordability Index} = \text{Median Household Income} * \text{Employment Rate} * \text{Population Ratio}$$

- **Median Household Income**<sup>2</sup> is a widely accepted metric of resident’s ability to afford the cost of infrastructure projects. A community with higher median household income suggests higher ability to afford the cost of infrastructure.
- **Employment Rate**<sup>3</sup> represents the resident employment size divided by the size of the total labor force in the community. Higher employment rates suggest that a community has more residents able to afford the cost of infrastructure than a community with lower rates.
- **Population Ratio**<sup>4</sup> is the ratio of the current US Census Bureau Decennial Census population to the previous Census population expressed as a percentage. A percentage greater than 100% indicates communities with a growing population, and a percentage less than 100% indicates a shrinking population. A growing population indicates an increasing ratepayer base to absorb infrastructure costs.

Large drinking water systems serving over 10,000 users shall be tiered based on the tier of the community they serve. Large systems serving multiple communities shall be tiered based on an index set to be a weighted average of each community served. Weighting shall be based on

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Median Household Income data

Municipalities and drinking water/wastewater systems serving over 10,000: Data source: Census Bureau, 2016-2020 American Tables S1903 Median Income in the Past 12 Months (2020 Inflation-Adjusted Dollars). Accessed August 2022. Link:

<https://data.census.gov/cedsci/table?q=median%20household%20income&g=0400000US44,44%240600000&tid=AC SST5Y2020.S1903&tp=true>

Water systems entirely in one census tract such as University of Rhode Island are treated as small systems and use census tract level data (S1901 data source link below).

Drinking water and wastewater systems serving 10,000 or less; or in one census tract: Data is from a) an income survey of the entire water system or b) census tract level Census Bureau data. If a system serves multiple census tracts, the census tract with the lowest income is used. Census Bureau, 2016-2020 American Tables S1901 Median Income in the Past 12 Months (2020 Inflation-Adjusted Dollars). Accessed August 2022. Link:

[https://data.census.gov/cedsci/map?q=S1901%3A%20INCOME%20IN%20THE%20PAST%2012%20MONTHS%20%28I N%202019%20INFLATION- ADJUSTED%20DOLLARS%29&g=0400000US44,44%241400000&tid=ACSST5Y2020.S1901&cid=S1901\\_C01\\_012E&layer =VT\\_2020\\_140\\_00\\_PY\\_D1&mode=thematic&loc=41.6571,-71.4863,z8.8156](https://data.census.gov/cedsci/map?q=S1901%3A%20INCOME%20IN%20THE%20PAST%2012%20MONTHS%20%28I N%202019%20INFLATION- ADJUSTED%20DOLLARS%29&g=0400000US44,44%241400000&tid=ACSST5Y2020.S1901&cid=S1901_C01_012E&layer =VT_2020_140_00_PY_D1&mode=thematic&loc=41.6571,-71.4863,z8.8156)

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Employment data is from the RI DLT 2021 Annual Average Labor Force Statistics. Accessed August 2022. Link: <https://dlt.ri.gov/labor-market-information/data-center/unemployment-ratelabor-force-statistics-la.us>. Data source: RI DLT, Labor Market Information, updated 3/2022.

Water systems entirely in one census tract such as University of Rhode Island use census tract level data from the 2020 American Community Survey 5-Year Estimates. Link:

[https://data.census.gov/map?t=Employment+and+Labor+Force+Status&g=0400000US44\\$1400000\\_1400000US4400 9051400&tid=ACSDP5Y2020.DP03&cid=DP03\\_0004PE&layer=VT\\_2020\\_140\\_00\\_PY\\_D1&mode=thematic&loc=41.561 6,-71.2036,z9.6129](https://data.census.gov/map?t=Employment+and+Labor+Force+Status&g=0400000US44$1400000_1400000US4400 9051400&tid=ACSDP5Y2020.DP03&cid=DP03_0004PE&layer=VT_2020_140_00_PY_D1&mode=thematic&loc=41.561 6,-71.2036,z9.6129)

<sup>4</sup> Population data is from RI Division of Statewide Planning. Accessed August 2022. Link: <https://planning.ri.gov/ri-census-2020>. Source: US Census Bureau, 2020 Census and 2010 Census.

population served or flow data and come from publicly available sources or data provided by the system.

Small drinking water systems serving 10,000 users or less shall be tiered based on median household income from either an income survey or census tract data. If a system serves multiple census tracts, the census tract with the lowest income is used.

Eligible systems with an Affordability Index 71% or less of the statewide average shall be designated a tier 1 entity; systems with an Affordability Index between 72% and 85% shall be designated a tier 2 entity; systems with an Affordability Index between 86% and 100% of the statewide average shall be designated a tier 3 entity. Domestic limited liability companies and domestic profit corporations, excepting cooperatives, are not eligible for tiers 1 through 3. Additionally, to qualify for drinking water tiering, entities must be a community Public Water System or a school.

The Affordability Index results are shown in the Appendix. All 39 RI municipalities have been indexed, along with selected drinking water entities. Additional entities can be indexed on an as-needed basis.

The table below describes the FY24 Tiers with eligible communities listed. Entities not listed are either not eligible or have not been indexed.

**Table 1: FY24 Tiers with eligible communities (% = Community Index as Percentage of State Index)**

Tier 1 Affordability Index 71% or less	Tier 2 Affordability Index 72 - 85%	Tier 3 Affordability Index 86% - 100%
Woonsocket Water 63%	Pawtucket Water Supply Board 78% Smithfield Water Supply Board 82% Providence Water Supply Board 84%	None Note: Funding only available in this tier if no ready-to-proceed projects remain in Tier 1 and Tier 2

Drinking water projects expected to close in FY24 with affordability-based principal forgiveness include:

**a) Allocating Principal Forgiveness**

Projects closing loans in FY24 shall be allocated principal forgiveness according to the following table.

**Table 2: FY23 Tiers with thresholds and principal forgiveness**

Tier	Index Threshold	DW SRF Principal Forgiveness
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<b>Tier 1</b>	<b>0-71%</b> of state average	40% of project cost for projects meeting priority dates
<b>Tier 2</b>	<b>72-85%</b> of state average	20% of project cost for projects meeting priority dates
<b>Tier 3</b>	<b>86-100%</b> of state average	Funding possible in this tier if no ready-to-proceed projects remain in Tier 1 and Tier 2
<b>All projects</b>		Up to \$100,000 for systems serving less than 10,000 users;  Up to \$200,000 for systems serving school districts;  Emergency generators may receive principal forgiveness for a portion or the entirety of the project cost.

Principal forgiveness amounts are contingent upon funding availability and readiness to proceed. The Bank strives to accommodate all borrowers and, for financial applications not received by the priority date or not ready-to-proceed, shall allocate principal forgiveness in the order in which ready-to-proceed financial applications are received.

**b) Lead Service Line Replacement – Principal Forgiveness Allocation**

Principal forgiveness allocations for lead service line replacements will utilize the Affordability Index to determine eligibility. Entities classified as Tier 1 or Tier 2 will qualify for an allocation of principal forgiveness. If the entity does not qualify but has qualifying census tracts located within the service area, they will be provided a prorated principal forgiveness amount based on the percentage of work to be performed in those areas.

The amount of principal forgiveness for each project is determined by the total amount of subsidy to be awarded (49% of lead service line capitalization grant). All eligible projects will receive the same percentage of principal forgiveness. This will be determined by calculating what percentage of subsidy can be provided across all projects to arrive at the total principal forgiveness to be awarded.

To access the principal forgiveness, entities must borrow for the remaining project balance. This will ensure that full projects are completed.

Lead service line projects expected to close in SFY24 with affordability-based principal forgiveness include:

- Providence Water \$25,000,000



### **c) Emerging Contaminants-Principal Forgiveness Allocation**

The State will provide 100% of the Emerging Contaminants Grant, \$7,298,333 (\$7,640,000 minus \$341,167 in set-aside) as additional subsidization in the form of principal forgiveness or grants. At least 25% of these funds will be provided to DWSRF borrowers that meet the State’s affordability criteria or to a public water system serving fewer than 25,000 persons. Funds can be used for addressing contaminants with a focus on PFAS.

Emerging Contaminant projects expected to close in SFY24 with principal forgiveness include:

- Quonochontaug East Beach
- University of Rhode Island
- West Glocester Elementary

### **d) Emergency Construction Program**

The emergency construction fund will provide loans to PWS that have experienced a recent unexpected event that poses a serious threat to public health, welfare, or water supply. Projects must meet the eligibility criteria but do not need to be on the project priority list and are eligible for principal forgiveness. RIDOH has the discretion to determine what constitutes an emergency and can also waive provisions of the standard approval process (including but not limited to competitive bidding, environmental reviews, capacity assessments, and plans and specifications).

## **VIII. ASSURANCES AND SPECIFIC PROPOSALS**

The Bank provides the necessary assurances and certifications for the Program as part of the OA between the State of Rhode Island and the EPA. Refer to Rhode Island’s OA for specific assurances regarding the State Environmental Review Process to be completed by the Rhode Island Department of Environmental Management (DEM), agreement to comply with federal cross-cutters, agreement to enter into binding commitments, and agreement to the timely expenditure of funds.

### **A. Schedule of Binding Commitments**

In accordance with §1452(g)(3)(A) of the Act, the State of Rhode Island agrees to enter into binding commitments to provide financial assistance to eligible water suppliers. A binding commitment for the Program is defined as that point in time when both a Certificate of Approval for the project has been issued by RIDOH and a loan agreement with the Bank is in place. The State of Rhode Island agrees to make binding commitments in an amount equal to or greater than the amount of each grant payment and State Match that is deposited into the Program within one year after the grant payment.

## **IX. EQUIVALENCY**

By statute, certain Federal requirements apply to assistance provided “in an amount made directly available by” the Federal capitalization grant. A State can choose a project or (group of

projects) equaling the amount of the Federal Capitalization Grant to comply with these requirements. These projects are “equivalency projects”. And the selected equivalency project(s) must complete certain Federal requirements. FFATA compliance requires that one single set of projects is selected to satisfy all Federal equivalency requirements. Project(s) selected for equivalency will contain documentation verifying compliance with all the following Federal requirements:

- Single Audit Act - documented in the assistance agreement.
- Disadvantaged Business Enterprise - MBE/WBE – documented in the assistance agreement, bid documents & DBE 5700-52A Reports (MBE/WBE Report to EPA).
- A/E Procurement (applicable to CWSRF only) – Documented by a certification.
- Signage - documented in the assistance agreement - documented by State Checklist or concurrence letter and assistance agreement.
- Federal Socioeconomic Crosscutters -documented by State Checklist or concurrence letter and assistance agreement.
- FFATA – Federal Financial Accountability and Transparency Act - Documented by reporting to FSRS.gov.
- Telecommunications Equipment and Services Prohibition – documented in the assistance agreement.
- Federal Flood Risk Management Executive Order -documented in the assistance agreement.
- BABA (starting with FFY 2022 Capitalization Grants) - documented in the assistance agreement.

The Bank can combine both the Base and BIL General Supplement funds to comply with the equivalency requirements and designate a project(s) equal to the amount of the capitalization grants as federal projects. For example, if the Bank closes on one loan that can equal both the Base and General Supplement capitalization grants, then this loan can be designated as the equivalency project and will need to fulfill the equivalency requirements for both FFY2023 Base and General Supplemental Grants.

Equivalency cannot be applied to the BIL Emerging Contaminants and Lead Service Line Replacement grants. The projects that are funded with these grants must meet all of the federal requirements.

The projects that will be reported under FFATA are listed below:

<b>FFY23 Lead Service Line Replacement Grant</b>	<b>FFY23 Base and General Supplemental Grant</b>	<b>FFY23 Emerging Contaminants Grant</b>
Providence Water Supply Board	TBD	TBD

The Bank and RIDOH will comply with the equivalency requirements as set forth above. Additional information can be found below in the reporting requirements.

## X. REPORTING REQUIREMENTS

The Bank and RIDOH are committed to ensuring that all reports and electronic data are submitted by their deadlines.

- 1) **Federal Funding Accountability & Transparency Act (FFATA)** – The Bank is committed to transparency and accountability under FFATA (reporting requirements may be obtained at their website <https://fsrs.gov/>). At the time of loan closing, the Bank will designate a borrower for FFATA reporting.
- 2) **EPA SRF Database** -This system has updated and consolidated multiple reporting databases, including the former Clean Water Benefits Reporting (CBR) and National Information Management System (NIMS). Project milestones and other pertinent information is reported through EPA’s SRF Data System. The Bank and RIDOH are committed to entering data into the EPA SRF Data System to evaluate the benefits of the RI CWSRF Program. The Bank and RIDOH will continue its quarterly reporting in the OWSRF EPA Database.
- 3) **Utilization of Small, Minority and Women’s Business Enterprise (aka federal DBE requirement)** – The Bank and RIDOH agree to comply with the requirements of EPA’s program for DBE in procurement under assistance agreements contained in 40 CFR, Part 33.
- 4) **Single Audit Act** –In accordance with OMP Circular A-133, which implements the single audit act, the Bank hereby agrees to obtain a single audit from an independent auditor if it expends \$750,000 in total Federal funds in any fiscal year. Within nine months after the end of a recipient’s fiscal year or 30 days after receiving the report from the auditor, the Bank shall submit a copy of the SF-SAC and a Single Audit Report Package to the Federal Audit Clearing House. All projects that receive federal dollars are notified of the single audit regardless of the amount. If they expend over \$750,000 in federal funds, the sub-recipient will be required to obtain a Single Audit.
- 5) **EPA Annual Report** – The Bank and RIDOH agree to provide an Annual Report to EPA by September 30, the first fiscal year after it receives payments under title VI. The Bank will submit this report to EPA according to the schedule established in the grant agreement.
- 6) **American Iron and Steel (AIS) and Build America Buy America Act (BABA)** - On January 17, 2014, Federal Public Law 113-76 was enacted, which added a new federal use of American Iron and Steel (AIS) requirement in Section 436. Subsequent annual appropriations have continued this requirement in all drinking water construction projects. On November 15, 2021, President Biden signed the Bipartisan Infrastructure Law (BIL) making the American Iron and Steel (AIS) procurement requirement permanent for DWSRF construction projects going forward. To assure compliance, all loan agreements contain language requiring compliance with the AIS. In addition, RIDOH ensures that the required

AIS language is included in all Request for Proposals, and contracts and conducts field verifications for project compliance with AIS. BIL added a new Build America, Buy America Act of 2021 (BABA) requirement to the DWSRF program. BABA expands existing American Iron and Steel (AIS) requirements to include construction materials and manufactured goods. The effective date of BABA is May 14, 2022, which means any grants awarded on or after that date must be fully compliant with BABA unless they qualify for the waivers. The Federal Office of Management and Budget (OMB) released program guidance to agencies on April 18, 2022.<sup>5</sup> There are currently three approved BABA waivers:

- 1) Adjustment Period Waiver of Section 70914(a) of P.L. 117-58, Build America, Buy America Act, 2021 for SRF Projects that have Initiated Design Planning<sup>6</sup>
- 2) De Minimis General Applicability Waiver of Section 70914(a) of P.L.117-58, Build America, Buy America Act, 2021 for U.S. Environmental Protection Agency Financial Assistance Awards and Procurements<sup>7</sup>
- 3) Small Project General Applicability Waiver of Section 70914(a) of P.L. 117-58, Build America, Buy America Act, 2021 for U.S. Environmental Protection Agency Financial Assistance Awards.<sup>8</sup>

## **XI. PUBLIC REVIEW AND COMMENT**

The IUP is subject to review and comment by the public prior to its incorporation into the State of Rhode Island's Capitalization Grant agreement with EPA. The draft IUP was put on Public Notice in the Providence Journal on June 6, 2023 and was simultaneously sent to all interested parties by request. Additionally, the draft IUP has been posted on the Bank's website providing the opportunity for public comment for thirty (30) days. Any public comments received will have been reviewed by the Bank and RIDOH collectively and included within the final IUP for submission to EPA.

In the spring, letters were sent out to all eligible systems asking them for new projects for the PPL. The FY 2023 PPL was placed on the RIDOH webpage for public notice on April 21, 2023. Throughout the year, as utilities show interest in utilizing the Program, RIDOH will periodically revise the PPL so that the utilities may access funds.

## **XII. PROGRAM EVALUATION REPORT (PER) AND AUDIT FINDINGS**

The below action items and recommendations were listed in the PER for SFY 2022 (7/1/21-6/30/2022).

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<sup>5</sup> <https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-11.pdf>

<sup>6</sup> <https://www.epa.gov/system/files/documents/2022-09/EPA%20-%20SRF%20-%20Final%20Waiver%20-%20Adjustment%20Period%20September%202022%20-%20Signed.pdf>

<sup>7</sup> <https://www.epa.gov/system/files/documents/2022-10/EPA%20BABA%20De%20Minimis%20Waiver%20Final%20Oct%202022.pdf>

<sup>8</sup> <https://www.epa.gov/system/files/documents/2022-09/Small%20Proj%20Gen%20App%20Waiver%20BABA%20EPA.pdf>

**Action Item:** Set up a meeting with EPA to discuss RI DOH staffing plans to manage the BIL and base DWSRF program by May 1st, 2023.

Status: Completed March 31, 2023

Beginning in 2022, Congress provided funding to Congressionally Directed Spending (CDS) grants and took that funding off the top of the national SRF allotments. This drastically reduced the state's 2022 base DWSRF capitalization grant and subsequently the amount that the state can take for set-asides. RIIB and RI DOH have been taking the full 4% administration set-aside plus an additional 2% in previously banked set-aside funds for the past few years. EPA Region 1 is concerned that with the reduction of the base grant that the state will soon be outpacing the amount that they have available for administrative costs.

**Action Item:** Rhode Island Infrastructure Bank and Rhode Island Department of Health should assess their future set-aside spending plan as the state has become reliant on the use of banked set-aside credits and the state's allotment for base capitalization grants has been reduced over the years, impacting future set-aside sustainability; both state agencies should implement a plan to find additional sources of revenue to bolster future set-aside sustainability.

#### Follow Up from Last Year's PER

1. Update the RI DW NIMS data during the 2022 open period to reflect the subsidy given to disadvantaged communities or provide an explanation for the figures in SFY2021. This is a repeat finding.

Status: Not completed. The additional subsidy information in NIMS for years 2014-2021 is still inaccurate. This also ties into action item #11 below. EPA HQ now oversees the NIMS reporting so they will be the contact to update the NIMS data.

RIIB Response – RIIB will work on updating this.

2. Update the RI DW NIMS data during the 2023 open period or before to reflect the subsidy given to disadvantaged communities or provide an explanation for the figures in SFY2021. This is a repeat finding.

Status: Not completed. The additional subsidy information in NIMS for years 2014-2021 is still inaccurate. This also ties into action items #4 & #5 below.

RIIB Response – RIIB will work on updating this.

3. The 2022 Annual Report must contain an explanation of the reasons for the delay in the 2020 additional subsidy commitment into loan executions and provide a plan that identifies the project(s) that will use the remaining subsidy funds, along with milestones for each project showing the path to an executed agreement. If the subsidy commitment is met prior to 9/30/22, please notify EPA Region 1 at that time. The IUP for the 2022 capitalization grant should indicate any additional subsidy from previous years that still must be committed to projects.

Status: Completed. The 2022 annual report included information on additional subsidy for the 2020 grant however the subsidy commitments have still not been met. This also ties in action item #10 below.

#### **Action Items and Recommendations for this Year's Review**

4. Update the RI DW NIMS data during the 2023 open period to reflect the number of assistance agreements receiving additional subsidy or provide an explanation for the figures in SFY2022. The annual report included information about project receiving additional subsidy but the NIMS data is still incorrect. This is a repeat finding. RIIB will notify the project officer that the updates were completed by September 1st, 2023.

RIIB Response – RIIB will work on updating this.

5. Update the RI DW NIMS data during the 2023 open period to reflect the amount of additional subsidy given to assistance recipients in years 2014 – 2022. This is a repeat finding. RIIB will notify the project officer that the updates were completed by September 1st, 2023.

RIIB Response – RIIB will work on updating this.

6. Revise policies and procedures relating to the utilization of the FIFO method in closing out older capitalization grants as RI DWSRF still has outstanding balances on the 2018 and 2019 capitalization grants as specific projects have been tied to specific capitalization grants, delaying older capitalization grant close out.

RIIB Response – RIIB is working on revising policies and procedures related to this to be in compliance with the FIFO method.

7. For all construction projects moving forward, include the DOL wage rates into the construction contract.

RI DOH Response - The language on the page for the bid specifications has been changed to make it clear that they must include the actual prevailing wages in place at the time of the bid.

8. The 2023 Annual Report must contain an explanation of the reasons for the delay in the 2020 and 2021 additional subsidy commitment into loan executions and provide a plan that identifies the project(s) that will use the remaining subsidy funds, along with milestones for each project showing the path to an executed agreement. If the subsidy commitment is met prior to 9/30/23, please notify EPA Region 1 at that time. The IUP for the 2023 capitalization grant should indicate any additional subsidy from previous years that still must be committed to projects.

RIIB Response - RIIB will provide an explanation in the 2023 Annual Report. RIIB will also indicate in the 2023 IUP capitalization grant additional subsidy from previous years that still must be submitted to projects.

9. Update the RI DW NIMS data during the 2023 open period to reflect the funding and additional subsidy given to disadvantaged communities or provide an explanation for the figures in SFY2022. Notify the project officer that the changes were made no later than September 1st, 2023.

RIIB Response – RIIB will work on updating the RI DW NIMS data.

10. Set up a meeting with EPA to discuss RI DOH staffing plans to manage the BIL and base DWSRF program by May 1st, 2023.

Status: Completed March 31, 2023

11. Rhode Island Infrastructure Bank and Rhode Island Department of Health should assess their future set-aside spending plan as the state has become reliant on the use of banked set-aside credits and the state's allotment for base capitalization grants has been reduced over the years, impacting future set-aside sustainability; both state agencies should implement a plan to find additional sources of revenue to bolster future set-aside sustainability.

### **XIII. ATTACHMENTS**

- A. Project Priority List
- B. Sources and Uses Table
- C. Anticipated Loan Commitments
- D. Payment Schedule for ACH
- E. Total Capital Grants in the RI Base and BIL Program
- F. Allotment of Base and BIL Set-Aside Dollars Requested
- G. Additional Subsidy Requirements
- H. Attorney General Certification
- I. RI Infrastructure Bank and RIDOH Memorandum of Understanding (MOU)
- J. RI Infrastructure Bank Loan Policies and Procedures
- K. RIDOH Rules and Regulations



**A. Project Priority List**



### PROJECT PRIORITY LIST 2023 - Amended

VERSION DATE: July 24, 2023

SYSTEM NAME	PWS ID	POP. SERVED	NEW	DISADVANTAGED COMMUNITY SYSTEM AFFORDABILITY TIER	SOURCE FUND <sup>1</sup>	PROJECT DESCRIPTION	SCORES							EST. START DATE	FUNDS REQUESTED	
							A	B	C	D2	E	F	G			TOTAL
Narragansett North-End	1858429	4432		Tier 3	BS	Tank Aeration System	35	2	0	0	5	5	0	47	4/23/2023	\$225,000.00
Narragansett North-End	1858429	4432		Tier 3	BS	Chlorine Treatment and Controls at Tank	35	2	0	0	5	5	0	47	4/23/2023	\$430,000.00
Narragansett Point Judith	1858428	8210			BS	Tank Aeration System	35	2	0	0	5	5	0	47	4/23/2023	\$450,000.00
Narragansett Point Judith	1858428	8210			BS	Chlorine Treatment and Controls at Tanks	35	2	0	0	5	5	0	47	4/22/2023	\$410,000.00
Block Island Water Company	1858430	9999			BS	New Well #7	21	13	0	0	5	5	0	44	9/1/2024	\$2,300,000.00
Block Island Water Company	1858430	9999 ✓			BS	Reverse Osmosis Unit 100 GPM	19	13	0	1	5	5	0	43	9/1/2024	\$1,970,000.00
Bristol County Water Authority	1647515	15677		Tier 3	BS	Emergency Connection with Pawtucket	21	10	0	1	5	5	0	42	1/1/2024	\$48,000,000.00
Pawtucket Water Supply Board	1592021	98130		Tier 2	BS	Well Field, Design, Rehab, and Treatment	21	7	0	1	5	5	0	39	6/1/2025	\$5,000,000.00
Scituate Housing Authority - Rockland Oaks	1000020	24 ✓			SS	Interconnection to Scituate High School	33	0	0	0	5	0	0	38	9/1/2023	\$650,100.00
Block Island Water Company	1858430	9999			BS	New 250,000 Gallon Water Storage Tank	12	13	0	1	5	5	0	36	9/1/2023	\$1,300,000.00
Cumberland Water Department	1647530	21178			BS	Site 2 New Well, Appurtenances, and Distribution System Upgrades	21	4	0	1	5	5	0	36	4/23/2023	\$6,100,000.00
Smithfield Water Supply Board	1615616	9436		Tier 2	BS	New Water Supply Exploration	21	2	0	1	5	5	0	34	1/1/2024	\$500,000.00
East Providence Water Utilities	1615610	47618		Tier 3	BS	Emergency Connection/Alternate Source	21	7	0	1	5	0	0	34	5/24/2023	\$22,000,000.00
Providence Water	1592024	600000		Tier 2	BS	Coagulation/Clarification Treatment Improvements	19	4	0	0	5	5	0	33	7/1/2024	\$350,000,000.00
North Kingstown	1559517	23568			EC	Replacement for Well #6	21	1	0	1	5	5	0	33	12/1/2023	\$4,000,000.00
Greenville Water District	1858410	9500			BS	Emergency Inerconnection with Providence and a new pump station	21	1	0	1	5	5	0	33	4/23/2023	\$4,800,000.00
Westerly Water Department	1559512	17500 ✓			BS	New Well Study/Installation	21	1	0	0	5	5	0	32	1/1/2024	\$1,000,000.00
Chimera Inc.	2519424	155			BS	Assessment and Repair of Wells and Assessment of Storage Tank	21	1	0	0	5	5	0	32	4/22/2023	\$25,000.00
Block Island Water Company	1858430	9999 ✓			BS	SCADA Fiber Network	8	13	0	1	5	5	0	32	9/1/2023	\$50,000.00
City of Newport	1592010	42000		Tier 3	BS	Forest Ave Pump Station Improvements	14	7	0	1	5	5	0	32	7/24/2023	\$2,300,000.00
Jamestown Water	1858419	3285			BS	Water Distribution Improvements	10	10	0	1	5	5	0	31	9/1/2023	\$2,500,000.00
Bristol County Water Authority	1647515	15677		Tier 3	BS	Distribution System Improvement Program	10	10	0	1	5	5	0	31	1/1/2024	\$4,000,000.00
Bristol County Water Authority	1647515	15677		Tier 3	LL	LSL Replacement	10	10	0	1	5	5	0	31	1/1/2024	\$1,000,000.00

Prudence Island Water District	1592023	1100	✓	BS	Temporary System Storage	12	13	0	1	5	0	0	31	10/1/2023	\$35,000.00
South Kingstown - Middlebridge	1000015	696		BS	WQ Study and Treatment	19	1	0	1	5	5	0	31	6/1/2023	\$100,000.00
North Kingstown	1559517	15000	✓	EC	PFAS Treatment System for wells 9 and 10	19	1	0	1	5	5	0	31	10/1/2024	\$10,000,000.00
Quonochontaug East Beach	1647511	300		EC	PFAS Treatment	19	2	0	0	5	5	0	31	4/24/2023	\$450,000.00
Slatersville Public Supply	1615614	3400		BS	Comstock Tank Rehabilitation Project	12	7	0	1	5	5	0	30	9/1/2023	\$3,491,970.00
South Kingstown - South Shore	1615623	6173		BS	Factory Pond Water Treatment Plant	19	1	0	0	5	5	0	30	6/1/2023	\$15,000,000.00
South Kingstown - South Shore	1615623	4517		BS	WQ Study and Treatment	19	1	0	0	5	5	0	30	6/1/2023	\$500,000.00
Slatersville Public Supply	1615614	3224		BS	Constock Standpipe Improvements Upgrade Pump Station, Demo Old Tanks	12	7	0	1	5	5	0	30	7/22/2023	\$3,394,340.00
Central Beach Fire District	1647512	470		BS	4-log chlorination system, iron removal and possible new well	19	0	0	0	5	5	0	29	6/1/2023	\$1,600,000.00
Prudence Island Water District	1592023	1100	✓	BS	Mill Creek Distribution Line Relocation	10	13	0	1	5	0	0	29	10/1/2023	\$300,000.00
Slatersville Public Supply	1615614	3400		BS	S.t Paul Street Water Line Extension	10	7	0	1	5	5	0	28	4/1/2024	\$3,300,000.00
City of Newport	1592010	42000	Tier 3	BS	Construction Distribution Main Improvements IV	10	7	0	1	5	5	0	28	9/22/2023	\$3,300,000.00
City of Newport	1592010	42000	Tier 3	BS	Construction Distribution Main Improvements V	10	7	0	1	5	5	0	28	7/24/2023	\$4,000,000.00
City of Newport	1592010	42000	Tier 3	BS	Emergency Interconnect between Low and Medium Pressure Zones	10	7	0	1	5	5	0	28	7/23/2023	\$850,000.00
City of Newport	1592010	42000	Tier 3	LL	Lead Service Line Replacement Program	10	7	0	1	5	5	0	28	7/23/2023	\$5,150,000.00
Slatersville Public Supply	1615614	3224		BS	St. Paul Water Main	10	7	0	1	5	5	0	28	7/23/2023	\$2,544,720.00
Kingston Water District	1858421	3968		BS	West Kingston Well	21	1	0	1	5	0	0	28	7/24/2023	\$1,000,000.00
West Glocester Elementary	1900041	541		EC	PFAS Treatment and Water System Upgrades	19	0	0	1	3	5	0	28	4/24/2023	\$450,000.00
Kent County Water Authority	1559511	88779	✓	BS	East Greenwich Well Treatment Facility	19	2	0	1	5	0	0	27	1/1/2024	\$16,200,000.00
Stonebridge Fire District	1615619	2607		BS	Improvements N. Brayton Standpipe	12	4	0	1	5	5	0	27	8/22/2023	\$300,000.00
Shannock Water District	1647529	75		SS	Interconnect/Resileincy/Redundancy	21	0	0	1	5	0	0	27	7/22/2023	\$95,000.00
Providence Water	1592024	600000	Tier 2	BS	Storage Tank Rehab & Improvements	12	4	0	0	5	5	0	26	7/1/2023	\$10,000,000.00
Newport Boys and Girls Club	2980095	240	✓	BS	Iron/manganese Treatment and Electrical	25	0	0	0	1	0	0	26	6/1/2023	\$80,000.00
Greenville Water District	1858410	9500		BS	Mapleville S. Pump Station Upgrade	14	1	0	1	5	5	0	26	8/22/2023	\$400,000.00
City of Newport	1592010	42000	Tier 3	BS	Leak Detection Program	8	7	0	1	5	5	0	26	9/24/2023	\$200,000.00
University of Rhode Island	1858422	19354		EC	PFAS Source and Drinking Water Remediation	19	0	0	1	5	0	0	25	6/1/2023	\$20,000,000.00
Chariho Middle School	2980185	1500		BS	New Generator, Repair Wells #2 and #3, consolidate with HS	21	0	0	1	3	0	0	25	9/1/2023	\$425,000.00
Ashaway Elementary School	1858417	300		BS	Generator and Repair Well #1	21	0	0	1	3	0	0	25	9/1/2023	\$115,000.00

Pawtucket Water Supply Board	1592021	98130	Tier 2	LL	Lead Service Line Inventory	10	4	0	1	5	5	0	25	7/1/2023	\$2,000,000.00
Pawtucket Water Supply Board	1592021	98130	Tier 2	SS	East Providence Interconnection	10	4	0	1	5	5	0	25	6/1/2025	\$4,000,000.00
Pawtucket Water Supply Board	1592021	98130	Tier 2	SS	Main Replacement - MR13	10	4	0	1	5	5	0	25	7/1/2023	\$5,000,000.00
Prudence Park Water Co-op	1647514	40		BS	Water System Improvements Including New Well	21	2	0	1	1	0	0	25	10/1/2023	\$1,200,000
Cumberland Water Department	1647530	21178		BS	Replace Transmission Line to Coppermine Tank	10	4	0	1	5	5	0	25	5/23/2023	\$1,000,000.00
Stonebridge Fire District	1615619	2607		BS	Water Main Replacement	10	4	0	1	5	5	0	25	8/22/2023	\$450,000.00
Captain Isaac Paine School	1583823	460		BS	Replace Well, Construct Pump House and Associated Appurtenances	21	0	0	1	3	0	0	25	8/21/2023	\$450,000.00
Shannock Water District	1647529	75		SS	Manganese Treatment System	19	0	0	1	5	0	0	25	2/23/2023	\$98,000.00
Portsmouth Water and Fire District	1592022	17180 ✓		BS	Portsmouth Water & Fire District Office Water Main Replacement	10	4	0	0	5	5	0	24	4/1/2025	\$6,250,000.00
Portsmouth Water and Fire District	1592022	17180 ✓		BS	2024 Water Distribution Improvements	10	4	0	0	5	5	0	24	1/1/2024	\$6,000,000.00
Providence Water	1592024	600000	Tier 2	LL	LSL Replacement	10	4	0	0	5	5	0	24	4/1/2023	\$184,000,000.00
Providence Water	1592024	600000	Tier 2	BS	Water Main Rehab/Replacement	10	4	0	0	5	5	0	24	4/1/2023	\$488,000,000.00
Lincoln Water Commission	1858423	250		BS	Old River Road Storage Standpipe Replacement	12	1	0	1	5	5	0	24	8/1/2023	\$4,300,000.00
Richmond Water	1000040	2501		BS	4-log chlorination system	19	0	0	0	5	0	0	24	9/22/2023	\$400,000.00
Greene School	2980310	25		BS	Well Improvements and Consolidation	21	0	0	0	3	0	0	24	4/23/2023	\$120,000.00
Greene School	2980050	250		BS	Generator, Well Improvements, Consolidation	21	0	0	0	3	0	0	24	4/23/2023	\$120,000.00
University of Rhode Island	1858422	19354		BS	New Storage Tank and Rehabilitation of Existing Storage Tank	12	0	0	1	5	5	0	23	9/1/2023	\$9,620,000.00
Smithfield Water Supply Board	1615616	9436	Tier 2	BS	North Providence Pressure Control	10	2	0	1	5	5	0	23	6/1/2023	\$750,000.00
Smithfield Water Supply Board	1615616	9436	Tier 2	BS	Douglass Pike Pipe Replacement	10	2	0	1	5	5	0	23	6/1/2023	\$750,000.00
Smithfield Water Supply Board	1615616	9436	Tier 2	BS	Harris Road Main Installation for Redundancy	10	2	0	1	5	5	0	23	1/1/2024	\$4,400,000.00
Smithfield Water Supply Board	1615616	9436	Tier 2	BS	Noto Drive PVC Replacement	10	2	0	1	5	5	0	23	1/1/2024	\$800,000.00
Smithfield Water Supply Board	1615616	9436	Tier 2	BS	Stillwater Road Main Installation (Whipple to Harris)	10	2	0	1	5	5	0	23	1/1/2024	\$4,000,000.00
Smithfield Water Supply Board	1615616	9436	Tier 2	BS	Stillwater Road Main Installation (Limerock to Thurber)	10	2	0	1	5	5	0	23	1/1/2024	\$4,400,000.00
Smithfield Water Supply Board	1615616	9436 ✓	Tier 2	BS	Rte. 116 Water Main Interconnection with Greenville Water District	10	2	0	1	5	5	0	23	1/1/2024	\$1,100,000.00
Smithfield Water Supply Board	1615616	9436 ✓	Tier 2	BS	Rte. 116 Applan Way Water Main Installation (Redundancy for main breaks)	10	2	0	1	5	5	0	23	1/1/2024	\$600,000.00
Pawtucket Water Supply Board	1592021	98130	Tier 2	SS	Water Meter Replacement and Meter Reading System	8	4	0	1	5	5	0	23	7/1/2023	\$8,000,000.00
City of Warwick	1615627	73289		SS	Clean & Repaint Warwick Neck Tank	12	1	0	0	5	5	0	23	7/24/2024	\$1,500,000.00
Cumberland Water Department	1647530	21178		BS	Distribution System Improvements	10	2	0	1	5	5	0	23	4/23/2023	\$3,500,000.00
East Providence Water Utilities	1615610	47618	Tier 3	BS	Cleaning and Lining of Water Mains	10	7	0	1	5	0	0	23	9/22/2023	\$20,000,000.00
East Providence Water Utilities	1615610	47618	Tier 3	LL	Lead Service Line Repalcements	10	7	0	1	5	0	0	23	10/22/2023	\$100,000.00

Kingston Water District	1858421	3968		BS	Transmission Line Replacement	10	2	0	1	5	5	0	23	5/24/2023	\$2,500,000.00
Kingston Water District	1858421	3968		BS	Water Main Replacement	10	2	0	1	5	5	0	23	5/23/2023	\$1,000,000.00
Touisset Point Water Trust	1615626	83		SS	Meter and Backflow Preventer Installation	8	4	0	1	5	5	0	23	9/1/2023	\$200,000.00
North Kingstown	1559517	23568		LL	Lead Service Line Replacement	10	1	0	1	5	5	0	22	10/1/2023	\$900,000.00
Lincoln Water Commission	1858423	250		BS	Saylesville Water Main Improvements	10	1	0	1	5	5	0	22	9/1/2023	\$2,500,000.00
Harrisville Fire District	1858411	2950		BS	Lapham Farm Rd Distribution Loop	10	1	0	1	5	5	0	22	10/22/2023	\$2,000,000.00
Harrisville Fire District	1858411	2950		BS	Connect Cherry Farm Rd Storage Tank to Sherman Farm Rd distribution	10	1	0	1	5	5	0	22	7/22/2023	\$1,971,997.00
Harrisville Fire District	1858411	2950		LL	Lead Service Line Inventory	10	1	0	1	5	5	0	22	12/22/2023	\$100,000.00
Harrisville Fire District	1858411	2950		BS	Smith Rd, Round Top Rd, Central St, Carrie Ln, and Rt 102 looping	10	1	0	1	5	5	0	22	7/22/2023	\$2,980,000.00
Westerly Water Department	1559512	17500	✓	BS	Bowling Lane Water Main and LSL Replacement	10	1	0	0	5	5	0	21	8/1/2023	\$1,500,000.00
Westerly Water Department	1559512	17500	✓	LL	Lead Service Line Replacement	10	1	0	0	5	5	0	21	1/1/2024	\$350,000.00
Westerly Water Department	1559512	17500	✓	BS	Park Ave Water Main Replacement	10	1	0	0	5	5	0	21	7/1/2023	\$200,000.00
Westerly Water Department	1559512	17500	✓	BS	Mary Hall Rd Water Main and LSL Replacement	10	1	0	0	5	5	0	21	9/1/2023	\$380,000.00
Chimera Inc.	2519424	133		BS	Distribution System Replacement	10	1	0	0	5	5	0	21	4/22/2023	\$350,000.00
City of Warwick	1615627	73289	✓	SS	Lincoln Ave Transmission Line Rehabilitation	10	1	0	0	5	5	0	21	6/1/2023	\$5,500,000.00
City of Warwick	1615627	73289	✓	SS	Water Main Cleaning and Lining	10	1	0	0	5	5	0	21	9/1/2023	\$4,000,000.00
City of Warwick	1615627	75000		LL	Lead Service Line Replacement	10	1	0	0	5	5	0	21	6/1/2023	\$2,500,000.00
Pascoag Utility District	1592020	2750		SS	Reservoir Rd. and Camp Dixie Rd. Hydrant Replacement	8	7	0	1	5	0	0	21	6/1/2023	\$125,000.00
East Providence Water Utilities	1615610	47618	Tier 3	BS	Meter Replacement Project	8	7	0	1	5	0	0	21	9/22/2023	\$3,000,000.00
Kingston Water District	1858421	3968		BS	Generator Well #2	8	2	0	1	5	5	0	21	7/22/2023	\$25,000.00
Shady Harbor Fire District	1559513	300		BS	Distribution System Replacement	10	0	0	1	5	5	0	21	4/23/2023	\$1,200,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	Highland Park Water Tower Replacement	12	4	0	0	5	0	0	21	4/23/2023	\$3,500,000.00
Chariho High School	1592030	1500		BS	Install New Generators and Remove Vault and Tank	16	0	0	1	3	0	0	20	9/1/2023	\$300,000.00
South Kingstown - Middlebridge	1000015	576		BS	Leak Detection Program	8	1	0	1	5	5	0	20	9/15/2023	\$30,000.00
North Kingstown	1559517	23568		BS	Meter Replacement	8	1	0	1	5	5	0	20	12/1/2023	\$1,460,000.00
Greenville Water District	1858410	9500		BS	Meter Replacement Project	8	1	0	1	5	5	0	20	9/22/2023	\$500,000.00
Kingston Water District	1858421	3968		BS	4-Log Chlorination for Each Well	7	2	0	1	5	5	0	20	1/23/2023	\$50,000.00
Narragansett North-End	1858429	4432	Tier 3	BS	Replace Water Meters and Remote Read System	8	2	0	0	5	5	0	20	9/22/2023	\$515,000.00
Narragansett Point Judith	1858428	8210		BS	Replace Water Meters and Remote Read System	8	2	0	0	5	5	0	20	9/22/2023	\$950,000.00
Narragansett North-End	1858429	4432	Tier 3	BS	Wholesale Meter Pit Replacement	8	2	0	0	5	5	0	20	4/23/2023	\$450,000.00
Westerly Water Department	1559512	17500	✓	BS	SCADA System Upgrade	8	1	0	0	5	5	0	19	7/1/2023	\$100,000.00
Westerly Water Department	1559512	17500	✓	BS	Miox System Upgrade (Pumps, VFDs, and electrical)	8	1	0	0	5	5	0	19	6/1/2023	\$300,000.00
South Kingstown - South Shore	1615623	4517		BS	Leak Detection Program	8	1	0	0	5	5	0	19	9/15/2023	\$50,000.00
City of Warwick	1615627	73289	✓	SS	Meter Replacement and Installation of Radio Devices	8	1	0	0	5	5	0	19	7/1/2025	\$15,000,000.00
City of Warwick	1615627	75000	✓	BS	State St. Pump Station Rehab and SCADA Upgrade	8	1	0	0	5	5	0	19	1/1/2024	\$3,000,000.00
Woonsocket Water Division	1559518	43806	Tier 1	LL	Private-side lead service line replacement	10	4	0	0	5	0	0	19	7/22/2023	\$525,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	Security System for Assests	10	4	0	0	5	0	0	19	7/22/2023	\$200,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	Fairmount St Water Main Replacement	10	4	0	0	5	0	0	19	4/23/2023	\$1,369,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	South Main St Water Main Replacement	10	4	0	0	5	0	0	19	4/23/2023	\$1,650,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	Asylum St Water Main Replacement	10	4	0	0	5	0	0	19	4/23/2023	\$107,500.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	Logee St Water Main Replacement	10	4	0	0	5	0	0	19	4/23/2023	\$505,417.00
Scituate HS & MS	161512	1400		BS	System Upgrades, New Pump House, Generator	14	0	0	1	3	0	0	18	4/23/2023	\$450,000.00
Quonset Business Park	1592025	11000		BS	Transmission Main Upgrades for Main Water Supply Lines	10	0	0	0	3	5	0	18	7/23/2023	\$550,000.00
Yawgoog Scout Reservation	1000018	1200		BS	Water Main Replacement	10	0	0	1	1	5	0	17	9/1/2023	\$600,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	Water Meter Replacement	8	4	0	0	5	0	0	17	7/1/2023	\$5,000,000.00
Trinity Lutheran Preschool	2980127	45		BS	Generator	8	0	0	1	3	5	0	17	4/23/2023	\$12,000.00
Woonsocket Water Division	1559518	43806	Tier 1	SS	SCADA for Distribution System	8	4	0	0	5	0	0	17	7/22/2023	\$300,000.00

Frosty Drew Observatory	2980176	28	BS	System Improvements and Generator	8	0	0	1	1	5	0	15	4/23/2023	\$100,000.00
Hog Island Water Assn-South End	1000097	100	BS	Pump House, Storage, Electrical/Solar/Generator and Mechanical Improvements	12	1	0	0	1	0	0	14	7/1/2022	\$100,000.00
Shannock Water District	1647529	75	BS	Installation of Backflow Preventers	8	0	0	1	5	0	0	14	7/22/2023	\$22,000.00
Shannock Water District	1647529	75	SS	Generator	8	0	0	1	5	0	0	14	7/22/2023	\$30,000.00
Kingston Water District	1858421	3968	BS	Lime and Material Storage Building/Alternate Ops Center	0	2	0	1	5	5	0	13	3/23/2023	\$50,000.00
Charlestown Elementary School	1647525	300	BS	Runoff Mitigation and Generator	8	0	0	1	3	0	0	12	9/1/2023	\$800,000.00
Hog Island Water Assn-South End	1000097	100	BS	Distribution System Improvments	10	1	0	0	1	0	0	12	9/1/2023	\$450,000.00
Exeter Public Library	2980403	33	BS	Emergency Generator	8	0	0	0	1	0	0	9	10/1/2023	\$50,000.00
Westwood YMCA	2051712	610	BS	Emergency Generator	8	0	0	0	1	0	0	9	9/22/2023	\$10,000.00

<sup>1</sup> **BS** - Base SRF Grant  
**SS** - Supplemental SRF Grant  
**LL** - Lead Service Line Replacement Grant  
**EC** - Emerging Contaminants Grant

	NEW PROJECTS	23
<b>SOURCE TOTALS</b>	BASE SRF GRANT TOTAL	\$1,109,212,027
	SUPPLEMENTAL SRF GRANT TOTAL	\$56,830,017
	LEAD SERVICE REPLACEMENT GRANT TOTAL	\$196,625,000
	EMERGING CONTAMINANTS GRANT TOTAL	\$34,900,000
	TOTAL REQUESTED FUNDS	\$1,397,567,044



# Center for Drinking Water Quality

## Rhode Island Drinking Water State Revolving Fund Project Priority Ranking Worksheet

The Rhode Island Department of Health (RIDOH) uses this worksheet to determine points assigned to a project for the purpose of ranking the project on the Project Priority List.

**Total Project Priority Ranking Score = A + B + C + D + E + F + G**

<b>A. Health Risk and Compliance</b> ( <i>select no more than one from Section A</i> )	<b>Points</b>
1) Project is to address a Treatment Technique Violation or the exceedance of an maximum contaminant level (MCL), secondary maximum contaminant level (SMCL) or a Health Advisory during the 18 months preceding the development of the Project Priority List.	
a) Microbiological	
i. Surface Water Treatment Rule	
(a) Filter Performance Criteria (Nephelometric Turbidity Unit [NTU] Compliance)	50
(b) CT Disinfection	40
ii. Revised Total Coliform Rule	
(a) Acute MCL Violation (Fecal/E-coli violation)	60
(b) Non-Acute MCL Violation (Total Monthly Coliform Violation)	45
b) Inorganic Chemicals	
i. Nitrates	53
ii. Lead and Copper	37
iii. Other Primary Standards	35
c) Organic Chemicals	35
d) Radiological	33
e) Secondary Standards (Aesthetics)	4
2) Project for compliance with future Safe Drinking Water Act (SDWA) regulations:	
a) Enhanced Surface Water Treatment	8
b) Ground Water Disinfection	7
c) Disinfection Byproducts	6
d) Arsenic	5
e) Radon	5
3) Project is to extend the water lines of an existing system to an area where there is a public health threat due to contaminated private drinking water wells.	35
4) Project to upgrade, replace or repair infrastructure which is at risk of causing contamination due to age or design deficiencies.	
a) Source (excluding reservoirs, dams, dam rehabilitation, and water rights)	21
b) Treatment	19

c) Source-Intake Structure	16
d) Pump Station	14
e) Storage	12
f) Transmission/Distribution Mains	10
g) Instrumentation/Controls	8
<b>B. Economic Factors</b>	
1) * Percentage of average annual residential water bill to median household income (MHI).	
a) Greater than 1.5%	13
b) 1.25% to 1.49%	10
c) 1.00% to 1.24%	7
d) 0.75% to 0.99%	4
e) 0.50% to 0.74%	2
f) 0.25% to 0.49%	1
<b>C. Capacity Development</b>	
1) Project involves the consolidation of two public water systems, one of which lacks either the proper technical, managerial, or financial capacity to maintain compliance with the SDWA. The result of the consolidation must ensure compliance with the SDWA.	5
<b>D. Special Incentives</b>	
1) No monitoring violations over the last 24 months.	1
<b>E. System Type</b>	
1) Community	5
2) Non-Transient Non-Community	3
3) Transient Non-Community	1
<b>F. Affordable Housing Plan</b>	
1) The community (city or town) where the water system is located has a state-approved "Affordable Housing Plan."	5
* The average annual residential water bill is to be based on 70,000 gallons of water per year. The MHI of the community in which the water service area is located will be determined from income data in the most recent United States Census. If there is reason to believe that the Census data is not an accurate representation of the MHI within the area to be served, the reasons will be documented, and the applicant will provide additional information regarding the MHI. Information will consist of reliable data from local, regional, state or from an income survey conducted by a reliable impartial source.	
MHI for service areas which cross municipal boundaries is the weighted average based on	

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the number of services in each community.		
<b>G. Green Project Reserve</b>		
<b>1) Green Infrastructure Projects</b>		
a) Categorical green infrastructure projects as detailed in §6.12.4(B) of these Regulations.		5
b) Non-categorical green infrastructure projects ( <i>approved business case required to obtain a certificate of approval [COA]</i> )		5
<b>2) Water Efficiency Projects</b>		
a) Categorical water efficiency projects as detailed in §6.12.5(B) of these Regulations.		5
b) Non-categorical water efficiency projects ( <i>approved business case required to obtain a COA</i> )		5
c) Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction of demand to alleviate the need for additional capital investment.		3
d) Developing conservation plans/programs reasonably expected to result in water conserving capitol project or in a reduction in demand to alleviate the need for additional capital investment.		3
e) Projects that result from water efficiency-related assessments (such as water audits, leak detection studies, conservation plan, etc.) as long as the assessments adhered to the standard industry practices referenced in §6.12.5(B)(5) and §6.12.5(B)(6) of these Regulations.		5
<b>3) Energy Efficiency Projects</b>		
a) Categorical energy efficiency projects as detailed in §6.12.6(B) of these Regulations.		5
b) Non-categorical energy efficiency projects ( <i>approved business case required to obtain a COA</i> )		5
c) Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas, which are reasonably expected in energy efficiency capital projects or in a reduction in demand to alleviate the need for additional capital investment.		3
<b>4) Environmentally Innovative</b>		
a) Categorical environmentally innovative projects as detailed in §6.12.7(B) of these Regulations.		5
b) Non-categorical environmentally innovative projects ( <i>approved business case required to obtain a COA</i> )		5
c) Categorical environmentally innovative planning framework as detailed in §§6.12.7(B)(1) through 6.12.7(B)(4) of these Regulations.		3

For more information about the Rhode Island State Revolving Loan Fund, you can contact the RIDOH Center for Drinking Water Quality by calling 401-222-6867 or emailing DOH.RIDWQ@health.ri.gov.

**B. Sources and Uses Table**

Attachment B  
DWSRF Sources and Uses Table

Sources	Amount
FFY23 Base Grant	\$ 4,938,000
Set-Aside	\$ (1,530,780)
<b>Total Project Fund</b>	<b>\$ 3,407,220</b>
FFY23 General Supplemental Grant	\$ 21,055,000
Set-Aside	\$ (4,656,655)
<b>Total Project Fund</b>	<b>\$ 16,398,345</b>
FFY23 Emerging Contaminants - Project Fund	\$ 7,640,000
Set-Aside	\$ (341,167)
<b>Total Project Fund</b>	<b>\$ 7,298,833</b>
FFY23 Lead Service Line Replacement	\$ 28,650,000
Set-Aside	\$ (873,662)
<b>Total Project Fund</b>	<b>\$ 27,776,338</b>
State Match for FFY23 Base Grant	\$ 987,600
State Match for FFY23 General Supplemental Grant	\$ 2,105,500
State Match for FFY23 Emerging Contaminants Grant	\$ -
State Match for FFY23 Lead Service Line Replacement Grant	\$ -
<b>Total State Match for FFY23</b>	<b>\$ 3,093,100</b>
FFY 2021 Cap Grant	\$ 2,100,200
FFY2022 Base Cap Grant	\$ 4,800,480
FFY2022 General Supplemental Grant	\$ 14,126,275
FFY2022 Lead Service Line Replacement Grant	\$ 27,783,000
FFY2022 Emerging Contaminants Grant	\$ 7,524,966
<b>Total Available Cap Grant Funds</b>	<b>\$ 56,334,921</b>
State Match for FFY2022 Base	\$ 1,423,000
State Match for FFY2022 General Supplemental	\$ 1,799,200
State Match Revolved	\$ 2,849,691
State Match (to be allocated to future Cap Grants)	\$ 7,864,460
<b>Total Available State Match Funds</b>	<b>\$ 13,936,350.59</b>
Federal Revolved	\$ 4,624,219
Revenue Fund Release	\$ 11,192,384
Bond Proceeds	-
Clean Water transfer of fund	-
<b>Total Funds</b>	<b>\$ 15,816,603</b>
<b>Total Sources of Funds</b>	<b>\$ 144,061,710</b>

Data as of 4/30/2023

Attachment B  
**DWSRF Sources and Uses Table**

<b>Uses</b>	
Anticipated Loan Commitments SFY24	\$ 37,667,683
Anticipated Loan Commitments SFY23	\$ 80,525,000
<b>Total Anticipated Loan Commitments</b>	<b>118,192,683</b>
<b>Total Uses of Funds</b>	<b>\$ 118,192,683</b>

**C. Anticipated Loan Commitments**

Attachment C  
**Anticipated Loan Commitments SFY24**

<b>Borrower</b>	<b>Project Description</b>	<b>Loan Amount</b>	<b>Source of Funds</b>
Charlestown Cedars	Water Main Rehabilitation	\$ 195,688	Multiple
Kingston Water District	Purchase and installation of emergency generator for well #2; Purchase and installation of disinfection equipment and upgrades at Kingston Water District's Wells #1, #2, #3.	\$ 75,000	Multiple
Lincoln Water Commission	Saylesville Water Main Improvements; Old River Road Water Storage Standpipe Replacement	\$ 6,819,000	Multiple
Newport Boys and Girls Club	Pipe cleaning, flushing and replacement; fire hydrant replacement	\$ 80,000	Multiple
Pascoag Utility District	Replacing 12 existing hydrants on Reservoir Road and Camp Dixie Road in Pascoag, Rhode Island	\$ 125,000	Multiple
Pascoag Utility District	Well Exploration	\$ 1,517,000	Multiple
Providence Water	Replacement of lead service lines	\$ 25,000,000	LSL
Prudence Island Water District	4-log Chlorination and Fe and Mn removal	\$ 600,995	Multiple
Quonochontag Central Beach Fire District	Modification and expansion of existing water treatment facility	\$ 1,555,000	Multiple
Scituate Housing	Rockland Oaks	\$ 700,000	Multiple
Town of Scituate/Schools	Drinking water system upgrades at Scituate Middle and High Schools	\$ 1,000,000	Multiple
<b>Total Anticipated Loans</b>		<b>\$ 37,667,683</b>	

**D. Payment Schedule for ACH**

Attachment D  
DWSRF - Payment Schedule for ACH

**FFY2023 Base Capitalization Grant**

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)	Binding Commitment
FFY-2023-4	July 1, 2023 – Sept 30, 2023	\$ 4,938,000		
FFY-2023-1	Oct 1, 2023 – Dec 31, 2023			
FFY-2024-2	Jan 1, 2024 – March 31, 2024		\$ 2,469,000	
FFY-2024-3	Apr 1, 2024 – June 30, 2024		\$ 2,469,000	

**FFY2023 General Supplemental Capitalization Grant**

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)	Binding Commitment
FFY-2023-4	July 1, 2023 – Sept 30, 2023	\$ 21,055,000		
FFY-2023-1	Oct 1, 2023 – Dec 31, 2023			
FFY-2024-2	Jan 1, 2024 – March 31, 2024		\$ 10,527,500	
FFY-2024-3	Apr 1, 2024 – June 30, 2024		\$ 10,527,500	

**FFY2023 Lead Service Line Replacement Capitalization Grant**

**Table 4**

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)	Binding Commitment
FFY-2023-4	July 1, 2023 – Sept 30, 2023	\$ 28,650,000		
FFY-2023-1	Oct 1, 2023 – Dec 31, 2023			
FFY-2024-2	Jan 1, 2024 – March 31, 2024		\$ 14,325,000	
FFY-2024-3	Apr 1, 2024 – June 30, 2024		\$ 14,325,000	

**FFY2023 Emerging Contaminants Capitalization Grant**

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)	Binding Commitment
FFY-2023-4	July 1, 2023 – Sept 30, 2023	\$ 7,640,000		
FFY-2023-1	Oct 1, 2023 – Dec 31, 2023			
FFY-2024-2	Jan 1, 2024 – March 31, 2024			
FFY-2024-3	Apr 1, 2024 – June 30, 2024		\$ 3,820,000	
FFY-2024-4	July 1, 2024 – Sept 30, 2024		\$ 3,820,000	



**E. Total Capital Grants in the RI Base and BIL Program**

## Attachment E

## Total Capital Grants in the RI Base and BIL DWSRF Program

FFY	Grant Award	State Match	Set-Asides	Unbanked RIDOH Reserved Set- Aside Authority	Total Capital in RI DWSRF
1997	\$ 12,558,800	\$ 2,511,760	(\$2,260,584)		\$ 12,809,976
1998	\$ 7,121,300	\$ 1,424,260	(\$817,074)		\$ 7,728,486
1999	\$ 7,463,800	\$ 1,492,760	(\$1,221,018)		\$ 7,735,542
2000	\$ 7,757,000	\$ 1,551,400	(\$1,204,679)	(\$982,305)	\$ 7,121,416
2001	\$ 7,789,100	\$ 1,557,820	(\$1,629,929)		\$ 7,716,991
2002	\$ 8,052,500	\$ 1,610,500	(\$2,496,275)	(\$821,133)	\$ 6,345,592
2003	\$ 8,004,100	\$ 1,600,820	(\$2,481,271)		\$ 7,123,649
2004	\$ 8,303,100	\$ 1,660,620	(\$2,573,961)		\$ 7,389,759
2005	\$ 8,285,500	\$ 1,657,100	(\$2,568,505)		\$ 7,374,095
2006	\$ 8,229,300	\$ 1,645,860	(\$2,551,083)		\$ 7,324,077
2007	\$ 8,229,000	\$ 1,645,800	(\$2,550,990)		\$ 7,323,810
2008	\$ 8,146,000	\$ 1,629,200	(\$2,525,260)		\$ 7,249,940
2009	\$ 8,146,000	\$ 1,629,200	(\$2,525,260)		\$ 7,249,940
2010	\$ 13,573,000	\$ 2,714,600	(\$2,171,680)		\$ 14,115,920
2011	\$ 9,418,000	\$ 1,883,600	(\$376,720)		\$ 10,924,880
2012	\$ 8,975,000	\$ 1,795,000	\$0		\$ 10,770,000
2013	\$ 8,421,000	\$ 1,684,200	(\$2,021,040)		\$ 8,084,160
2014	\$ 8,845,000	\$ 1,769,000	(\$2,741,950)	(\$44,360)	\$ 7,827,690
2015	\$ 8,787,000	\$ 1,757,400	(\$2,723,970)		\$ 7,820,430
2016	\$ 8,312,000	\$ 1,662,400	(\$1,329,920)		\$ 8,644,480
2017	\$ 8,241,000	\$ 1,648,200	(\$2,477,700)	(\$257,100)	\$ 7,154,400
2018	\$ 11,107,000	\$ 2,221,400	(\$3,443,170)		\$ 9,885,230
2019	\$ 11,004,000	\$ 2,200,800	(\$3,415,240)	(\$225,920)	\$ 9,563,640
2020	\$ 11,011,000	\$ 2,202,200	(\$3,413,410)	(\$220,220)	\$ 9,579,570
2021*	\$ 11,100,000	\$ 2,220,000	(\$3,330,000)	(\$222,000)	\$ 9,768,000
2022 -Base	\$ 7,008,000	\$ 1,401,600	(\$2,067,360)	(\$140,160)	\$ 6,202,080
2022 -BIL General	\$ 17,992,000	\$ 1,799,200	(\$3,865,725)		
Supplemental					\$ 15,925,475
2022 -BIL EC	\$ 7,555,000	\$ -	(\$30,034)		\$ 7,524,966
2022 -BIL LSL	\$ 28,350,000	\$ -	(\$567,000)		\$ 27,783,000
2023 -Base	\$ 4,938,000	\$ 987,600	(\$1,530,780)		\$ 4,394,820
2023 -BIL General	\$ 21,055,000	\$ 2,105,500	(\$4,656,655)		
Supplemental					\$ 18,503,845
2023 -BIL EC	\$ 7,640,000	\$ -	(\$341,167)		\$ 7,298,833
2023 -BIL LSL	\$ 28,650,000	\$ -	(\$873,662)		\$ 27,776,338
<b>Total</b>	<b>\$ 350,067,500</b>	<b>\$ 51,669,800</b>	<b>\$ (68,783,072)</b>	<b>\$ (2,913,198)</b>	<b>\$ 330,041,030</b>

\*Please note that the \$11,100,000 figure represents \$11,001,000 of the FFY2021 Award and \$99,000 of the reallocation provided by unused funds from the Wyoming SRF

**F. Allotment of Base and BIL Set-Aside Dollars Requested**

Attachment F  
**Allotment of Base and BIL Set-Aside Dollars Requested**

FFY	Administrative	Technical Assistance	State Program Mgmt.	Local Assistance	Total Set-Asides
1997	\$ 502,352	\$ 251,176	\$ 251,176	\$ 1,255,880	\$ 2,260,584
1998	\$ 284,852	\$ -	\$ 532,222	\$ -	\$ 817,074
1999	\$ 298,552	\$ 149,276	\$ 400,000	\$ 373,190	\$ 1,221,018
2000	\$ 310,280	\$ 297,566	\$ 1,579,138	\$ -	\$ 2,186,984
2001	\$ 311,564	\$ -	\$ 150,000	\$ 1,168,365	\$ 1,629,929
2002	\$ 322,100	\$ 316,832	\$ 1,470,601	\$ 1,207,875	\$ 3,317,408
2003	\$ 320,164	\$ 160,082	\$ 800,410	\$ 1,200,615	\$ 2,481,271
2004	\$ 332,124	\$ 166,062	\$ 830,310	\$ 1,245,465	\$ 2,573,961
2005	\$ 331,420	\$ 165,710	\$ 828,550	\$ 1,242,825	\$ 2,568,505
2006	\$ 329,172	\$ 164,586	\$ 822,930	\$ 1,234,395	\$ 2,551,083
2007	\$ 329,160	\$ 164,580	\$ 822,900	\$ 1,234,350	\$ 2,550,990
2008	\$ 325,840	\$ 162,920	\$ 814,600	\$ 1,221,900	\$ 2,525,260
2009	\$ 325,840	\$ 162,920	\$ 814,600	\$ 1,221,900	\$ 2,525,260
2010	\$ 542,920	\$ 271,460	\$ 1,357,300	\$ -	\$ 2,171,680
2011	\$ 376,720	\$ -	\$ -	\$ -	\$ 376,720
2012	\$ -	\$ -	\$ -	\$ -	\$ -
2013	\$ 336,840	\$ 168,420	\$ 673,680	\$ 842,100	\$ 2,021,040
2014	\$ 353,800	\$ 221,260	\$ 884,500	\$ 1,326,750	\$ 2,786,310
2015	\$ 351,480	\$ 175,740	\$ 878,700	\$ 1,318,050	\$ 2,723,970
2016	\$ 166,240	\$ -	\$ 831,200	\$ 332,480	\$ 1,329,920
2017	\$ 252,630	\$ 164,820	\$ 1,081,200	\$ 1,236,150	\$ 2,734,800
2018	\$ 444,280	\$ 222,140	\$ 1,110,700	\$ 1,666,050	\$ 3,443,170
2019	\$ 664,080	\$ 220,080	\$ 1,100,400	\$ 1,650,600	\$ 3,635,160
2020	\$ 660,660	\$ 220,220	\$ 1,101,100	\$ 1,651,650	\$ 3,633,630
2021	\$ 666,000	\$ 111,000	\$ 1,110,000	\$ 1,665,000	\$ 3,552,000
2022 -Base	\$ 420,480	\$ 35,040	\$ 700,800	\$ 1,051,200	\$ 2,207,520
2022 -BIL General	\$ 719,680	\$ 250,068	\$ 1,641,666	\$ 1,254,311	
Supplemental					\$ 3,865,725
2022 -BIL LSL				\$ 576,000	\$ 576,000
2022 -BIL EC				\$ 30,034	\$ 30,034
2023 -Base	\$ 197,520	\$ 98,760	\$ 493,800	\$ 740,700	\$ 1,530,780
2023 -BIL General	\$ 842,200	\$ 312,106	\$ 2,017,719	\$ 1,484,630	\$ 4,656,655
Supplemental					
2023 -BIL LSL	\$ 745,511	\$ -	\$ 70,794	\$ 57,357	\$ 873,662
2023 -BIL EC	\$ 132,033	\$ -	\$ 91,311	\$ 117,823	\$ 341,167
<b>Total</b>	<b>\$ 12,196,494</b>	<b>\$ 4,632,824</b>	<b>\$ 25,262,307</b>	<b>\$ 29,607,645</b>	<b>\$ 71,699,270</b>

**G. Additional Subsidy Requirements**

Attachment G  
**Additional Subsidy Requirements FFY22-FFY23**

FFY	Cap Grant Amount	Congressional Subsidy (14%)	SDWA (12%-35%)	BIL General Supplemental and LSL Subsidy (49%)	BIL Emerging Contaminants Subsidy (100%)
2022 -Base	\$ 7,008,000	\$ 981,120	\$ 840,960		
2022 -General Supplemental	\$ 17,992,000			\$ 8,816,080	
2022 -Lead Service Line Replacement	\$ 28,350,000			\$ 13,891,500	
2022 - Emerging Contaminants	\$ 7,555,000				\$ 7,555,000
2023 -Base	\$ 4,938,000	\$ 691,320	\$ 592,560		
2023 -General Supplemental	\$ 21,055,000			\$ 10,316,950	
2023 -Lead Service Line Replacement	\$ 28,650,000			\$ 14,038,500	
2023 - Emerging Contaminants	\$ 7,640,000				\$ 7,640,000
<b>Total</b>	<b>\$ 123,188,000</b>	<b>\$ 1,672,440</b>	<b>\$ 1,433,520</b>	<b>\$ 47,063,030</b>	<b>\$ 15,195,000</b>

**H. Attorney General Certification**



STATE OF RHODE ISLAND  
OFFICE OF THE ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903  
(401) 274-4400 • www.riag.ri.gov

*Peter F. Neronha*  
*Attorney General*

March 21, 2023

Mr. David W. Cash  
Regional EPA Administrator  
Environmental Protection Agency  
5 Post Office Square - Suite 100  
Boston, MA 02109-3912

**RE: CERTIFICATION LETTER REGARDING THE AUTHORITY OF THE STATE OF RHODE ISLAND TO ESTABLISH A FUND TO OPERATE THE DRINKING WATER REVOLVING FUND AS ENABLED BY THE SAFE DRINKING WATER ACT.**

Dear Regional Administrator Cash:

I write pursuant to the requirements contained in 40 CFR § 35.3545(d) which requires the Attorney General certify that, (1) the provisions establishing a Fund to operate the Drinking Water State Revolving Fund (“DWSRF”), as enabled by Section 1452(a)(1)(B) of the Safe Drinking Water Act, as amended in 1996 (“SDWA”), and the powers that such provisions confer, are consistent with state law; (2) the state may legally bind itself to the terms of the capitalization grant agreement; and (3) the Rhode Island Infrastructure Bank (formerly the Rhode Island Clean Water Finance Agency) (hereinafter, the “Agency”) is “authorized to enter into capitalization grant agreements with EPA, accept capitalization grant awards” made under Section 1452(a)(1)(B) of the SWDA, and otherwise manage the DWSRF in accordance with the requirements and objectives of the SDWA. 40 CFR § 35.3545(d); *see* Notice, 63 Fed. Reg. 214 (Nov. 5, 1998).

Further, the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law, (hereinafter “BIL”) requires that I similarly certify that the Agency meets the requirements to receive the supplemental funding made available through the BIL. BIL, Pub. L. No. 117-58, § 135 Stat. 429, 1399-1402 (Nov. 15, 2021). The General Supplemental Funding, Lead Service Line Replacement Funding, and Emerging Contaminants Funding provided for in the BIL are awarded in the form of “capitalization grants for the [DWSRF] under section 1452” of the SDWA. *Id.* The BIL requires that the Attorney General certify the aforementioned requirements contained in 40 CFR § 35.3545(d). *See* Radhika Fox, *Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law*, page 13, Environmental Protection Agency Office of Water (Mar. 8, 2022), [https://www.epa.gov/system/files/documents/2022-03/combined\\_srf-implementation-memo\\_final\\_03.2022.pdf](https://www.epa.gov/system/files/documents/2022-03/combined_srf-implementation-memo_final_03.2022.pdf).



Such certification is required for the Rhode Island Infrastructure Bank to receive federal capitalization grants pursuant to section 1452 of the Safe Drinking Water Act, as amended in 1996. *See* 40 C.F.R. § 35.3500; BIL, Pub. L. No. 117-58, § 135 Stat. 429, 1399-1402 (Nov. 15, 2021). In accordance with those requirements, please be advised as follows:

R.I. Gen. Laws § 46-12.2-3 established the Agency as a “body politic and corporate and public instrumentality of the state” and provides that the exercise by the Agency of the powers conferred by Chapter 46-12.2 “shall be deemed to be the performance of an essential public function.”

In 1993, the Rhode Island General Assembly recognized the need to “construct and reconstruct facilities related to and acquire watershed protection land in connection with the provision of safe drinking water through the state of Rhode Island”, R.I. Gen. Laws § 46-12.8-1(b). Accordingly, the Rhode Island General Assembly provided that the Rhode Island Infrastructure Bank:

. . . shall be the instrumentality of the state for administration of the safe drinking water revolving loan fund, and such other funds it holds or for which it is responsible, and, in conjunction with the [Rhode Island Department of Health], is empowered to and shall take all action necessary or appropriate to secure to the state the benefits of any other federal or state legislation pertaining to the funds and to the financing of approved projects. Without limiting the generality of the foregoing and other powers of the agency provided in this chapter, the agency is empowered to and shall:

(1) Cooperate with any appropriate federal agencies in all matters relating to administration of the safe drinking water revolving loan fund and, pursuant to the provisions of this chapter, administer the fund and receive and disburse such funds from any such agencies...

R.I. Gen Laws § 46-12.8-4(a)(1).

In addition, the Agency:

... shall have all powers necessary or convenient to carry out and effectuate the purpose and provisions of this chapter [12.8 of Title 46 – the Water Projects Revolving Loan Fund], including... without limiting the generality of the foregoing, the powers:

(4) To enter into contracts, arrangements and agreements with other persons, and execute and deliver all instruments necessary or convenient to the exercise of tis powers under this chapter; such contracts and agreements may include without limitation... grant agreements, contracts for financial assistance or other forms of assistance form the state or United States, and trust agreement and other financing agreements...

R.I. Gen Laws § 46-12.8-3.

Regional Administrator Cash

March 21, 2023

Page 3 of 3

Accordingly, the Agency has been authorized by the Rhode Island legislature to: (1) enter into capitalization grant agreements with the Environmental Protection Agency; (2) accept capitalization grant awards made under section 1452(a)(1)(A) of the SDWA; and (3) otherwise manage the Fund in accordance with the requirements and objectives of the SDWA.

I further certify that Chapter 12.8 of Title 46 of the Rhode Island General Laws is consistent with state law and further specifically provides in Section 46-12.8-22 that "... insofar as the provisions of this chapter are inconsistent with the provisions of any general or special law, municipal charter, administration order or regulation, the provisions of this chapter shall be controlling."

In view of the foregoing, as the Attorney General of the State of Rhode Island, I certify that the state legislation establishing the DWSRF program and the powers it confers are consistent with state law and that the State may legally bind itself to the terms of the capitalization grant agreement contemplated by the SDWA and the BIL.

The Rhode Island Infrastructure Bank is fully authorized to conduct business in accordance with Chapters 46-12.2 and 46-12.8 of the Rhode Island General Laws.

Sincerely,



Peter F. Neronha  
Attorney General

cc: Jeffrey Diehl  
Executive Director and Chief Executive Officer, RIIB

**I. RI Infrastructure Bank and RIDOH Memorandum of Understanding (MOU)**



Addendum #1 to  
MEMORANDUM OF UNDERSTANDING

*between the*

State of Rhode Island,  
Department of Health

3 Capitol Hill  
Providence, Rhode Island 02908

*and the*

Rhode Island Infrastructure Bank  
235 Promenade Street, Suite 119  
Providence, Rhode Island 02908

Dated January 1, 2023

*governing the*

Administration of Drinking Water State Revolving Fund

## Addendum #1 to Memorandum of Understanding – Drinking Water State Revolving Fund

### I. Preamble

**WHEREAS**, the Rhode Island Infrastructure Bank (formerly known as the Rhode Island Clean Water Finance Agency) (hereinafter “Bank”), a quasi-public agency of the State of Rhode Island, located at 235 Promenade Street, Suite 119, Providence, Rhode Island 02908 and the State of Rhode Island, Department of Health, located at 3 Capitol Hill, Providence, Rhode Island 02908 (hereinafter “RIDOH”) (each individually a “Party” and collectively as “Parties”) entered into a Memorandum of Understanding (hereinafter “MOU”) on or about July 13, 2000 to govern the administration of the Drinking Water State Revolving Fund as between the Parties (hereinafter “DWSRF” or “Program”); and

**WHEREAS**, the Parties are committed to effective and efficient administration of the Program; and

**WHEREAS**, the MOU covers the major operational aspects of the DWSRF and serves as the basis for mutual understanding of the basic mechanisms, responsibilities, duties, and processes of the Parties for evaluating, implementing, managing and revising the Program; and

**WHEREAS**, pursuant to Section VIII of the MOU, the Parties desire to adopt this Addendum #1 to the MOU by and between the Parties (hereinafter “Addendum”) as of January 1, 2023 (the “Effective Date”). which shall be incorporated into the MOU upon adoption.

**NOW, THEREFORE**, for and in consideration of the mutual promises and benefits contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby adopt this Addendum as follows:

### II. Term

The term of this Addendum shall begin on the Effective Date set forth herein and shall end no later than the date on which the MOU ends. The following shall be added to the current language in Section VII of the MOU.

"The term of the Addendum shall renew on a quarterly basis, subject to a review that shall be completed by the Parties thirty (30) days prior to the end of each quarterly period. Unless one Party submits to the other Party a written notice indicating that it no longer wishes to renew the Addendum at least thirty (30) days before the end of a quarterly period, it shall be presumed that the Parties intend for the Addendum to continue for the next quarterly period at the then-current terms and conditions."

### III. Background

The following shall be inserted after the last paragraph of Section III from the MOU.

"The Program is jointly administered in Rhode Island by the Parties pursuant to federal and state law and regulations. For Fiscal Year 2023, the Parties estimate that an additional \$53,897,000 (DWSRF General Supplemental Grant \$17,992,000; DWSRF Lead Service Line Replacement Grant \$28,350,000; and DWSRF Emerging Contaminants Grant

## Addendum #1 to Memorandum of Understanding – Drinking Water State Revolving Fund

\$7,555,000) will be made available to the DWSRF pursuant to the Bipartisan Infrastructure Law and other allocations of state or federal funds, as mutually agreed by the Parties. This amount is over and above the customary amount of federal funds that the DWSRF has historically received on an annual basis.

Given this significant increase in federal funding, and due to a number of factors including limited capacity of current RIDOH staff, state FTE caps, and challenges in recruiting and retaining professional engineers to perform key RIDOH duties and responsibilities, RIDOH has indicated to the Bank that it does not have the capacity to perform all of the duties required for the administration of the Program.

The additional federal funds are awarded to the DWSRF via several grant agreements with the Environmental Protection Agency. Pursuant to each of these grant agreements, there is an amount of federal funding made available for the administration of the DWSRF (hereinafter “Administrative Set-Aside Funds”). After capitalization grants are awarded, Administrative Set-Aside Funds are deposited in the US Treasury’s Automated Standard Application for Payments (“ASAP”) system. Historically, RIDOH would submit a requisition, along with supporting documentation, to the Bank requesting these funds for the payment of costs related to administering the DWSRF, and the Bank would draw the funds down from ASAP and ultimately transfer the funds to RIDOH. Due to RIDOH’s limited capacity to administer the DWSRF at this time (as described within), the Parties have agreed that the Bank will withhold a subset of the Administrative Set-Aside Funds for RIDOH’s account (such amount not to exceed, in any case, **\$200,000**, which may be revised periodically or from time to time, as mutually agreed by the Parties), and is authorized to direct the remainder of the Administrative Set-Aside Funds to engage one or more professional engineering or other qualified firms (including, but not limited to, Green International Affiliates, Inc., Pare Corporation, and BETA Group, Inc.) (hereinafter “Contractor”) to perform certain RIDOH functions (as set forth below).”

### IV. Additional Responsibilities

The following shall be inserted after Subsection 5 in Subsection B (*Health Lead*) under Section IV of the MOU:

#### “6. Responsibilities which may be performed by Contractor

- a. Assist RIDOH in developing and maintaining, on an annual basis, the system and inputs that determine Priority Determination System and Project Priority List.
- b. Review and approve/reject engineering applications for safe drinking water projects for which financial assistance from the DWSRF is being contemplated by the Bank. RIDOH, with the assistance of Contractor, shall maintain a project prioritization procedure to rank projects under

## Addendum #1 to Memorandum of Understanding – Drinking Water State Revolving Fund

consideration for DWSRF financing in each upcoming federal fiscal year. If Contractor determines that an application shall be approved for a project that will be receiving financial assistance, it shall deliver a recommendation to RIDOH for RIDOH to issue to the Bank a Certificate of Approval for the project which shall specify the project eligible for financial assistance, the cost of the project, and such other terms, conditions, and limitations with respect to the construction of the project that Contractor shall deem necessary, proper, or advisable. In addition, Contractor, at the direction of RIDOH, shall have the authority to inspect the construction of approved projects to assure compliance with approved plans is maintained.

- c. Review and approve all environmental and technical requirements for public water system improvement projects funded by the DWSRF.
- d. Ensure project compliance with all Program conditions of approval and project implementation requirements. RIDOH (or Contractor on behalf of RIDOH) will inform the Bank in writing of failure to correct, or noncompliance with, conditions of approval of the project or Program requirements. Once notified, the Parties will take all necessary and appropriate actions to cure such failure or noncompliance, as described in Chapter 46-12.8 of the Rhode Island General Laws, RIDOH's rules and regulations for the Program, the Bank's DWSRF loan policies and procedures, and the loan agreements and Certificates of Approval for the water supplier. Prior to the processing of all final disbursement requests by the Bank, Contractor shall provide evidence to the Parties of substantial completion or initiation of operation (for construction projects), or delivery of final planning and design documents.
- e. Perform other services as necessary for the efficient administration of the Program, as agreed upon by the Parties."

### V. Remainder of MOU

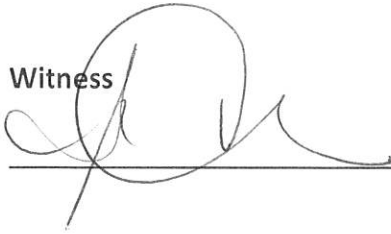
All other terms and conditions of the MOU shall remain in full force and effect throughout the term of the MOU, unless otherwise amended by the Parties pursuant to Section VIII of the MOU.

### VI. Counterparts

This Addendum may be executed in one or more counterparts, each of which shall be deemed to be an original copy of this Addendum and all of which, when taken together, shall be deemed to constitute one and the same Addendum.

Addendum #1 to Memorandum of Understanding – Drinking Water State Revolving Fund

IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals as of the Effective Date.

Witness  


Rhode Island Infrastructure Bank

By:



Jeffrey R. Diehl, Executive Director and CEO

Date: December 21, 2022

Witness

State Of Rhode Island, Department of Health

By:

Utpala Bandy, MD, MPH, Interim Director of Health

Date:

Effective Date: January 1, 2023



Addendum #1 to Memorandum of Understanding – Drinking Water State Revolving Fund

IN WITNESS WHEREOF, the Parties have hereunto set their hands and seals as of the Effective Date.

**Witness**

**Rhode Island Infrastructure Bank**

By: \_\_\_\_\_

Jeffrey R. Diehl, Executive Director and CEO

Date: December 21, 2022

**Witness**



**State Of Rhode Island, Department of Health**

By: Utpala Bandy \_\_\_\_\_

Utpala Bandy, MD, MPH, Interim Director of Health

Date: 1/2/2023 \_\_\_\_\_

Effective Date: January 1, 2023

## MEMORANDUM OF UNDERSTANDING

between  
The Rhode Island Clean Water Finance Agency  
and  
The Rhode Island Department of Health  
for the  
Drinking Water State Revolving Fund

### I. Purpose

The purpose of this Memorandum of Understanding ("MOU") is to denote the functional roles and responsibilities of both the Rhode Island Clean Water Finance Agency ("Agency") and the Rhode Island Department of Health ("Health") in administering the Drinking Water State Revolving Fund ("DWSRF") Program. This document will provide a framework which defines the roles of the Agency and Health in managing the DWSRF program and serve as a basis for coordinated action between the agencies in the issuing, servicing, and accounting for loans under the DWSRF program. The agreement herein is for the purposes of, and shall be read in conjunction with, the Safe Drinking Water Act Amendments of 1996 and RIGL 46-12.8-1 et.seq. In the event of any conflict, the Safe Drinking Water Act Amendments of 1996 and the general laws shall prevail.

### II. Goal

This agreement will serve as the basis for mutual understanding of the basic mechanisms, responsibilities, duties, and processes of the respective agencies for evaluating, implementing, managing, and revising the DWSRF program. The MOU covers the major operational aspects of the DWSRF program.

In general, the Agency is responsible for the administration and management of the financial aspects of the DWSRF program such as: applying for and receiving Federal capitalization grants; associated Federal and State grant reports; approving and issuing loans; enforcing loan terms; fund transfers and disbursements; bond sales and retirement; investment management; and all financial report generation. The Agency will only make loans for projects issued Certificates of Approval by Health.

In general, Health is responsible for the programmatic aspects of the DWSRF program such as: project prioritization criteria; determination of the use of set-aside amounts exclusive of the 4% administrative set-aside (described later in this document) made available under federal capitalization grant awards; review and approval of all plans and specifications and determinations of project need, scope, costs, and eligibility. Health is also responsible for development of project rating and ranking systems, including the annual Project Priority List. Health will issue Certificates of Approval (COAs) to local governmental units and privately owned water suppliers whose projects are determined to be eligible for DWSRF Program assistance.

### III. Background

Passage of Section 46-12.8-1 through 46-12.8-24 inclusive in the fiscal year 1993 session of the Rhode Island General Assembly created a drinking water revolving fund to provide financial assistance to Rhode Island's public and privately organized water systems to meet the requirements of the Safe Drinking Water Act (SDWA) and address the tremendous need in the State for infrastructure replacement. This legislation was passed prior to the establishment of a nationwide DWSRF because of the immediate drinking water infrastructure-borrowing needs made apparent in the State. The SDWA was amended in August 1996 by Congress and authorized the creation of a Drinking Water State Revolving Fund program. Section 1452 of the Act has authorized the Administrator of the US Environmental Protection Agency (EPA) to award

capitalization grants to States as "seed" money to establish revolving loan funds to provide a perpetual source of loans below market rate for drinking water projects.

#### IV. Responsibility

It is mutually understood that close coordination between the Agency and Health is necessary to effectively administer the DWSRF for the State of Rhode Island. The breakdown of responsibilities in this section is to designate the lead agency responsible for producing/issuing the various items, but it is understood that items will be coordinated with the non-lead agency. Items, which must be developed jointly, are also listed. (Note: For the purposes of capitalization grant application to the EPA, the Agency is considered the lead agency and Health is considered the primacy agency.

Health shall review and approve/reject reports and plans for drinking water projects for which financial assistance from the DWSRF is being contemplated by the Agency. Health shall develop a product prioritization procedure to rank projects under consideration for DWSRF financing in each upcoming federal fiscal year. If Health shall determine that an application for financial assistance or portion thereof shall be approved, it shall deliver to the Agency a Certificate of Approval for the project or portion thereof which shall specify the project or portion thereof eligible for financial assistance, the cost of the project or portion thereof and such other terms, conditions and limitations with respect to the construction and operation of the project. In addition, Health shall have the authority to inspect the construction and operation of approved projects to assure compliance with approved plans.

Health will inform the Agency of failure to correct or noncompliance with conditions of approval of the project or program requirements. Once notified, the Agency and Health will take all necessary and appropriate actions, as described in Chapter 46-12.8 of the General Laws of Rhode Island of 1956 as amended; Health's Rules and Regulations for the DWSRF program; the Agency's Loan Policies and procedures; and the Loan Agreements and Certificates of Approval for the public water supplier.

The issuance of a Certificate of Approval shall not be in lieu of, and every approved project shall remain subject to, each and all environmental, technical and regulatory approval requirements as provided in applicable State and Federal law and regulation, including those requirements which are administered by Health.

The Agency will negotiate loan terms with applicants, which have received, or will receive, Certificates of Approval for projects. Loan terms will cover interest rate, loan repayments, loan security, dedicated sources of revenue, and such other items, as the Agency deems necessary to protect the long-term viability of the DWSRF funds.

The Agency shall be responsible for processing all disbursement requests in accordance with the loan agreements negotiated with the applicant, except as set forth below. The Agency is responsible for insuring Health receives a copy of all such requests for disbursement:

Independent of Agency disbursement processing, Health will be responsible for determining that the applicant has completed the work for which the Certificate of Approval was issued, that the work meets all conditions of approval, that no ineligible items were purchased, and that the project meets all applicable DWSRF program regulatory requirements. Health is responsible for insuring that the Agency receives a copy of all such project oversight reports.

Processing of final disbursement requests by the Agency subsequent to initiation of operation (for construction projects) or delivery of final documents (for Facilities or Design Plans and Specification Projects) shall be withheld until receipt of a satisfactory final project report from Health.

### *Breakdown of Responsibilities*

#### *A. Agency Lead*

1. Applying for annual Capitalization Grant award from EPA and securing 20% State match.
2. Maintaining compliance with all Federal and State fund management requirements.
3. Determining lending policies of DWSRF funds.
4. Determining the short and long term investment policy of DWSRF funds.
5. Preparing all required financial reports including those required by:
  - a. U.S Treasury/Internal Revenue Service
  - b. U.S. Environmental Protection Agency
  - c. State of Rhode Island
  - d. Other regulatory agencies as appropriate
6. Conducting all applicant financial review/analysis/approval functions related to DWSRF loan approval, administration, and management.
7. Developing all loan issuing and servicing policies and procedures.
8. Collecting, enforcing, and accounting for fees, charges, and loan repayments.
9. Developing, executing, and amending the Operating Agreement with U.S. EPA.

#### *B. Health Lead*

1. Developing and maintaining the Priority Determination System and Priority List.
2. Determining annual appropriation and use of set-asides associated with capitalization grant awards (except for the 4% administrative funds as described in Section V of this document).
3. Reviewing and approving all environmental and technical requirements for projects funded by the DWSRF.
4. Issuing Certificates of Approval for projects eligible for DWSRF funding.



VII. Duration of the MOU

The term of this MOU shall be two years. The MOU shall be formally reviewed and renewed no less than biennially. All provisions of a prior, properly executed MOU shall remain in effect until such time as a new MOU is formally executed.

VIII. Amendments/Revisions to the MOU

The MOU may be amended or revised at any time by mutual agreement between the Agency and Health through an exchange of letters.

IX. Disputes

Disputes between the Agency and Health in all matters in the DWSRF program which are related to the federal requirements of the Safe Drinking Water Act shall be resolved, following appropriate consultation with both the Agency and Health and review of all pertinent facts, by the U.S. EPA. EPA's decision shall be the final administrative action on the matter.

For all other matters in the DWSRF program, disputes between the Agency and Health shall be resolved, following consultation with both organizations and review of pertinent facts, by an independent arbitrator.

X. Assignment

Neither the Agency nor Health shall assign, in whole or in part, its interest or duties in the DWSRF program and will not contract for resources to conduct functional DWSRF program tasks without written notification to the other organization. Both parties recognize that written notification is intended for informational purposes only, and both parties shall make a good faith effort to provide said notification prior to any assignment(s).

XI. Access to Records

All DWSRF files of both agencies will be mutually available.

XII. Records Identification and Retention

Health will be responsible for project progress tracking/inspection and closeout after loans are given. Therefore, the two agencies will develop a project numbering system, which will accommodate the needs of both agencies and distinguish between general project and fiscal records.

File retention will be split along general responsibilities. DEM will retain all general management, inspection, tracking, and pre-Certificate of Approval files. The Agency will retain all Certificates of Approval, loan payments, fiscal, and audit files.

XIII. Execution

We, the undersigned, concur that we will use this MOU to govern interaction between the Agency and Health regarding operation of the DWSRF program.

Patricia A. Nolan, MD MPH  
Patricia Nolan, Director  
RI Department of Health

Anthony B. Simeone  
Anthony B. Simeone, Executive Director  
R.I. Clean Water Finance Agency

Date 7/12/00

Date 7/13/00

**J. RI Infrastructure Bank Loan Policies and Procedures**

830-RICR-10-10-1

## TITLE 830 - INFRASTRUCTURE BANK

### CHAPTER 10 – PROGRAMS

#### SUBCHAPTER 10 - WATER

##### PART 1 - Drinking Water State Revolving Fund Loan Policies and Procedures

#### 1.1 Purpose:

The within Loan Policies and Procedures of Rhode Island Infrastructure Bank (the "Bank") have been established to govern the lending activities of the Drinking Water State Revolving Fund (DWSRF) in accordance with R.I. Gen. Laws Chapters 46-12.8 and 46-12.2, and Title XIV of the Public Health Service Act (42 U.S.C. § 300 *et seq.*).

#### 1.2 Definitions:

Except as otherwise defined herein, the words and phrases used within this Part have the same meaning as the words and phrases have in R.I. Gen. Laws Chapters 46-12.8 and 46-12.2 and Title XIV of the Public Health Service Act (42 U.S.C. § 300 *et seq.*).

#### 1.3 Financial Assistance:

- A. This Part governs the provision of financial assistance to local governmental units, and privately organized water suppliers (collectively "Borrowers") to finance costs of approved drinking water projects in the form of loans with below market interest rates or interest rate subsidies which reduce the cost of financing these projects by at least twenty-five percent (25%). Financially distressed Borrowers may receive financial assistance greater than twenty-five percent (25%) as long as these loans do not have an adverse effect on other participants in the loan programs of the Bank; bond holders; other creditors of the Bank, or the finances of the Bank. In determining those Borrowers that qualify as "financially distressed" the Bank may consider the criteria set forth in R.I. Gen. Laws §§ 45-13-12(b)(1) through (4).
- B. Small Water Systems: Small Water Systems, as defined by the Environmental Protection Agency (EPA) may be awarded financial assistance in accordance with the Small Water System Guidance Document that shall be issued by the Bank. See [www.RIIB.org](http://www.RIIB.org) for the Small Water System Guidance Document.



## **1.4 Loan Application:**

- A. Requests for financing should be submitted in writing by the Chief Executive Officer or other authorized officer of the Borrower to the Executive Director of the Bank. The written request shall include:
1. A description of the project to be financed with the projected construction and completion schedule. In the case of a refinancing, a description of the completed project and the terms and sources of previous financing.
  2. A description of the dedicated source of loan repayment, i.e., general revenues or drinking water revenues.
  3. A description of the overall operations of the Borrower, including but not limited to the most recent annual report or audited financials, with an emphasis on:
    - a. legal structure;
    - b. management;
    - c. sources of revenues;
    - d. operating expenses;
    - e. operating surpluses or deficits;
    - f. actual results versus budget; and
    - g. sources of financial liquidity.
  4. Legal authority or authorities to construct, finance and operate the project.
  5. The past five years Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards or Generally Accepted Accounting Principals; or other historical financial information that the Bank deems appropriate.
  6. Financial and demographic information.
  7. For revenue bonds, financial projections over the life of the financing showing sources of revenues, operating expenses, capital replacement reserves, user fee impact analysis, and cash available for debt service.
  8. A copy of the Infrastructure Replacement Plan component of the Water Supply Management Plan if applicable.

9. An application that proposes to purchase an existing water system must be accompanied by a certification of the water system's integrity by a registered professional engineer. A certification as to the appraised value of the system must also be provided. The Bank reserves the right to review this certification and request further data for analysis.
10. Such other information as the Bank may reasonably require.

## **1.5 Loan Approval Process:**

- A. Loan approvals are subject to the following terms:
  1. That all projects to be funded appear on the Rhode Island Department of Health ("RIDOH") Project Priority List and have Certificates of Approval issued.
  2. That the loan complies with all federal, state and Bank laws, rules and regulations.
  3. That the loan and debt service requirements be approved by any applicable regulatory Agency.
  4. That a satisfactory loan agreement be signed by all parties to the transaction.
  5. That the loan will be made subject to availability of funds as related to the Bank's capacity; and that the loan will be made subject to ranking on RIDOH's Project Priority List.
  6. The Bank will conduct a financial analysis for each loan application which may include, but not be limited to:
    - a. sources of revenue and financial liquidity
    - b. historical and projected financial operating results
    - c. present and future debt service requirements
    - d. current assignment of water rates and other revenues generated from user fees
    - e. ability to increase water rates and/or secure alternative revenue sources
    - f. cost of the project and estimated completion schedule

- g. long term capital replacement planning
  - h. socioeconomic conditions and trends
  - i. management qualifications and experience
  - j. effects of legal structure and any regulator control
  - k. a Consulting Engineer's Water Facility and Financial Feasibility Report, if applicable
  - l. history of applicant/system
  - m. any other information that the Bank or its Board of Directors may require.
- B. If the Board approves the application, a Commitment Letter will be issued to the Borrower for their acceptance, outlining the terms and conditions of the loan.

## **1.6 Terms and Conditions:**

- A. **Borrowing Rate** - The stated interest rate on the Borrower bond, which is the Borrower's market rate (the "Market Rate"), is the prevailing market taxable or tax-exempt interest rate for issuers of comparable creditworthiness to the Borrower, as determined by the Bank on the advice of the Financial Advisor after consultation with the Borrower. Subject to adjustment by the Bank from time to time, the subsidized interest rate for the Loan is seventy-five percent (75%) of the Market Rate (the "Subsidized Interest Rate"). The Borrower will be obligated by the Borrower bond to pay the Market Rate, but will be billed only for the Subsidized Interest Rate. If the Borrower or other borrowers of the Bank should default in timely payment of debt service on the Loan or on the loans made to such other borrowers of the Bank, the Bank may require the Borrower to pay up to the Market Rate on the Borrower Bond.
- B. Interest is to be calculated based on a 360-day year and twelve thirty-day months, and may be capitalized during construction. Interest payments are semi-annually on March 1 and September 1.
- C. **Loan Fees** - An origination fee of the greater of one thousand dollars (\$1,000) or one percent (1%) of the principal amount of the Loan will be payable to the Bank by the Borrower at the time of the Loan's closing. All other costs incidental to the Borrower's role in their transaction, such as, legal fees, financial advisory fees, bond insurance premiums and the like, will be paid by the Borrower. The Bank will charge an annual service fee of one-half of one percent (0.5%) of the Loan's outstanding principal, payable semi-annually at each interest payment date. A

late payment of five percent (5%) of the amount of the late payment will be charged for every fifteen (15) days that a payment is late.

- D. Amortization - Amortization will begin at a mutually agreed upon date, but in no case later than the earlier of three (3) years after loan closing or September 1st after completion of the construction of the projects. Principal payments will be made annually on September 1st and the schedule of payments will be structured to meet the debt service and financial assistance needs of the Borrower.
- E. Final Maturity - Loans shall mature no later than twenty (20) years after the completion of the funded projects
- F. Prepayments - A loan may be prepaid by the Borrower at any time but may be subject to a prepayment penalty based on the cost of reinvesting the prepayment, the cost of prepaying outstanding bonds of the Bank or any other negative financial impact to the Bank.
- G. Security - Loans will have a pledge of:
  - 1. general revenues and/or water system user fee revenues; and/or
  - 2. may be secured by any other assets and upon such other terms and conditions as the Bank deems appropriate to protect the interest of the other participants in the loan programs of the Bank; bond holders; other creditors of the Bank; bondholders; or the finances of the Bank.
- H. Construction Progress Payments - Progress payments for each construction project will be made through an account established by the Borrower. Loan proceeds will be transferred monthly from the Borrower account for each borrower based upon approved Requisition Forms submitted to the Bank. Upon receipt of the Requisition Form, the Bank will verify a) that a Certificate of Approval has been issued by RIDOH; b) the vendor is identified in the contract; and c) there is sufficient availability in the Borrower account to make the payment. Payments will be made directly to the vendor and/or the Borrower for reimbursements by the Bank, and a "paid" stamped copy of the Requisition Form will be sent to the Borrower and RIDOH. The RIDOH will perform periodic project inspections to a) monitor construction progress; b) verify eligibility of construction costs under the program; and c) insure construction is in conformity with Plans and Specifications. RIDOH will provide a copy of the inspection report to the Bank. Any adverse conditions will be reported to the Bank who will suspend further payments until the adverse conditions have been rectified. RIDOH will perform a final project inspection before the final payment is made by the Bank.

## **1.7 Reporting Requirements:**

- A. Borrowers will be required to provide information to the Bank during the life of the loan, including, but not limited to:
1. A copy of its Annual Audited Financial Statements in accordance with Generally Accepted Government Accounting Standards annually within nine (9) months of end of fiscal year.
  2. An annual analysis of operating revenues and expenses, including without limitation, a description of the status of the water system user fee revenues and/or general revenues and operating expenses in excess of budget and a schedule of current and projected user rates.
  3. A copy of the annual budget of the Borrower, within fifteen (15) days of its adoption.
  4. Annual schedule of current and projected short term and long term debt service.
  5. An annual schedule of Infrastructure Replacement Reserves.
  6. Copies of reports submitted to RIDOH, Rhode Island Department of Environmental Management, the US Environmental Protection Agency, the Rhode Island Public Utilities Commission and any other regulatory agency relating to the projects financed and the operation of the water supply facility.
  7. Other information or reports that the Bank deems appropriate.

## **1.8 Loan Agreements:**

There will be a Loan Agreement with the Borrower outlining the terms and conditions of the Bank's loan. The Borrower's repayment obligation to the Bank under the agreement will be evidenced by a bond(s) of the Borrower outlining the loan's specific terms and conditions. The bonds shall be in fully marketable form, accompanied by documentation, in form and substance satisfactory to the Bank and an opinion, in form and substance satisfactory to the Bank, of nationally recognized bond counsel as to its valid authorization, execution, delivery and enforceability, as well as its federal and state tax consequences, and may include an opinion that the bonds are not private activity bonds within the meaning of Section 141 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code").

## **1.9 Compliance with State and Federal Law:**

The Borrower must comply with all applicable state laws and regulations. Recipients of loans must also comply with all requirements of 42 U.S.C. § 300 *et seq.* and regulations and guidance issued thereunder in addition to any other applicable federal laws and regulations.

## **1.10 Modifications:**

Where deemed appropriate by the Bank, waiver or variation of any provisions herein may be made or additional requirements may be added.

## **1.11 Severability:**

If any provision of this Part or the application thereof to any local government unit, or privately organized water supplier is held invalid by a court of competent jurisdiction, the remainder of the rules and regulations shall not be affected thereby. The invalidity of any section or sections or parts of any section or sections shall not affect the validity of the remainder of this Part.

**830-RICR-10-10-1**

**TITLE 830 - INFRASTRUCTURE BANK**

**CHAPTER 10 - PROGRAMS**

**SUBCHAPTER 10 - WATER**

**PART 1 - DRINKING WATER STATE REVOLVING FUND LOAN POLICIES AND PROCEDURES**

Type of Filing: Amendment

**Agency Signature**

 E-SIGNED by Jeff Diehl

Agency Head Signature

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 **K.C.**

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**October 01, 2018**

Department of State Date

**K. RIDOH Rules and Regulations**



216-RICR-50-05-6

## **TITLE 216 – DEPARTMENT OF HEALTH**

### **CHAPTER 50 – ENVIRONMENTAL HEALTH**

#### **SUBCHAPTER 05 – WATER QUALITY**

##### **PART 6 – Drinking Water State Revolving Fund**

### **6.1 Authority**

These regulations are promulgated pursuant to the authority set forth in R.I. Gen. Laws § 46-12.8-4(a)(4) for the purpose of implementing a perpetual revolving loan fund as a source of low-cost financial assistance to any public water system for eligible infrastructure improvement.

### **6.2 Definitions**

A. Wherever used in these rules and regulations, the following terms shall be construed as follows:

1. "Approved project" means any project or portion thereof of a governmental unit or privately organized water supplier that has been issued a certificate of approval by the Department for assistance through the Bank.
2. "AWWA" means the American Water Works Association.
3. "Bank" means the Rhode Island Infrastructure Bank.
4. "Certificate of approval" means the approval issued by the Department which enables the Bank to execute a loan agreement with the qualifying public water system for drinking water system improvements that effectuate the Safe Drinking Water Act (SDWA). Financial assistance may not be extended by the Bank without the issuance of the Certificate of Approval.
5. "Chief Executive Officer" means the mayor in any city, the president of the town council in any town, the executive director of any authority or commission, the president of any association, cooperative, corporation or company, or some other officer or body designated to perform the functions of a chief executive officer under the provisions of a local charter or other law.

6. "Community comprehensive plan" means a plan prepared pursuant to the Rhode Island Comprehensive Planning and Land Use Regulation Act, R.I. Gen. Laws Chapter 45-22.2.
7. "Community water system" means a public water system which serves at least 15 service connections used by year-round residents or regularly serves at least 25 year-round residents.
8. "Cumulative impact" means the impact on the environment which results from the incremental impact of project(s) when added to other past, present, and reasonably foreseeable future actions or projects, regardless of which agency or person undertakes such other actions or projects.
9. "Department" means the Rhode Island Department of Health.
10. "Director" means the Director of the Department of Health or her/his designee.
11. "DWSRF" means the Drinking Water State Revolving Fund.
12. "Effects" and "impacts," as used in this Part, are synonymous. Effects include ecological (such as the effects on natural resources and on the components, structures, and functioning of affected ecosystems), aesthetic, historic, cultural, economic, social, and health, whether direct, indirect, or cumulative. The distinctions are:
  - a. Direct effects are caused by project(s) and occur at the same time and place.
  - b. Indirect effects are also caused by project(s) and may be later in time or farther removed in distance, but are still reasonably foreseeable. Indirect effects may include growth-inducing effects and other effects related to induced changes in the pattern of land use, population density or growth rate, and related effects on air, water and other natural systems, including ecosystems.
  - c. Cumulative effects are caused by both the direct and indirect effects of the project, plus the effects of other projects which are planned in the planning area.
13. "Environment" shall be interpreted comprehensively to include the natural and physical environment and the relationship of people with that environment (see the definition of "effects").
14. "Environmental assessment" means a document that:

- a. serves to:
  - (1) Briefly provide sufficient evidence and analysis of effects of proposed project(s) as a basis for the Department to determine whether to issue a Finding of No Significant Impact or require an Environmental Impact Statement to be prepared.
  - (2) Document compliance with state and federal environmental review requirements when no Environmental Impact Statement is required.
  - (3) Facilitate preparation of an Environmental Impact Statement when one is necessary.
- b. shall include:
  - (1) Brief discussions of the need for the proposed project(s).
  - (2) Brief discussions of alternatives to recommended project(s) which involve unresolved conflicts concerning alternative uses of available resources.
  - (3) Brief discussions of the environmental impacts of the proposed project(s) and alternatives, and outline means to mitigate environmental impacts.
  - (4) Agencies and persons consulted during the environmental assessment, and responses to substantive comments.

15. "Environmental impact statement" means a detailed written statement that identifies significant impacts associated with the preferred alternative project(s). The Environmental Impact Statement will address:

- a. The environmental impact(s) of the proposed project(s).
- b. Any detrimental effects on the environment which cannot be avoided should the proposed project(s) be implemented.
- c. Alternatives to the proposed project(s) and the environmental impacts of those alternatives.
- d. The relationship between local short-term uses of the environment and the maintenance and enhancement of long-term productivity.

- e. Any irreversible and irretrievable commitments of resources which would be involved in the project(s) if implemented.
16. "EPA" means the United States Environmental Protection Agency.
  17. "Finding of no significant impact" means a document prepared by the Department briefly presenting the reasons for determining why project(s) will not have a significant effect on the environment. It shall include the Environmental Assessment and shall note any other environmental documents related to it. The Finding of No Significant Impact need not repeat any of the discussion in the Environmental Assessment, but may incorporate it by reference.
  18. "Local governmental unit" means any town, city district, commission, agency, authority, board or other political subdivision or instrumentality of the state or of any political subdivision thereof responsible for the ownership or operation of a community water system or a nonprofit noncommunity water system within the state.
  19. "Mitigation" means:
    - a. Avoiding an impact altogether by not implementing a certain project or parts of a project.
    - b. Minimizing an impact by limiting the degree or magnitude of a project and its implementation.
    - c. Rectifying an impact by repairing, rehabilitating, or restoring the effected environment.
    - d. Reducing or eliminating an impact over time by preservation and maintenance operations during the life of the project.
    - e. Compensating for an impact by replacing or providing substitute resources or environments.
  20. "National Environmental Policy Act" means the federal National Environmental Policy Act of 1969, 42 U.S.C. § 4321 et. seq.
  21. "Noncommunity water system" means a public water system that is not a community water system.
  22. "Public water system" means a system for the provisions to the public for piped water for human consumption, provided such system has at least 15 service connections or regularly serves an average of at least 25

individuals daily at least 60 days out of the year. The term “public water system” shall include all sources, and facilities involved in collecting, treating, storing, and distributing the water.

23. “Privately organized water supplier” means any community water system or noncommunity nonprofit water system not owned or operated by a local governmental unit.
24. “Record of decision” means a document prepared by the Department that briefly reviews the significant effects that a project(s) will have on the environment. It shall include the Environmental Impact Statement and shall note any other environmental documents related to it. Since the Environmental Impact Statement is included, the Record of Decision need not repeat any of the discussion in the Environmental Impact Statement, but may incorporate it by reference. The Record of Decision will specify mitigation measures necessary to allow a project to proceed.
25. “SDWA or Safe Drinking Water Act” means the federal Safe Drinking Water Act of 1974, 42 U.S.C. § 300f *et. seq.*
26. “Significantly”, as used in the Department’s environmental review process, means considering both the context and intensity of impacts, whether beneficial or detrimental.
  - a. Context means that the significance of the impacts of a project must be analyzed in several contexts such as: the community as a whole (social, economic); the effected region; the effected interests; and the locality. Significance varies with the setting of the proposed project(s). In the case of a site-specific action, such as siting of a drinking water treatment facility, significance would usually depend upon the effects in the locale rather than in the whole planning area. Conversely, extending distribution lines to a previously undeveloped portion of the planning area would result in effects on many elements of the environment.
  - b. Intensity refers to the severity of the impact. The parties responsible for facility planning must bear in mind that more than one agency may make decisions about partial aspects of a major action. The following should be considered in evaluating intensity.
  - c. Impacts may be both beneficial and detrimental. A significant effect may exist even if it is believed on balance that the effect will be beneficial.

- d. The degree to which the proposed project(s) affect public health and safety.
  - e. Unique characteristics of the geographic area impacted by the project(s) such as proximity to historic or cultural resources, park lands, prime farmlands, wetlands, wild and scenic rivers, or ecologically critical areas.
  - f. The degree to which the effects of the proposed project(s) on the quality of the environment are likely to be controversial.
  - g. The degree to which the possible effects on the environment are uncertain or involve unique or unknown risks.
  - h. The degree to which a project may establish a precedent for future projects with similar effects or represents a decision in principle about future consideration.
  - i. Whether the project(s) is related to other projects with individually minor but cumulatively major impacts. Significance exists if it is reasonable to anticipate a cumulative major impact on the environment. Significance cannot be avoided by terming a project temporary or by breaking it down into small component parts.
  - j. The degree to which the project may detrimentally affect districts, sites, highways, structures or objects listed in or eligible for listing in the National Register of Historic Places, or may cause loss or destruction of significant scientific, cultural, or historic resources.
  - k. The degree to which the project may detrimentally affect an endangered or threatened species or its habitat that has been determined to be critical under the federal Endangered Species Act of 1973, 16 U.S.C. § 1531 *et.seq.*
  - l. Whether a project threatens a violation of federal, state or local laws or requirements imposed for the protection of the environment.
27. "State guide plan" means goals, policies, or plan elements for the physical, economic, and social development of the state, adopted by the State Planning Council in accordance with R.I. Gen. Laws § 42-11-10.
28. "This Part" mean all parts of Rhode Island rules and regulations pertaining to the Drinking Water State Revolving Fund (216-RICR-50-05-6).

### **6.3 System Eligibility**

- A. Community public water systems and nonprofit noncommunity public water systems, both privately organized water suppliers and local governmental units, are eligible to receive assistance from the DWSRF.
- B. Lack of technical, managerial and financial capability
  - 1. Public water systems that lack the technical, managerial or financial capability to maintain compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter, are not eligible to receive funding from the DWSRF unless the owner or operator of the system agrees to undertake feasible and appropriate changes in operation, or if the use of the financial assistance from the DWSRF will ensure compliance. See § 6.9 of this Part for further discussion on capacity development.
- C. Significant noncompliance
  - 1. Public water systems that are in significant noncompliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter, as determined by the Director, are not eligible to receive funding from the DWSRF unless the Director determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.

### **6.4 Project Eligibility**

- A. Compliance with Drinking Water Regulations and Health Standards
  - 1. The DWSRF may provide assistance only for expenditures (not including monitoring, operation, and maintenance expenditures) of a type or category which will facilitate compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.
  - 2. Projects to address state and/or federal drinking water health standards that have been exceeded or to prevent future violations of these standards are eligible for assistance. This includes projects to extend the water lines of an existing public water system to an area served by contaminated private drinking water wells.
  - 3. Projects to replace aging infrastructure are also eligible if they are needed to maintain compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.

B. Land Acquisition

1. Land acquisition is eligible only if it is integral to a project that is needed to meet or maintain compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter. In this instance, land that is integral to a project is only the land needed to locate eligible treatment or distribution projects. In addition, the acquisition has to be from a willing seller. The purchase of land for source water protection is not eligible.

C. Restructuring

1. Projects to restructure a public water system that is in noncompliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter, or a public water system that lacks the technical, managerial or financial capability to maintain compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter, may be eligible for assistance from the DWSRF under the following conditions:
  - a. Funding may be provided to assist an eligible public water system to consolidate with other public water systems only if the assistance will ensure that the system returns to and maintains compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.
  - b. If the system does not have the technical, managerial, and/or financial capability to ensure compliance, or is in significant noncompliance, the system may receive assistance only if:
    - (1) The assistance will ensure compliance; or
    - (2) The owner or operator of the system agrees to undertake appropriate changes in operations to ensure compliance. These changes include consolidation or management changes that will ensure that the system has the technical, managerial, and financial capability to ensure and maintain compliance with the SDWA and the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.

D. Planning and Design

1. Planning, design and other related activities for eligible projects, as determined by the Director in accordance with §§ 6.4(A), (B), and (C) of



this Part, are eligible for funding. Planning, design, and other related activities may be handled as a separate project.

E. Refinancing of Existing Facilities

1. DWSRF funds may buy or refinance debt obligations of municipal, intermunicipal or interstate agencies, for eligible projects where the initial debt was incurred and construction started after July 1, 1993. Projects which are being refinanced must meet all the requirements of this Part, including eligibility criteria, compliance with all applicable state and federal laws and regulations, and environmental reviews.

F. Guarantee or Purchase Insurance for Local Debt Obligations

1. DWSRF funds may be used to guarantee or purchase insurance for local debt obligations undertaken to finance projects eligible for assistance. Projects for which DWSRF funds are being used to guarantee or purchase insurance for local debt obligations must meet all the requirements of this Part, including eligibility criteria, compliance with all applicable state and federal laws and regulations, and environmental reviews.

G. Projects not eligible for funding:

1. The DWSRF cannot provide funding assistance for the following projects and activities:
  - a. Dams, or rehabilitation of dams;
  - b. 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;
  - c. 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;
  - d. Laboratory fees for monitoring;
  - e. Operation and maintenance expenses;
  - f. Projects needed mainly for fire protection;
  - g. Projects for systems that lack adequate technical, managerial and financial capability, as determined by the Director, unless assistance will ensure compliance;

- h. Projects for systems in significant noncompliance, unless funding will enable the system to return to compliance;
- i. Projects primarily intended to serve future growth. However, assistance may be provided to address population growth expected to occur over the useful life of the project to be funded.

## **6.5 Project Priority List**

- A. A project cannot receive funding from the DWSRF program unless it is on the approved Project Priority List. The chief executive officer of the eligible public water system must submit to the Department an application requesting that the proposed project be placed on the Project Priority List. The application must include:
  - 1. A description of the project.
  - 2. The reason for the project. The explanation of the reason for the project should be of sufficient detail for the Director to determine the project's eligibility under § 6.4 of this Part and to rank the project pursuant to § 6.6 of this Part.
  - 3. Average annual residential water bill. The average annual residential water bill is to be based on 70,000 gallons of water per year. Supporting documentation must be provided with the application.
  - 4. The Median Household Income of the community in which the water service area is located. The Median Household Income is to be determined from income data in the most recent United States census. If there is reason to believe that the census data is not an accurate representation of the MHI within the area being served, the reason will be documented and the applicant will furnish additional information regarding the MHI. Information will consist of reliable data from local, regional, state or from an income survey conducted by a reliable impartial source. Median Household Incomes for service areas which cross municipal boundaries is the weighted average based on the number of service connections in each community. Supporting documentation must be provided with the application.
  - 5. The anticipated total cost of the project based on accepted engineering design and construction cost estimates.
  - 6. Anticipated start and finish dates.

7. Public health benefits of the project. The public benefits of the project shall be of sufficient detail to clearly demonstrate the public health benefit of the project.
8. System type.
9. System ownership.
10. System ownership type.
11. Age of the system.
12. Population served (current) by the project. Report the population that the project will serve directly at project completion (not the potential number of people that the project can serve in twenty (20) years).
13. Population served by the system. Report the number of people connected to the water system.
14. The number of service connections served by the project.
15. The number of service connections served by the system.
16. Project location. Provide the physical location of the primary place of performance of the funded activity. If the project spans a large geographic area such as distribution project, provide a street address that best represents the location of the center of the project.
  - a. Address line 1. Provide the primary street address of the project.
  - b. Address line 2. Provide any secondary street address information for the primary street address of the project (e.g. P.O. Box 123, pole #).
  - c. Provide the primary city/or other political jurisdiction of the project location.
  - d. Provide the primary zip code (zip + 4) of the project (e.g., 12345-6789).
  - e. Congressional District. Provide the primary congressional district of the project location.

B. The information provided pursuant to § 6.5(A) of this Part will be reviewed for accuracy and eligibility and then given a priority ranking score based on the ranking system in § 6.6 of this Part. The eligible projects and their respective

information will then be listed in order of priority, highest to lowest, in a Project Priority List. The Project Priority List will show the following information: name of system, project description, population served, priority point score, and dollars to be funded. The Project Priority List will then be placed in the Intended Use Plan which will go out for public review and comment.

## **6.6 Project Ranking**

- A. The Director shall rank each project according to the project ranking criteria developed by the Department. The Director shall assign points to each project ranking criterion based upon the most current information available to him/her, including information received prior to and during the public review process. The Director shall annually evaluate the ranking of each project and make changes as deemed necessary.
- B. Tie Breaking Procedure
  - 1. When two or more projects score equally under the Project Ranking System, the project with the greatest score in Section A (Health Risk and Compliance) of the priority ranking system will receive the higher ranking. If this still results in a tie score, the system with the higher score in Section B (Economic Factors) will be given a higher ranking.
- C. Non-construction projects
  - 1. Projects to refinance existing debt, guarantee or purchase insurance for local debt obligations, or for other non-construction activities such as planning and designing will be ranked in the same manner as construction projects. The ranking will be based on the original purpose of the project for which funding is being requested.

## **6.7 Project Priority List Revisions**

- A. As necessary, but not less than annually, the Director shall review the Project Priority List for changes in estimated schedules, project costs and/or scope. The Director may propose modifications of the Project Priority List at any time according to these procedures:
  - 1. Addition to the list: projects can only be added to the list after the solicitation of public comments.
  - 2. By-pass provisions: a project on the Project Priority List may be by-passed, without soliciting public comments, if it is apparent that the project will not be ready to proceed (i.e. system will not be able to sign a loan agreement) by the end of the federal fiscal year in which funding is

designated. The highest ranked unfunded project or projects on the priority list which is(are) ready to proceed will be selected for funding utilizing the money freed-up by the by-passed project. By-passed projects will not lose their priority ranking and will be eligible for future DWSRF moneys when the water system is ready to proceed with the project.

3. By-pass provisions for small water systems: to the extent that projects exist, a minimum of 15% of the money available for funding projects each year must go to public water systems that serve a population of less than 10,000 people (small systems). The lowest priority project or projects for water systems that serve 10,000 or more people may be by-passed, without soliciting public comments, in order to achieve this 15% assistance to small systems. As necessary, the highest priority small system projects will be selected to satisfy the minimum 15% level.
4. Emergency projects: without soliciting public comments, projects necessary to address an imminent risk to public health, as determined by the Director, will be moved to the top of the priority list, even if the project was not previously on the priority list. A water system would be considered as having an imminent risk if there is either a known waterborne disease outbreak or a threat of disease outbreak by the presence of an acute contaminant in the system; or the total loss of water supply or loss of a major component due to a natural or unforeseen disaster which could not have been prevented by the applicant.

## **6.8 Eligible Costs**

Eligible costs, as applied to any eligible project, means any or all costs, including, but not limited to, amounts for the following: planning, design, acquisition, construction, improvement and rehabilitation of facilities; demolitions and relocations; labor, materials, machinery and equipment; services of architects, engineers, and environmental and financial experts and other consultants; feasibility studies, plans, specifications, surveys; and environmental reviews; interest prior to and during the carrying out of any project and for a reasonable period thereafter; reserves for debt service or other capital expenses; cost of issuance of local governmental obligations or obligations of privately organized water suppliers issued to finance the obligations including, without limitation, fees, charges, and expenses and costs relating to the loan evidence.

## **6.9 Capacity Development**

- A. In order to be eligible for financial assistance under the DWSRF program, eligible public water systems must demonstrate that they have the technical, financial and managerial capability to maintain compliance with the Rules and Regulations

Pertaining to Public Drinking Water, Part 1 of this Subchapter, unless the owner or operator of the system agrees to undertake feasible and appropriate changes in operation or if the use of the financial assistance from the DWSRF will ensure compliance.

B. Technical and Managerial Capacity

1. The Department's determination of technical and managerial capacity will be based on the water system's ability to maintain substantial compliance with all of the requirements specified in the Department's Technical and Managerial Capacity Analysis worksheet. Assurance of technical and managerial capacity will be based on:
  - a. Compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.
  - b. Compliance with the Rules and Regulations Pertaining to the Certification of Public Drinking Water Supply Treatment and Public Water Supply Transmission and Distribution Operators, Part 5 of this Subchapter.
  - c. Compliance with the Rules and Regulations for Clean Water Infrastructure Plans, Part 7 of this Subchapter.
  - d. Compliance with the Public Drinking Water Protection Act (R.I. Gen. Laws. Chapter 46-15.3).
  - e. Compliance with the Water Supply Management Act (R.I. Gen. Laws Chapter 46-15.4).
  - f. Correction of all critical deficiencies on the applicant's last sanitary survey.
  - g. For water systems serving less than 50 million gallons per year, an analysis of necessary and/or planned operational and capital improvements over the next five (5) years.

C. Financial Capacity

1. In order to be eligible for financial assistance from the DWSRF program, eligible public water systems must demonstrate that they have the financial ability to maintain compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.

## 6.10 Certificate of Approval

- A. A Certificate of Approval for a project shall be issued by the Director to a local governmental unit or privately organized water supplier prior to receiving financial assistance from the Bank. The Certificate of Approval shall specify the project or portion thereof eligible for financial assistance, the cost of the project or portion thereof, and other terms, conditions, and limitations with respect to the planning, engineering, construction and operation of the project as the Director shall determine.
- B. All applications for a Certificate of Approval must be submitted to the Department and must include:
1. A summary sheet listing a breakdown of project costs and portions for which financial assistance is being sought.
  2. Sufficient evidence to show that the water system has the technical and managerial capabilities to maintain compliance with the Rules and Regulations Pertaining to Public Drinking Water, Part 1 of this Subchapter.
  3. A Categorical Exclusion (CE), Finding of No Significant Impact, or a Record of Decision indicating that the project has successfully undergone an environmental review in accordance with § 6.11 of this Part.
  4. Certification that the project is consistent with the State Guide Plan. Projects that qualify for categorical exclusions are exempt.
  5. Certification of intent to comply with all applicable provisions of federal and/or state laws.
- C. Applications for a Certificate of Approval for new water sources and/or the construction or alteration of a public drinking water supply facility, including but not limited to, pumping, treatment, storage and distribution, which have an impact on drinking water quality, as determined by the Director, shall be required to include all applicable Architectural and Engineering reports and plans for review and approval.
- D. Exceptions to the requirements in §§ 6.10(B), and (C) of this Part can be made by the Director when the eligible system requires funding to move its project forward. A Certificate of Approval can be issued, in these circumstances, provided the Certificate of Approval contains conditions that require the submission of all the required elements including planning, land acquisition, engineering design, State Guide Plan consistency, and the environmental review, as required in § 6.11 of this Part. In such circumstances, an application for the

Certificate of Approval must be made and at a minimum the requirements in §§ 6.10(B)(1), (2), and (5) of this Part must be included.

- E. Drinking water projects shall be designed, installed and constructed in accordance with applicable American Water Works Association (AWWA) standards with reference to materials to be used and construction procedures to be followed. In the absence of AWWA standards, Departmental review shall be based upon the Recommended Standards for Water Works by Great Lakes Upper Mississippi River Board of State Public Health & Environmental Managers (i.e., the 10 State Standards), National Sanitation Foundation (NSF) Standards, and other recognized standards utilized by design engineers.
- F. The issuance of a Certificate of Approval shall not be in lieu of, and every approved project shall remain subject to, each and all environmental, technical and regulatory approval requirements as provided in applicable state and federal laws and regulations, including those requirements which are administered by the Department.

## **6.11 Environmental Review Process**

### **A. General Process and Background**

- 1. This State Environmental Review Process (SERP) addresses compliance with the National Environmental Policy Act, a requirement of the SDWA for all projects funded with the federal portion of the Rhode Island DWSRF program. Further, environmental review for natural resources inventories and consistency with the State Guide Plan (SGP) is required for all projects funded by the state portion of the DWSRF program, except for those that qualify for a categorical exclusion. The Rhode Island Comprehensive Planning and Land Use Act [R.I. Gen. Laws Chapter 45-22.2] requires not only the coordination and consistency between state and local planning programs in the development of the Community Comprehensive Plan, but also consideration of environmental conditions during planning similar in many respects to National Environmental Policy Act.

### **B. Public Water System Responsibility**

- 1. The public water system shall prepare and submit an environmental review as part of the application for a Certificate of Approval. Exceptions to the requirement to submit the environmental review with the application for a Certificate of Approval can be made in accordance with § 6.10(D) of this Part.



2. Except where exempted in § 6.11(C) of this Part, the public water system shall prepare an Environmental Assessment for all projects utilizing DWSRF funds. Comments by all agencies with statutory and/or regulatory authority within the planning area (e.g. RI Statewide Planning, RI Coastal Resources Management Council, RI Department of Environmental Management, RI Historical Preservation and Heritage Commission, RI Department of Transportation, U.S. Fish & Wildlife, etc.) shall be requested by the public water system as part of the Environmental Assessment process. If the Environmental Assessment does not identify significant impacts from the proposed project(s), the Department will issue a Finding of no Significant Impacts. If, as a result of the Environmental Assessment, significant impacts are identified, the public water system must prepare an Environmental Impact Statement.
3. The public water system must hold at least one (1) public meeting/workshop during the preparation of the Environmental Assessment, preferably once the alternatives have been developed and the environmental impacts analyzed. This meeting will explain the plan of study and solicit public opinions and concerns. If the impacts identified with the preferred alternative in the Environmental Assessment are significant, the public water system must issue a public notice stating that an Environmental Impact Statement is being initiated and that a scoping meeting will be held. In addition to the public meeting/workshop, when the preferred alternative is identified, the public water system must hold a public hearing on the draft Environmental Assessment/Environmental Impact Statement. The final Environmental Assessment/Environmental Impact Statement submitted to the Department for review and approval must include responses to all substantive public comments. Documentation of the meeting/ workshop and public hearing announcements including media announcement public postings etc., attendance sheet, project presentation, public comment and notes of the meeting/workshop shall be included in the Appendix of the Environmental Assessment/Environmental Impact Statement. Stenographic or a video of the public hearing must also be included in the Appendix of the Environmental Assessment/Environmental Impact Statement.
4. Mitigation measures and comments by other agencies shall be incorporated in the Environmental Assessment/Environmental Impact Statement and will be reflected in any final determination rendered by the Department.

C. Categorical Exclusion

1. Categories of projects which do not individually or cumulatively have significant effects on the quality of the environment may be exempted from the substantive environmental review requirements of this section. Projects that solely involve the acquisition, construction, reconstruction, renovation, or installation of facilities or structures, for replacement or restoration purposes, with minimal change in use, size, capacity, purpose or location from the original facility, may be eligible for a categorical exclusion. Environmental assessments and/or Environmental Impact Statements will not be required for excluded actions. It must be emphasized that even though a project is excluded from further environmental reviews under this section, it is not excluded from other applicable local, state, and federal environmental laws.
2. General Categories of Actions Eligible for Exclusions. Projects consistent with any of the following categories may be eligible for a categorical exclusion:
  - a. Repairing or replacing existing water mains.
  - b. Replacing an existing water storage tank with a new tank of similar size and stature at the same location.
  - c. The installation, replacement or repair of equipment (i.e., treatment, pumps, controls, etc.) within existing buildings.
  - d. Minor rehabilitation of existing facilities.
  - e. Other projects which, as determined by the Director, do not individually, cumulatively over time, or in conjunction with other state, federal, local, or private actions have a significant effect on the quality of the environment.
3. General Categories of Actions Not Eligible for Exclusions. The full environmental review procedures of this section shall be followed if the undertaking of a project consistent with allowable categories in § 6.11(C) (2) of this Part involves a serious local or environmental issue, or meets any of the following criteria:
  - a. The project is known or expected to have a significant effect on the environment, either individually, cumulatively over time, or in conjunction with other state, federal, local or private actions;
  - b. The project is known or expected to directly affect:

- (1) Cultural resource areas such as archaeological and historic sites;
  - (2) Endangered or threatened species and their critical habitats;
  - (3) Environmentally important natural resource areas such as floodplains, wetlands, important farmlands, and aquifer recharge zones;
4. Public water systems wishing to obtain a categorical exclusion for a project should submit a written request to the Director. The written request should include a brief description of the proposed project and a brief statement of how the project meets the criteria for a categorical exclusion. The Director shall review the request and determine whether to issue or deny a categorical exclusion for the proposed project. The Director shall notify the public water system of the decision to issue or deny a categorical exclusion as soon as practicable.
5. The Director shall revoke a categorical exclusion and shall require a full environmental review if, subsequent to the granting of an exclusion, the Director determines that the proposed project no longer meets the requirements for a categorical exclusion due to changes in the proposed project or determines from new evidence that serious local or environmental issues exist or that federal, state, or local laws are being or may be violated.

#### D. Consistency Requirements

1. To ensure compliance with state law, the Department will not issue a Certificate of Approval for a DWSRF project unless it is consistent with the local Community Comprehensive Plan. Projects that qualify for a categorical exclusion will be exempt from the State Guide Plan consistency requirement. Applications for a Certificate of Approval must contain a certification by the Department of Administration's Division of Planning that the project is consistent with the SGP or excerpts from a Community Comprehensive Plan approved by the State Planning Council. However, a Certificate of Approval may be issued prior to the Environmental Assessment in accordance with § 6.10(D) of this Part.

#### E. Department's Public Review Process

1. The Department will independently review and evaluate the environmental information provided. If it is determined that there will be no substantive environmental impacts the Department shall decide to issue a CE, Finding of No Significant Impact or Record of Decision.

2. Following the Department's decision to issue a CE, Finding of No Significant Impact, Record of Decision, or reaffirmation of a previous decision, the Department will invite public comments for thirty (30) days, or as required by R.I. Gen. Laws Chapter 42-35, by publishing a notice of the determination made in a paper of statewide circulation, on the Department's website and/or any other acceptable means in accordance with R.I. Gen. Laws Chapter 42-35. In addition, notification of such determination will be sent to all persons and associations who have advised the Department that they wish to be notified. During the public comment period, any interested party may submit written comments. Requests for a public hearing shall be made in accordance with R.I. Gen. Laws § 42-35-2.8. Following public notice or public hearing, the final determination will be made by the Director.

## **6.12 Green Project Reserve (GPR)**

### **6.12.1 Introduction**

- A. GPR may be used for planning, design and/or building activities. Under the GPR in the DWSRF both entire projects may be considered for inclusion or appropriate identifiable components of larger projects may be considered for inclusion. All projects or project components counted toward the GPR requirement must clearly advance one or more of the objectives articulated in the following four (4) categories of GPR:
  1. Green Infrastructure;
  2. Water Efficiency;
  3. Energy Efficiency; and
  4. Environmentally Innovative. Source water protection projects are not eligible for RI DWSRF funding.

### **6.12.2 DWSRF Green Project Reserve Eligibility Principles**

- A. All GPR projects and activities must otherwise be eligible for DWSRF funding. The GPR requirement does not create new funding authority beyond that described in the SDWA § 1452.
- B. GPR project and activities must meet the definition of one of four GPR categories. The individual GPR categories do not create new eligibility for the DWSRF. The projects that count toward the GPR must otherwise be eligible for DWSRF funding.

- C. GPR projects and activities must further the goals stated in the SDWA § 1452.

### **6.12.3 Business Case Requirement**

- A. Projects and activities that fit within the four (4) specific categories as detailed in §§ 6.12.4(B), 6.12.5(B), 6.12.6(B), and 6.12.7(B) of this Part, define each category of GPR projects that do not require a business case. These sections list projects that are clearly eligible for GPR, heretofore known as categorically eligible projects.
- B. Projects that do not appear on the list of categorically eligible projects must be evaluated for their eligibility within one of the four (4) targeted types of GPR eligible projects based upon a business case that provides clear documentation.
- C. The Department, in consultation with the EPA, as necessary, is responsible for the business case review and will either accept or reject the business case. The Certificate of Approval process will not commence without an approved Business Case. Approved business cases will be posted on the Department website.

### **6.12.4 Green Infrastructure**

- A. Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that retains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale green infrastructure is the preservation and restoration of natural landscape features, such as forest, floodplains and wetlands coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site and neighborhood-specific practices, such as bioretention, trees, green roofs, permeable pavements and cisterns.
- B. Categorical Projects
  1. The following types of projects, proposed at a utility-owned facility or as part of a water infrastructure project, can be counted toward the GPR if they are part of an eligible DWSRF project:
    - a. Pervious or porous pavement;
    - b. Bioretention;
    - c. Green roofs;
    - d. Rainwater harvesting/cisterns;
    - e. Grey water use;

- f. Xeriscape;
- g. Landscape conversion programs;
- h. Moisture and rain sensing irrigation equipment.

C. Projects That Do Not Meet the Definition of Green Infrastructure

1. Stormwater controls that have impervious or semi-impervious liners and provide no compensatory evapotranspirative or harvesting function for stormwater retention.
2. Stormwater ponds that serve an extended detention function and/or extended filtration. This includes dirt lined detention basins.
3. In-line or end-of-pipe treatment systems that only filter or detain stormwater.
4. Underground stormwater control and treatment devices such as swirl concentrators hydrodynamic separators, baffle systems for grit, trash removal/floatables oil and grease, inflatable booms and dams for in-line underground storage and diversion of flows.
5. Stormwater conveyance systems that are not soil/vegetation based (swales) such as pipes and concrete channels, Green infrastructure projects that include pipes to collect stormwater may be justified as innovative environmental projects pursuant to § 6.12.7 of this Part.

D. Decision Criteria for Business Cases

1. Green infrastructure projects are designed to mimic the natural hydrologic conditions of the site or watershed.
2. Projects capture, treat, infiltrate or evapotranspire storm water on the parcels where it falls and does not include inter basin transfer of water.
3. GPR project is in lieu of or to supplement municipal hard/grey infrastructure.
4. Projects considering both landscape and site scale will be most successful at protecting water quality.
5. Design criteria is available on EPA's website

**6.12.5 Water Efficiency**

- A. EPA's WaterSense program defines water efficiency as the use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future.
- B. Categorical Projects
1. Installing or retrofitting water efficient devices such as plumbing fixtures and appliances.
    - a. For example, showerheads, toilets, urinals, and other plumbing devices.
    - b. Implementation of incentive programs to conserve water such as rebates.
    - c. WaterSense labeled products
  2. Installing any type of water meter in previously unmetered areas
    - a. If rate structures are based on metered use,
    - b. Can include backflow prevention devices if installed in conjunction with water meter.
  3. Replacing existing broken/malfunctioning water meters with:
    - a. Automatic meter reading systems (AMR) for example:
      - (1) Advanced metering infrastructure (AMI)
      - (2) Smart meters.
    - b. Meters with built in leak detection.
    - c. Can include backflow prevention devices if installed in conjunction with water meter replacement.
  4. Retrofitting/adding AMR capabilities or leak equipment to existing meters (not replacing the meter itself).
  5. Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction of demand to alleviate the need for additional capital investment. For standard practices, refer to AWWA M36

Water Audits and Loss Control Programs. Free Water Audit Software is available through AWWA.

6. Developing conservation plans/programs reasonably expected to result in water conserving capital projects or in reduction in water demands to alleviate the need for additional capital investment. For standard practices see AWWA M52 Water Conservation Programs – A Planning Manual.
  7. Recycling and water reuse projects that replace potable sources with non-potable sources,
    - a. Gray water, condensate, and wastewater reuse systems (where local codes allow the practice).
    - b. Extra treatment equipment costs and distribution pipes associated with water reuse.
  8. Retrofit or replacement of existing landscape irrigation systems to more efficient landscape irrigation systems, including moisture and rain sensing controllers.
  9. Projects that result from water efficiency related assessments (such as water audits, leak detection studies, conservation plan, etc.) as long as the assessments adhered to the standard industry practices referenced above.
  10. Distribution system leak detection equipment, portable or permanent.
  11. Automatic flushing systems (portable or permanent).
  12. Pressure reducing valves (PRVs)
  13. Internal plant water reuse as allowed by the rules and regulations pertaining to Public Drinking Water (Part [1](#) of this Subchapter).
- C. Projects That Do Not Meet the Definition of Water Efficiency
1. Covering open finished water reservoirs – Federally mandated, so not considered “above and beyond.”
- D. Decision Criteria for Business Cases
1. Water efficiency can be accomplished through water saving elements or reducing water consumption. This will reduce the amount of water taken out of rivers, lakes, streams, groundwater or other sources.



2. Water efficiency projects should deliver equal or better services with less net water use as compared to traditional or standard technologies and practices.
3. Efficient water use often has the added benefit of reducing the amount of energy required by a drinking water system, since less water would need to be treated and transported; therefore there are energy and financial savings.
4. Proper water infrastructure management should address where water losses could be occurring in the system and fix or avert them. This could be achieved for example, by making operational changes or replacing aging infrastructure.

E. Example Projects Requiring a Business Case

1. Water meter replacement with traditional water meters (see AWWA M6 Water Meter –Selection, Installation Testing and Maintenance).
2. Distribution pipe replacement or rehabilitation to reduce water loss and prevent water main breaks (see AWWA M28 Rehabilitation of Water Mains).
3. Storage tank replacement/rehabilitation to reduce water loss.
4. New water efficient landscape irrigation system.

### 6.12.6 Energy Efficiency

- A. Energy efficiency is the improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Refer to EPA's website for further information on energy efficiency.
- B. Categorical Projects. EPA has concluded that existing literature does not support a twenty percent (20%) energy efficiency improvement threshold for drinking water system. Therefore, there is no categorical twenty percent (20%) threshold for pumping/ treatment systems for the DWSRF. A business case is required.
  1. Renewable energy projects, which are part of a larger public health project, such as wind, solar, geothermal, and micro-hydroelectric that provide power to a utility (. Micro-hydroelectric projects involve capturing energy from pipe flow.

- a. Utility-owned renewable energy projects can be located on-site or off-site.
  - b. Includes a portion of a publicly owned renewable energy project that serves the utility energy needs.
  - c. Must feed into the grid that the utility draws from and/or there is a direct connection.
2. Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas, which are reasonably expected in energy efficiency capital projects or in a reduction in demand to alleviate the need for additional capital investment.
  3. National Electric Manufacturers Association (NEMA) Premium energy efficiency motors
- C. Projects That Do Not Meet the Definition of Energy Efficiency
1. Simply replacing a pump, or other piece of equipment, because it is at the end of its useful service life, with something of average efficiency. (Note: replacing it with a higher efficiency equipment requires a business case)
  2. Hydroelectric facilities, except micro-hydroelectric projects. Micro-hydroelectric projects involve capturing the energy from pipe flow.
- D. Decision Criteria for Business Cases
1. Projects should include products and practices which will decrease environmental impact, such as reducing greenhouse gas emissions, and provide financial savings.
  2. Projects should include approaches to integrate energy efficient practices into daily management and long-term planning.
  3. Operator training in conjunction with any energy saving project is strongly encouraged in order to maximize the energy saving potential.
  4. Using existing tools such as Energy Star's Portfolio Manager to document the current energy usage and track anticipated savings.
- E. Example Projects Requiring a Business Case
1. Energy efficient retrofits, upgrades, or new pumping systems and treatment processes (includes variable frequency drives (VFDs)).

2. Pump refurbishment to optimize pump efficiency (such as replacing or trimming impellers if pumps have too much capacity, replacing damaged or worn wearing rings/seals/bearings, etc.).
3. Projects that result from an energy efficiency related assessments (such as energy audits, energy assessment studies, etc.), that are not otherwise designated as categorical.
4. Projects that cost effectively eliminate pumps or pumping stations.
5. Project that achieve the remaining increments of energy efficiency in a system that is already very efficient.
6. Upgrade of lighting to energy efficient sources (such as metal halide pulse start technologies, compact fluorescent, light emitting diode, etc.).
7. Automated and remote control systems (SCADA) that achieve substantial energy savings (see AWWA M2 Instrumentation and Control).

#### **6.12.7 Environmentally Innovative**

- A. Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way.
- B. Categorical Projects
  1. Total/integrated water resources management planning, or other planning framework where project life cycle costs (including infrastructure, energy consumption, and other operational costs) are minimized, resulting in communities adopting more efficient and cost-effective infrastructure solutions.
    - a. Plans to improve water quantity and quality associated with water system technical, financial and managerial capacity.
    - b. Planning activities by a utility to prepare for adaption to the long-term effects of climate change and/or extreme weather.
  2. Utility Sustainability plan consistent with EPA's SRF Sustainability policy.
  3. Greenhouse gas (GHG) inventory or mitigation plan and submission of a GHG inventory to a registry (such as Climate Leaders or Climate Change Registry), if for a facility which is eligible for DWSRF assistance.
    - a. EPA Climate Leaders

- b. Climate Change Registry
  - 4. Construction of United States Building Council LEED certified buildings, or renovation of an existing building, owned by the utility, which is part of an eligible DWSRF project.
    - a. Any level of certification (Platinum, Gold, Silver Certified)
    - b. All building costs are eligible, not just stormwater, water efficiency and energy efficiency related costs. Costs are not limited to incremental additional costs associated with LEED certified buildings.
- C. Projects That Do Not Meet the Definition of Environmentally Innovative
  - 1. Higher sea walls to protect water infrastructure facilities from sea level rise.
  - 2. Reflective roofs at water infrastructure facilities to combat heat island effect.
- D. Decision Criteria for Business Cases
  - 1. The State program is allowed flexibility in determining what projects qualify as innovative in their state based on unique geographical and climatological conditions.
    - a. Technology or approach whose performance is expected to address quality but the actual performance has not been demonstrated in the state; or
    - b. Technology or approach that is not widely used in the state, but does perform as well or better than conventional technology/approaches at lower costs; or
    - c. Conventional technology or approaches that are used in a new application in the state.
- E. Example Projects Requiring a Business Case
  - 1. Projects or components of projects that result from total/integrated water resources management planning (including climate change) consistent with the Decision Criteria for environmentally innovative projects and that are DWSRF eligible.

2. Application of innovative treatment technologies or systems that improve environmental conditions and are constant with the Decision Criteria for environmentally innovative projects.
  - a. Projects that significantly reduce or eliminate the use of chemicals in water treatment.
  - b. Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals.
  - c. Trenchless or low impact construction technology
  - d. Using recycled materials or reusing materials on site.
3. Educational activities and demonstration projects for water or energy efficiency such as rain gardens.
4. Projects that achieve the goals/objectives of utility asset management plans.

#### **6.12.8 Business Case Development**

- A. A business case is a due diligence document for those projects or portions of a projects, which are not included in the categorical projects listed in §§ 6.12.4(B), 6.12.5(B), 6.12.6(B), and 6.12.7(B) of this Part. A business case will be required to demonstrate that an assistance recipient has thoroughly researched anticipated 'green' benefits of a project. Business cases must be approved by the State in conjunction with the EPA prior to receiving a Certificate of Approval for the project or portion of the project which the assistance recipient seeks an additional Green Project Reserve (GPR) financial assistance subsidy. A GPR financial assistance subsidy shall be subject to availability of funds. The approved business case must be included in the assistance recipient project files and contain clear documentation that the project achieves identifiable and substantial benefits.
- B. Length of a Business Case
  1. Business cases should be adequate but not exhaustive.
    - a. There are many formats and approaches. State and EPA does not require any specific one.
    - b. Some projects will require detailed analysis and calculations, while others may not require more than one page.

- c. Limit the information contained in the business case to only the pertinent 'green' information needed to justify the project.
  2. A business case can simply summarize results from and then cite, existing documentation – such as engineering reports, water or energy audits, results of water system tests, etc.
- C. Content of a Business Case
  1. Business cases must address the decision criteria for the category project.
  2. Quantifiable water and/or energy savings or water loss reduction for water and energy efficiency projects shall be included.
  3. The costs and financial benefit of the project shall be included, along with the payback time period, where applicable.
- D. Items Which Strengthen Business Case, but Are Not Required
  1. Showing that the project was designed to enable equipment to operate most efficiently.
  2. Demonstrating that equipment will meet or exceed standards set by professional associations.
  3. Including operator training or committing to utilizing existing tools such as Energy Star's Portfolio Manager or CUPSS for energy efficiency projects
  4. Example Business Cases are available at <http://www.srfbusinesscases.net/>

### **6.13 Loan Program**

All loan requirements are contained in the Bank's loan policies and procedures

### **6.14 Project Administration and Audit**

The Department shall have the authority to inspect the construction and operation of approved projects for compliance with this Part.

### **6.15 Rules Governing Practices and Procedures**

All hearings and reviews required under the provisions of R.I. Gen. Laws Chapter 46-12.8, shall be held in accordance with the provisions of Practices and Procedures Before the Rhode Island Department of Health, Part [10-05-4](#) of this Title, and Access to Public Records, Part [10-05-1](#) of this Title.

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**TITLE 216 - DEPARTMENT OF HEALTH**

**CHAPTER 50 - ENVIRONMENTAL HEALTH**

**SUBCHAPTER 05 - WATER QUALITY**

PART 6 - DRINKING WATER STATE REVOLVING FUND (216-RICR-50-05-6)

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