



STATE OF RHODE ISLAND

STATE FISCAL YEAR (SFY) 2027 INTENDED USE PLAN

in support of the

**FEDERAL FISCAL YEAR (FFY) 2026 BASE, GENERAL SUPPLEMENTAL, LEAD
SERVICE LINE REPLACEMENT (INCLUDING THE REALLOTTED FUNDS
FROM FFY 2023 AND FFY 2024) 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

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 programmatic aspects of the program.

Consistent with EPA requirements, the DWSRF develops an annual Intended Use Plan (IUP) identifying the intended uses of the funds to support the goals of the program.

This Intended Use Plan (IUP) serves as the State of Rhode Island's application for the Environmental Protection Agency's (EPA) Federal Fiscal Year 2026 Drinking Water State Revolving Fund (DWSRF) Federal Capitalization Grant as authorized by §1452 of the Safe Drinking Water Act Amendments of 1996 (SDWA or the Act). The Bank and RIDOH have developed this IUP to describe how the State is intending to use the DWSRF funds for State Fiscal Year (SFY) 2027 (July 1, 2026, through June 30, 2027) provided by federal funds allocated to Rhode Island through the Base and Infrastructure Investment and Jobs Act (IIJA) appropriations for Federal Fiscal Year (FFY) 2026.

The IUP also details how programmatic requirements will be met by the State. Before developing the IUP, RIDOH solicits projects for inclusion on the Project Priority List (PPL). The annual PPL and IUP are developed collaboratively by the Bank and RIDOH and are subject to public comment and review.

In addition to the FFY2026 Base Federal Capitalization Grant of \$3,842,000, the Bank is applying for the following funds through the IIJA: \$24,888,000 under the DWSRF General Supplemental Grant, \$7,640,000 for the Emerging Contaminants Grant, \$27,456,000 for the Lead Service Line Replacement Grant, \$5,459,000 from the FFY2023 reallocated Lead Service Line Replacement funds, and \$5,861,000 from the FFY2024 reallocated Lead Service Line Replacement funds. As required by the Safe Drinking Water Act (SDWA), the Bank will provide the necessary 20% state match: \$768,400 for the Base Capitalization Grant and \$4,977,600 for the General Supplemental Grant. No state match is required for the Emerging Contaminants or Lead Service Line Replacement Grants. The required state match for both the Base and General Supplemental Grants was deposited into the DWSRF program on May 8, 2023 and December 22, 2023.

IIJA was signed on November 15, 2021, which provides significant investment for water and wastewater infrastructure improvements. The IIJA 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 FFY2026. This IUP reflects the fifth and final year of IIJA funding.

II. THE RHODE ISLAND DWSRF PROGRAM

A. Administration

The entities involved in the application for these Federal Capitalization Grants are the Bank and 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 as well as part of the Administration set-aside program.

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 2026. The Intended Use Plan (IUP) outlines the anticipated use of all available program funds and the financing methods that will be used to provide construction loans to Rhode Island-based water suppliers. Supporting documentation for sources and funding commitments is included as Attachments B and C to this document.

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.) 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

An Operating Agreement (OA), which establishes a mutual obligation between the EPA and the State of Rhode Island for the oversight of the Program, first implemented in December 1997, with the current OA being executed in 2018. 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 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 the annual Application and IUP. Several specific assurances necessary for submittal of an application are included in the OA. These include an assurance that the State:

- Has 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 2026. This includes the Federal Fiscal Year 2026 Base Capitalization Grant allotment of \$3,842,000; \$24,888,000 of DWSRF IIJA General Supplemental grant; \$27,456,000 of IIJA Lead Service Line Replacement Grant; \$5,459,000 of the reallocated FFY 2023 IIJA Lead Service Line Grant; \$5,861,000 of the reallocated FFY 2024 IIJA Lead Service Line Grant and \$7,640,000 of IIJA 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 making such a transfer in the near term if the need arises.

With the award of the Base Federal grant and IIJA 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 fund private and public lead service lines to minimize the adverse public health effects of lead. In addition to funding certain lead service line replacement projects with principal forgiveness and/or grants (in alignment with subsidy requirements outlined for IIJA Lead Service Line Replacement Capitalization Grants), the Bank will also make 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. With the introduction of a November 24, 2025 "Additional Eligibilities" memorandum by EPA, the State also intends to direct a portion of its funding to lead service line projects involving replacement or installation of integrated components under the IIJA DWSRF Lead Service Line

Replacement appropriation.

- **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, can fund projects for any contaminant on any of EPA's Contaminant Candidate Lists. The Bank anticipates providing all Emerging Contaminants funding in the form of principal forgiveness loans or grants, in alignment with subsidy requirements outlined for IJA Emerging Contaminants Capitalization Grants.

To determine which projects are to be funded by the Program, RIDOH annually prepares a PPL. Projects are funded based on ranking and readiness to proceed. Column headings in the PPL, such as "LSLR" and "EC," are intended to preliminarily identify projects that may be eligible for specific sources of funding or additional subsidy.

Projects expecting to need funding in the next fiscal year are identified in priority order. RIDOH has developed a "tie-breaking" procedure, bypass provisions, bypass for small systems procedure, and emergency projects procedure as part of its Drinking Water State Revolving Fund regulations, 216-RICR-50-05-6. If projects identified for funding in the IUP/PPL 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 ranking system, readiness to proceed, and availability of funds.

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 FFY2026, the format will remain the same in the event the State does not have the option of opting out in the future or choosing to implement GPR.

B. Revision to the IUP

This IUP is based upon projects listed on the PPL. Throughout the course of the year, the need may arise to amend this IUP, including the PPL. Public notice, including the opportunity for public comment, will be provided similarly to notification of 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. The Rhode Island Drinking Water State Revolving Fund regulations, 216-RICR-50-05-6, list the changes to the PPL that do not require

public solicitation of comments. Revised PPL versions, completed throughout the year, will not necessitate a public notice of the IUP. Following a public comment period, the PPL will then be inserted into the existing IUP.

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 public health protections, ensuring affordable drinking water, complying with the Act, and maintaining the long-term financial health of the Program.

Both entities will continue to administer all their respective proper rules, regulations, and policies to manage 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. Continue outreach efforts to small systems to educate and better promote the Program, and maintain a pipeline of projects eligible for 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. Continue ongoing collaboration with water systems, including rigorous monitoring of ULOs and exploration of opportunities to optimize funding timelines with borrowers, expediting liquidation of obligations.

#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.

#8: Modify Program scoring criteria to consider the Project's readiness to proceed when ranking projects on the PPL.

#9: Train RIDOH Program Managers to oversee a Project's progress through the Program, including, but not limited to scoring and ranking, Certificate of Approval, and review of pay requests.

#10: Continue and expand outreach efforts to promote the availability of LSLR funding, through webinars, guidance materials, and targeted engagement based on existing lead service line data, with the goal of supporting continued compliance with applicable federal and state statutes and regulations.

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: Through effective management, 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 ensure continuance of loan funds for future generations.

#9: Provide financial assistance in the form of grants or 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: Expedite the detection and mitigation of PFAS and eligible emerging contaminants by providing targeted financial and technical assistance to impacted communities.

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

#14: Adequate staffing at RIDOH

D. Program Issues and Initiatives

As of May 15, 2026, and for the life of Program, the Bank has made 126 DWSRF loans totaling \$791,410,721. Projects on the draft SFY 2027 PPL total \$1,457,323,996 and the total amount of projects that can be funded this year totals \$111,720,075 (See Attachment C, Anticipated Loan Commitments for SFY2026); therefore, the Bank estimates its funding gap to be \$1,268,303,921.

The sources, as shown in Attachment B, equal \$189,020,075 and total uses equal \$189,020,075. The uses include \$77,300,000 in committed construction loans that are currently being disbursed. The anticipated loan commitments for SFY27 total \$111,720,075, reflecting the financing applications received by the Bank as of May 15, 2026. The Bank's available sources are expected to meet its projected uses. The Bank continues to market its program through social media efforts and hosting information sessions on how to apply to the program and the benefits of utilizing the DWSRF. Additionally, the Bank and RIDOH are working with small systems technical assistance providers to reach out to small systems. It is the Bank's intention to utilize all capitalization grant funds.

As of May 15, 2026, the Bank projects closing loans totaling \$111,720,075 in SFY27. A detailed list of these anticipated loan commitments is provided in Attachment C. The Bank expects this number to increase as more financing applications are submitted by borrowers. Through the Bank's and

RIDOH's outreach and marketing efforts, we anticipate the need to far exceed current sources.

To prevent the PPL from becoming a "wish list" and to accurately forecast the State's immediate funding requirements, RIDOH's annual solicitation letter instructs water systems to submit only those projects that are slated to begin construction within the next two years. As part of this effort, all systems are required to provide updated project information annually, including cost estimates, construction timelines, and project specifics, ensuring each project is appropriately ranked.

Starting in SFY26, the program introduced planning and design loans. These loans are intended to assist communities that need to complete infrastructure projects but lack the reserves necessary to pay for engineering services up front.

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.

Set-aside monies will be used according to the work plans prepared for each set-aside. With this application, the State will be utilizing \$153,680 of the Base Administrative Set-aside; \$384,200 of the Base State Program Management Set-aside; \$576,300 of the Base Local Assistance Set-aside and \$76,840 for the Base Technical Assistance Set-aside. More detail regarding set-aside use is discussed in Section IV. Attachment F shows the historical base capital grants and set-aside amounts, including for IIJA.

IV. FINANCIAL PLAN AND STRUCTURE FOR THE DWSRF

On a regular basis and an applicable basis, the Bank coordinates with RIDOH, borrowers, and its 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 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 2027. The Sources and Uses table can be found in Attachment B. The use of these funds is expected to begin in SFY2027. The financing capability of this IUP is based upon the total Base, IIJA General Supplemental, and Emerging Contaminant and Lead Service Line Replacement Grants, less the amounts designated for the set-aside programs, plus the FFY26 State Match, plus available State Match Funds (carried over from prior federal fiscal year state matches), 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 anticipated FFY2026 DWSRF Base Capitalization Grant of \$3,842,000, the required 20% state match is \$768,400.00. The Bank also expects to receive \$24,888,000 through the IIJA General Supplemental Grant, which requires a 20% state match of \$4,977,600. The full state match for both the Base and IIJA General Supplemental Grants was received and deposited into the DWSRF program on May 8, 2023 and December 22, 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, will be based on a useful/design life determination, 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 way the EPA and the Bank will agree on to

allow for maximum Capitalization Grant draws. The Program anticipates deposits into the ASAP account for the FFY26 capitalization grant as per the following schedule for the Base DWSRF Capitalization Grant; General Supplemental; LSLR 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.

F. FIFO (First-In, First-Out)

In response to the Performance Evaluation Report (PER), the Rhode Island Infrastructure Bank has developed a formal First-In, First-Out (FIFO) Implementation Plan for the Drinking Water State Revolving Fund (DWSRF) Program. While the Bank remains committed to maximizing FIFO compliance, it recognizes certain structural limitations within its current loan funding model. To address this, the Bank will enhance its financial tracking systems, strengthen internal controls, and revise disbursement procedures. Key actions include regular review of draw schedules, monitoring of weekly disbursements, updating funding sources for large draws, monthly reconciliation with EPA ULO reports, and staff training on FIFO procedures. These measures were implemented as of June 2, 2025. The FIFO Implementation Plan is provided in Attachment N.

G. Additional Subsidization

Under the Congressional Additional Subsidy Authority, the Bank is required to use at least 14% of the Base Capitalization Grant to provide additional subsidy to eligible recipients in the form of principal forgiveness or grants. In addition, through IIJA, the SDWA mandates that states use at least 12% (but no more than 35%) of the Base Capitalization Grant to provide additional subsidy to Disadvantaged Communities in the form of principal forgiveness or grants. The required amounts are shown in Attachment G.

The IIJA General Supplemental and IIJA Lead Service Line Replacement Grants each require 49% of the respective portions to be provided as additional subsidy to Disadvantaged Communities. The IIJA Emerging Contaminants Grant requires 100% to be provided as additional subsidy, with 25% going to Disadvantaged Communities or public water systems serving fewer than 25,000 people. The amounts are shown in Attachment G.

Priority for principal forgiveness or grants will be given to small drinking water system projects that are on the PPL, have a Certificate of Approval, and are ready to proceed. “Emergency” water quality projects will be given priority regardless of PPL ranking. Each qualifying small drinking water system will be eligible to receive up to \$100,000 in principal forgiveness, with the possibility of receiving additional principal forgiveness at the Bank’s discretion based on project needs and merits. Additional principal forgiveness may be available for systems serving school districts. Total

principal forgiveness will not exceed the total project cost 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, discussed later in this IUP. Attachment G shows the subsidy requirements for FFY26 Base and IJA capitalization grants.

Attachment H details the remaining additional subsidy from previous years that has yet to be allocated to projects. In the 2026 Annual Report, the Bank will address the reasons for the delay in committing these funds to loan agreements and will provide a plan detailing which projects will use the remaining subsidy. This plan will detail milestones for each project, demonstrating the steps needed to finalize the loan agreements.

H. 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.

I. 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. RIDOH shall determine the eligibility of project costs based on federal eligibility guidelines. RIDOH has developed the project priority ranking 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 will be 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 but are not limited to:

- 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.

J. 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 IJJA 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.

K. 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 issued to provide 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.

L. Set-Aside Uses

RIDOH administers the set-aside programs targeted at assisting water supply systems in meeting the Program's broad-based goals. Attachment O provides a schedule for the use of set-aside funds, inclusive of FFY26 funding and carryover funds. Additionally, Attachment F illustrates the dollars requested for the Base and IJA Federal Capitalization Grant set-aside programs. A discussion of each set-aside program follows:

1) Base Capitalization Grant

A) 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 \$153,680 (4%) of the FFY26 Base capitalization grant request for administrative set-aside costs. The Bank will utilize \$76,840 (2%) for various purposes in fulfilling its administrative oversight responsibilities for the financial aspects of the program. RIDOH will utilize \$76,840 (2%) to cover expenses incurred in carrying out its programmatic responsibilities for the program.

B) Base Technical Assistance for Small Systems

The State plans to utilize \$76,840 (2%) for technical assistance. Base technical assistance set-aside monies can be used for technical training of, and assistance and outreach to, small public water systems operators, specifically targeting operation and maintenance issues, including water quality improvement and compliance with the SDWA. In SFY27, the Base Technical Assistance set-aside funding will be used to fund a portion of one RIDOH staff to provide technical training and outreach. The Base technical assistance set-aside workplan describes planned sources and uses in more detail and includes a line-item budget.

C) 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 \$384,200 (10%) of the grant request. RIDOH uses the Base SPM set-aside to fund various activities that 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 its 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 through the Operator Certification and Capacity Development programs.

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

D) Base Local Assistance

The State will be utilizing \$576,300 (15%) of the Base Capitalization Grant for 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 SFY27, RIDOH staff will deliver these services. The Base local assistance set-aside workplan describes planned sources and uses in more detail and includes a line-item budget.

2) General Supplemental Grant

A) General Supplemental Administration

RIDOH and the Bank will use \$955,861 (3.84%) of General Supplemental administrative set-aside funds to manage the Program. With this application, RIDOH will be utilizing \$458,101 (1.84%) and the Bank will be utilizing \$497,760 (2%) for various purposes related to performing its administrative oversight responsibility of the financial aspects of the program. The administration and technical assistance set-aside workplan describes planned sources and uses in more detail and includes a line-item budget. RIDOH intends to reserve the additional \$39,659 (0.16%) in set-aside funds from the FFY26 grant to reserved authority to take from a future award.

B) General Supplemental Technical Assistance for Small Systems

The State plans to utilize \$407,940 (1.64%) of FFY2026 General Supplemental technical assistance set-aside funds and reserve \$89,820 (0.36%) 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 their water quality 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 SFY27, the General Supplemental technical assistance set-aside funding will be used to fund a portion of three 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 sources and uses in more detail and includes a line-item budget.

C) 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 \$2,488,800 (10%).

RIDOH will use the General Supplemental SPM set-aside to fund various activities that 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 RIDOH; 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 its 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 through the Operator Certification and Capacity Development programs.

The Supplemental SPM set-aside workplan describes planned sources and uses in more detail and includes a line-item budget.

D) General Supplemental Local Assistance

The State will be utilizing \$1,547,916 (6.22%) 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 by office staff, contracted services, and laboratory equipment. The Supplemental Local Assistance set-aside workplan describes planned sources and uses in more detail and includes a line-item budget.

3) Lead Service Line Replacement Grant

A) 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 \$259,046 (0.67%) and reserving \$516,474 (1.33%) for various purposes related to performing its administrative oversight responsibility of the financial aspects of the program. The Bank will be taking a \$775,520 administrative set-aside (2%).

B) 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 and will reserve \$775,520.

C) 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 \$111,886 (0.29%) of the grant request and will reserve \$3,765,714 (9.71%). RIDOH will use the Lead Service Line Replacement SPM set-aside to fund 50% of a RIDOH Environmental Scientist II dedicated to tasks related to lead service line replacements and 10% of a Lead and Copper Rule Revisions/Improvements supervisor.

D) Lead Service Line Replacement Local Assistance

The State will be utilizing \$597,573 (1.54%) 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 II dedicated to work on water system assistance related to lead service line replacements. RIDOH is also funding a technical assistance contract for lead service line inventories, outreach, education, scoping, planning, data standardization, verification, and SRF application assistance. The contract started in Spring 2024.

4) Emerging Contaminants Grant

A) Emerging Contaminants Administration

RIDOH will use the annual allotment of IJJA Emerging Contaminants administrative set-aside funds to manage the Program. With this application, RIDOH will be utilizing \$152,800 (2%) for various

purposes related to performing its administrative oversight responsibility of the financial aspects of the program, including contractors and RIDOH staff. The Bank will be taking a \$152,800 administrative set-aside (2%).

B) 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.

C) 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 \$452,079 (5.92%) of the grant request and will reserve \$311,921 (4.08%). RIDOH will use the Emerging Contaminant SPM set-aside to fund 60% of a RIDOH Senior Environmental Scientist dedicated to tasks related to PFAS, 5% to 50% of a few environmental engineers, 10% for an emerging contaminants supervisor, 15% of a laboratory QAQC officer, as well as a contractor for legal guidance.

D) Emerging Contaminant Local Assistance

The State will be utilizing \$54,708 (0.72%) of the grant request for Emerging Contaminant Local Assistance activities. RIDOH will use the Emerging Contaminant Local Assistance set-aside to fund 30% of a RIDOH Environmental Scientist dedicated to provide water system assistance related to PFAS.

E) Emerging Contaminant Binding Commitments Plan

The Bank and RIDOH continue to work closely with borrowers to ensure Emerging Contaminant binding commitments are met. On February 25, 2026, the Rhode Island Infrastructure Bank entered into a loan with the Kent County Water Authority to finance the design and construction of the system's East Greenwich Well Treatment Facility based upon the approval of the Rhode Island Department of Health (issued December 30, 2025). The \$25 million loan includes \$5,636,216 of FFY2022 IIJA Emerging Contaminant and \$1,888,750 of FFY2023 IIJA Emerging Contaminant Capitalization Grant funding provided as principal forgiveness.

Further, the Bank and RIDOH continue to coordinate with the Kingston Water District, which has been obligated \$12,850,00 for the Design and Installation of PFAS Treatment Facility at Kingston's Well #3. RIDOH is nearing approval of the District's pilot study proposal. Upon completion of the pilot study, environmental review, and preliminary engineering design review, the Bank and RIDOH anticipate proceeding entering into a binding commitment by the end of calendar year 2026. In addition to Program funding, \$2,150,000 in Emerging Contaminant in Small or Disadvantaged Communities Grant funding has been allocated to support the completion of the District's project.

Notably, the Bank and RIDOH have continued to coordinate with several borrowers developing

emerging contaminant projects around the state, including the University of Rhode Island and Town of North Kingstown. The Bank and RIDOH anticipate proceeding with an award to the University of Rhode Island to design and construct a permanent PFAS Removal Water Treatment Plant in SFY26. The project is expected to be funded across two awards: a planning and design phase award, and a construction phase award.

The program has additionally received interest from the Town of North Kingstown for a proposed \$12 million Replacement Well and PFAS Treatment Project, the Town of Westerly for a proposed \$26.5 million for the design and installation of a PFAS treatment system, and the City of Pawtucket for a proposed \$20 million for the rehabilitation of existing ground water wells, construction of a new well enclosure, and implementation of PFAS and other emerging contaminant treatment systems. The Bank continues to coordinate with these municipal water systems on anticipated project budgets and timelines and expects to establish whether the projects will proceed with financing in SFY27 shortly.

Further, the Bank and RIDOH remain in close contact with borrowers to ensure projects are proceeding efficiently through the technical and financial approval processes, and to ensure the expeditious obligation and disbursement of IJIA Emerging Contaminant funding.

To support compliance with EPA's binding commitment requirements, the Bank and RIDOH will continue to engage in proactive communication with eligible entities, provide technical and financial guidance, and expand outreach efforts to public water systems with known emerging contaminant exceedances.

V. PROJECT PRIORITY SYSTEM

RIDOH utilizes a point system to rank drinking water projects preliminarily deemed eligible to receive funding from the Program. Projects that address acute public health issues will receive the highest priority with projects that address chronic and long-term public health issues receiving the next highest number of priority points. The ranking criteria also consider issues related to compliance with state and federal drinking water standards and requirements.

Communities will receive additional priority points for projects considered "ready to proceed." For purposes of allocating points for the PPL, RI has defined readiness to proceed as follows:

- For planning/design projects, having a consultant under contract;
- Submitting an Engineering application to RIDOH;
- Submitting an Application for Certification of Approval to RIDOH;
- Submitting a Request for Environmental Review/Categorical Exclusion;
- Submitting a Loan Application to the Bank.

Note that readiness to proceed parameters are considered cumulatively for scoring purposes.

RIDOH updated the priority ranking sheet for SFY 2027 for the following Program priorities:

- Readiness to Proceed
 - (For Planning/Design Projects) Consultant is under contract
- Infrastructure Replacement or Upgrade
 - Lead Service Lines
 - Percentage Known Private Lead Service Lines - Calculate points by multiplying the percentage of known private lead service lines (out of total private service lines)¹ by 5; rounding up to nearest whole number.

Provided in Attachment A of this IUP is a copy of the Project Priority Ranking Worksheet that RIDOH developed and utilized for ranking projects on the SFY 2027 PPL.

Each year, all eligible public drinking water systems will be asked to submit information about projects for which they are requesting funding for the next state fiscal year. The information will be reviewed by RIDOH and then given a priority ranking score. Projects preliminarily deemed eligible and their respective information will be listed in priority order on the PPL. The PPL will include the following information: name of system, Public Water System (PWS) ID number, population served, anticipated project start date, estimated dollar amount to be funded by the Program, project priority ranking score, and brief project description. There are additional columns included in the PPL, such as “LSLR” and “EC” which are intended to preliminarily identify projects that may be eligible for specific sources of funding or additional subsidy. Also of note, select DWSRF recipients may be eligible to receive co-funding from the Federal grant program, Emerging Contaminants in Small or Disadvantaged Communities (EC-SDC), and – though not distinctly highlighted in the PPL – projects that have received EC-SDC grant agreements and/or Congressionally Directed Spending (CDS) grants may also be included and may ultimately be funded by the EC-SDC or CDS instead of the DWSRF.

VI. LIST OF PROJECTS TO BE FUNDED

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 noticed for public review on June 5, 2026, along with the draft SFY2027 IUP, and can be found on RIDOH’s Program webpage.²

All eligible projects that receive a Certificate of Approval from RIDOH and are ready to proceed may be funded.

¹ Note that this parenthetical in the Project Priority Ranking Sheet (Attachment A of this IUP) refers to “private *lead* service lines” but the inclusion of “lead” in that parenthetical was a mistake.

²<https://health.ri.gov/drinking-water-quality/drinking-water-state-revolving-loan-fund>

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

RIDOH contracts with industry partners and vendors to provide services to prepare small public water systems 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 (FIP) completed either independently or by the vendor with which RIDOH contracts. The requirement for a FIP 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 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 also 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; a determination will be made by RIDOH and the Bank.

A. Green Project Reserve

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 FFY2012, the format will remain the same in the event the State does not have the option of opting out in the future or choosing to implement GPR again.

B. Emergency Power Generator Initiative

Included in the small water systems comprehensive strategy will be a focus on accelerating improvements, including the installation of emergency generators or renewable energy systems, that will increase the resilience 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 Section VIII in the IUP.

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 IV. F: Additional Subsidization.

Small systems, serving 10,000 users or fewer, will be eligible to receive up to \$100,000 in principal forgiveness, with the possibility of receiving additional principal forgiveness at the Bank's discretion based on project needs and merits. Total principal forgiveness will not exceed the total project cost and is subject to the availability of funds. Funding decisions will be made by considering the system's ranking on the PPL combined with its 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 make an effort to 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 will routinely distribute DWSRF fact sheets to small water systems and their contract operators as needed;
- 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 contact small systems that need improvements throughout the year to assist with potential project evaluations.

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 explicitly targeting small drinking water systems;
- The Bank will assist with income surveys for very small disadvantaged systems to support with the affordability analysis needed when considering additional principal forgiveness commitments greater than \$100,000;
- The Bank and RIDOH will identify other funding and financing programs that have the potential to co-fund projects;
- The Bank will assist small drinking water systems with energy efficiency technical assistance, such as energy audits through partnership with RI Energy's energy efficiency team;
- RIDOH and the Bank will continue to update a small drinking water system technical assistance guide, including additional grant and financing options; and
- RIDOH will provide direct technical assistance to assist PWSs in completing the Certificate of Approval application 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 to principal forgiveness funds over other applicants. 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 criteria include 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.
- Small drinking water systems will be eligible to receive up to \$100,000 in principal forgiveness, with the possibility of receiving additional principal forgiveness at the Bank's discretion based on project needs and merits. Total principal forgiveness will not exceed the total project cost and is 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 its municipalities and drinking water utilities. Entities with an Affordability Index, described below, less than the statewide average, may qualify for additional subsidization in the form of principal forgiveness. Indexed entities are grouped into tiers, with tiers further below the statewide average qualifying for increased levels of subsidization.

Once every two years, prior to the release of the Intended Use Plan for the state fiscal year, the Bank shall use current data, funding availability and expected loan volume to update the calculation, tiers and thresholds; the Bank may also establish additional eligibility provisions at its discretion. All RI municipalities and selected drinking water entities 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:

Affordability Index = Median Household Income * Employment Rate * Population Ratio

- **Median Household Income³** is a widely accepted metric of resident's ability to afford the cost of infrastructure projects. A community with higher median household income suggests greater ability to afford the cost of infrastructure.

³ Median Household Income data

Municipalities and drinking water/wastewater systems serving over 10,000: Data source: US Census Bureau, 2020-2024 American Community Survey 5-Year Estimates Tables S1901 Median Income in the Past 12 Months (2024 Inflation-Adjusted Dollars) and B19301 Per Capita Personal Income in the Past 12 Months (2024 Inflation-Adjusted Dollars). Accessed April 2026. Link: <https://dlt.ri.gov/sites/g/files/xkgbur571/files/2026-01/towninc.pdf>

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).

- **Employment Rate**⁴ 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**⁵ is the ratio of the current US Census Bureau Decennial Census population to the previous Decennial 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 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 of 75% or less of the statewide average shall be designated a Tier 1 entity; systems with an Affordability Index between 76% and 89% shall be designated a Tier 2 entity; systems with an Affordability Index between 90% and 100% of the statewide average shall be designated a Tier 3 entity. Unless otherwise determined by the Bank, 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 Public Community Water System or a non-transient, non-community (NTNC) school.

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. U.S. Census Bureau. "Income in the Past 12 Months (in 2024 Inflation-Adjusted Dollars)." American Community Survey, ACS 5-Year Estimates Subject Tables, Table S1901. Accessed April 2026. Link:

[https://data.census.gov/map/0400000US44,44\\$1400000/ACSST5Y2024/S1901?q=S1901:+INCOME+IN+THE+PAST+12+MONTHS+\(IN+2024+INFLATION-ADJUSTED+DOLLARS\)&layer=VT_2024_140_00_PY_D1&loc=41.6809,-71.4897,z8.5936](https://data.census.gov/map/0400000US44,44$1400000/ACSST5Y2024/S1901?q=S1901:+INCOME+IN+THE+PAST+12+MONTHS+(IN+2024+INFLATION-ADJUSTED+DOLLARS)&layer=VT_2024_140_00_PY_D1&loc=41.6809,-71.4897,z8.5936)

⁴ Employment data is from the RI DLT 2025 Annual Average Labor Force Statistics. Accessed April 2026. Link: <https://dlt.ri.gov/labor-market-information/data-center/unemployment-ratelabor-force-statistics-la.us>. Data source: RI DLT, Labor Market Information. Updated 04/2026.

Water systems entirely in one census tract such as University of Rhode Island use census tract level data from the 2024 American Community Survey 5-Year Estimates. Accessed April 2026. Link: https://data.census.gov/map/1400000US44009051400/ACSDP5Y2024/DP03?layer=VT_2024_140_00_PY_D1&loc=41.4561,-71.5163,z8.932

⁵ Population data is from RI Division of Statewide Planning. Accessed April 2026. Link: <https://dlt.ri.gov/sites/g/files/xkgbur571/files/documents/pdf/lmi/townpop.pdf> Source: US Census Bureau, 2020 Census and 2010 Census.

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

The table below describes the SFY27 and SFY28 Tiers with eligible communities listed. Entities not listed are either not eligible or have not been indexed.

Table 1: SFY27 and SFY28 Tiers with eligible communities
(% = Community Index as Percentage of State Index)

Tier 1 Affordability Index 75% or less	Tier 2 Affordability Index 76 - 89%	Tier 3 Affordability Index 90% - 100%
University of Rhode Island 47% City of Central Falls 62% Smithfield Water Supply Board 66% City of Woonsocket 69% Woonsocket Water 71% Woonsocket WWTF 75%	City of Providence 79% City of Pawtucket 79% Pawtucket Water Supply Board 83% City of East Providence 83% Narragansett Bay Commission 84% Providence Water Supply Board 89%	Town of West Warwick 90% West Warwick WWTF 92% City of Newport 96% Town of North Providence 97% Town of Narragansett 97% Clear River Electric and Water District 97% City of Warwick 98% Newport WWTF 99% Note: Funding only available in this tier if no ready-to-proceed projects remain in Tier 1 and Tier 2

a) Allocating Principal Forgiveness

The Bank will utilize the table below to determine eligibility and the amount of anticipated principal forgiveness. Entities classified as Tier 1 and Tier 2 will qualify for an allocation of principal forgiveness. Tier 3 entities will qualify in the event no Tier 1 or Tier 2 entities have applied for funding. In the event no Tier 1, 2 or 3 entities apply for funding, and subject to the availability of principal forgiveness funds, an entity which does not qualify (i.e. is not classified as Tier 1, 2 or 3) but has qualifying census tracts located within the service area, may be provided with a prorated principal forgiveness amount based on the percentage of work to be performed in those areas.

Table 2: SFY27 and SFY28 Tiers with thresholds and anticipated principal forgiveness

Tier	Index Threshold	Anticipated DW SRF Principal Forgiveness
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Tier 1	0-75% of state average	40% of project cost for projects meeting priority dates
Tier 2	76-89% of state average	20% of project cost for projects meeting priority dates
Tier 3	90-100% of state average	Funding possible in this tier if no ready-to-proceed projects remain in Tier 1 and Tier 2 (up to 20% of project cost)
All projects		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 to be determined based on pool of ready-to-proceed projects and funding availability. Ready-to-proceed status requires projects to have been bid and to have obtained borrowing authority.

The Bank strives to accommodate all borrowers. Projects meeting priority dates shall be allocated principal forgiveness first; any remaining principal forgiveness shall be allocated in the order in which ready-to-proceed financial applications are received. Principal forgiveness amounts are contingent upon funding availability and readiness to proceed. Final determinations on principal forgiveness will be made in connection with closing a loan. The Affordability Criteria is included as an attachment to the IUP (Attachment M).

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 and Tier 2 will qualify for an allocation of principal forgiveness. Tier 3 entities will qualify in the event no Tier 1 or Tier 2 entities have applied for lead service line replacement funding. In the event no Tier 1, 2 or 3 entities apply for lead service line replacement funding, and subject to the availability of principal forgiveness funds, an entity which does not qualify (i.e. is not classified as Tier 1, 2 or 3) but has qualifying census tracts located within the service area, may be provided with 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 assess 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 SFY27 with affordability-based principal forgiveness include:

- Providence Water \$26,200,000
- Pawtucket Water Supply Board \$5,000,000
- Clear River Electric and Water District \$100,000
- Woonsocket Water Division \$990,000

c) Emerging Contaminants-Principal Forgiveness Allocation

The State will provide 100% of the Emerging Contaminants Grant, \$6,827,613 (\$7,640,000 minus \$812,387 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 people. Funds can be used for addressing eligible contaminants (listed on the EPA's latest Contaminant Candidate List) with a focus on PFAS.

Emerging Contaminant projects expected to close in SFY27 with principal forgiveness include:

- Kingston Water District \$15,000,000
- University of Rhode Island \$2,500,000

The Bank and RIDOH continue outreach to promote the availability of Emerging Contaminant Grant funding and principal forgiveness and are actively coordinating with several systems that are developing eligible emerging contaminant projects, including the Town of North Kingstown, Town of Burrillville, Town of Westerly, and City of Pawtucket.

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 PPL 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.

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, agreement to comply with federal crosscutters, agreement to enter into binding commitments, and agreement to the timely

expenditure of funds.

Statements of Compliance

Statement of Federal Compliance

As required by 40 CFR § 35.3550(a), the State of Rhode Island agrees to comply with all applicable federal requirements, including:

- 2 CFR Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; the EPA general assistance regulations under 2 CFR Part 1500; and
- All specific conditions of the grant as outlined in the DWSRF capitalization grant agreements.

Statement of Compliance with Timely and Expeditious Use

The State of Rhode Island has committed to expend all DWSRF program funds as efficiently and expeditiously as possible in accordance with § 35.3550.

Statement of Compliance with Federal Cross-Cutting Authorities:

The State of Rhode Island has reviewed all DWSRF program funded projects and activities for compliance with Federal cross-cutting authorities that apply to the State as a grant recipient and those which apply to assistance recipients in accordance with § 35.3575.

Statement of Compliance with State Environmental Review Process

The State of Rhode Island has reviewed all DWSRF program funded projects and activities in accordance with approved State environmental review procedures under § 35.3580.

Statement of Compliance with Davis Bacon

The State of Rhode Island has reviewed all DWSRF program funded projects and activities for compliance with the DWSRF grant agreements' programmatic terms and conditions for Davis-Bacon Labor Standards.

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 sum of 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.” The selected equivalency project(s) must complete certain federal requirements. Federal Funding Accountability and Transparency Act (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.
- Signage – documented in the assistance agreement.
- FFATA – Federal Financial Accountability and Transparency Act – documented by reporting via Sam.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.
- Other federal Crosscutters not listed here – documented in the assistance agreement.

Projects may have additional applicable federal requirements not listed here.

Rhode Island currently applies equivalency for reporting purposes to the following federal requirements:

- Federal Financial Accountability and Transparency Act (FFATA)
- Build American Buy America Act (BABA)

All other equivalency requirements including Disadvantaged Business Enterprise (DBE), Signage (for all capital projects), Telecom Equipment & Services 2 CFR 200.216 and Executive Order Flood Mitigation, and other federal crosscutters are applied to all DWSRF projects, regardless of source of funding.

On a regular basis, the Bank and RIDOH collaborate to assess the loan pipeline, pinpointing projects that satisfy the specified equivalency criteria. These selected projects will be documented in the Annual Report by both the Bank and RIDOH.

The Bank and RIDOH can combine both the Base and IIJA General Supplemental funds to comply with the equivalency requirements and designate a project(s) equal to the amount of the capitalization grants as federal projects.

Equivalency cannot be applied to the IIJA Emerging Contaminants and Lead Service Line Replacement capitalization grants. Projects funded by these grants must meet all federal requirements.

In SFY2026, The Bank reported the Lincoln Water Commission (including a water main replacement and LSL loan), Prudence Park Water Association, Inc., Providence Water Supply Board (including a

water main rehabilitation and LSL loan) and Kent County Water Authority to support equivalency 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 maintaining transparency and accountability in accordance with the Federal Funding Accountability and Transparency Act (FFATA). Reporting requirements are now available on SAM.gov. At the time of loan closing, the Bank will designate the borrower(s) responsible for FFATA reporting.
- 2) EPA SRF Database** – This system was updated, consolidating multiple reporting databases, including the former Project Benefits Reporting (PBR) and National Information Management System (NIMS). Project milestones and other pertinent information are 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 DWSRF 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.

On April 3, 2025, EPA issued RAIN-2025-G02, which established a class exception to certain DBE requirements. Effective immediately, EPA has suspended:

- a. FSO requirements under 40 CFR Part 33, Subpart D;
- b. Recipient DBE reporting requirements under 40 CFR §33.502; and
- c. Compliance and enforcement provisions under 40 CFR §33.105.
- d. Collection of EPA Form 5700-52A as a condition of closeout.

These changes apply to all EPA assistance agreements and are reflected in the updated FY 2025 EPA General Terms and Conditions.

- 4) Single Audit Act** – In accordance with the Single Audit Act and 2 CFR Part 200, Subpart F (Uniform Guidance), the Bank agrees to obtain a Single Audit conducted by an independent auditor if it expends \$1,000,000 or more in total federal funds in any fiscal year. The Bank must submit a copy of the SF-SAC (Data Collection Form) and the Single Audit Report Package to the Federal Audit Clearinghouse either within nine months after the end of its fiscal year or within 30 days of receiving the auditor’s report, whichever is earlier. All projects receiving federal funds are notified of the Single Audit requirements, regardless of the amount. However, only sub-recipients that expend \$1,000,000 or more in federal funds during a fiscal year are 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)** – American Iron and Steel (AIS) – The American Iron and Steel (AIS) requirement was originally enacted through Public Law 113-76 on January 17, 2014, adding a new federal mandate under Section 436 that applied to all drinking water infrastructure construction projects funded through the Drinking Water State Revolving Fund (DWSRF). This requirement has been reaffirmed annually through subsequent appropriations. On November 15, 2021, the Infrastructure Investment and Jobs Act (IIJA) was signed into law by President Biden. The IIJA made the AIS requirement permanent for all DWSRF construction projects moving forward. To ensure compliance:
- a. All loan agreements include provisions requiring adherence to AIS requirements;
 - b. RIDOH ensures AIS language is included in all Requests for Proposals (RFPs) and contracts;
 - c. RIDOH communicates AIS requirements during and after the bidding process, and conducts field verifications to confirm compliance during project implementation; and
 - d. RIDOH verifies AIS compliance in its review of pay requisitions.
- 7) **Build America Buy America (BABA)** – IIJA added the Build America, Buy America Act of 2021 (BABA) as a new equivalency 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, 2022⁶, which was subsequently updated on October 25, 2023.⁷

XI. SFY2027 PROGRAM CHANGES

Project Priority Ranking

As only bona fide drinking water projects should appear on the PPL, the Program continues to provide priority points to assess a project's readiness to proceed – an evaluation of a community's ability to move to loan closing in the near-term. As noted above in Section V, the Project Priority Ranking Worksheet was updated this year to add points for planning and design projects that have engaged a consultant. Further, the points for lead service line replacement projects were refined in part to comply with a requirement in the Rhode Island Lead Poisoning Prevention Act (R.I. Gen. Laws § 23-24.6-28(r)(1)) to target known private lead service lines as a factor in how Rhode Island

⁶ <https://www.whitehouse.gov/wp-content/uploads/2022/04/M-22-11.pdf>

⁷ <https://www.whitehouse.gov/wp-content/uploads/2023/10/M-24-02-Buy-America-Implementation-Guidance-Update.pdf>

prioritizes lead service line replacements for funding.

XII. 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. A notice alerting the public about the draft SFY2027 IUP and the public's opportunity to submit public comment was published in the Providence Journal on June 5, 2026. On the same date, the same notice and a copy of the draft IUP, including the draft PPL, were sent to all interested parties by request and were posted on the Bank and RIDOH's respective websites. RIDOH also issued a press release on the same date regarding the publication of the draft SFY2027 IUP and draft PPL. The public notice provided a thirty (30)-day public comment period. Any public comments received have been reviewed by the Bank and RIDOH collectively and included within the final IUP for submission to EPA.

On February 18, 2026, RIDOH sent solicitation letters to all water systems encouraging them to consider funding opportunities through the DWSRF and to apply for the SFY 2027 PPL. As noted above, the SFY 2027 PPL was placed on the RIDOH webpage for public comment on June 5, 2026. Throughout the year, as utilities show interest in utilizing the Program, RIDOH may periodically review and revise the PPL so that the utilities may access funds. RIDOH will solicit public comments for any additions to the PPL; such changes to the PPL will not necessitate public notice of the full IUP. Following a public comment period and decision to publish an updated PPL, the updated PPL will be inserted into the existing IUP.

XIII. PROGRAM EVALUATION REPORT (PER) AND AUDIT FINDINGS

The below action items and recommendations were listed in the PER for SFY 2025 (July 1, 2024 – June 30, 2025).

Follow Up from Last Year's PER:

1. **Action Item:** Work to ensure that binding commitments are made in a timely way and include in the 2026 IUP a plan for ensuring that binding commitment requirements are met. Provide quarterly updates to EPA on the status of commitments during the regular meetings with EPA with the first update by June 20, 2025.

- **Status: Ongoing.** A binding commitment plan has been included in the IUP. On February 25, 2026, the Bank entered into a binding commitment with the Kent County Water Authority to finance the design and construction of the system's East Greenwich Well Treatment Facility. The \$25 million loan includes \$5,636,216 of FFY2022 IJA Emerging Contaminant and \$1,888,750 of FFY2023 IJA Emerging Contaminant Capitalization Grant funding provided as principal forgiveness. This marks the first of several, large-scale PFAS treatment projects around the state that the Bank and RIDOH are actively guiding through technical and financial approval processes. The Bank anticipates meeting binding commitments in SFY2027.

2. **Recommendation:** EPA recommends that RIIB and RIDOH conduct a lean process and clear out redundant steps in their disbursement process.

- **Status: Ongoing**

3. **Action Item:** Draw down the remaining ULO balances for both 2020 and 2021 capitalization grants by June 2, 2025. If not resolved by that date, then EPA requests RIIB to complete negative draws from the 2022 Base capitalization grant to fully draw down the 2020 and 2021 grants before the current fiscal year ends.

- **Status: Complete**

4. **Action Item:** Submit a written plan to the EPA Financial Analyst as to how the State will proceed with FIFO by June 2nd, 2025. The plan should be included in the SFY26 IUP with the results included in the 2026 RI DWSRF Annual Report.

- **Status: Complete**

5. **Recommendation:** Change the proportionality language in future Annual Reports to match the permanent regulatory exception with the DWSRF IUP.

- **Status: Complete**

6. **Recommendation:** A table displaying the cumulative state match should be included in the upcoming SFY25 Annual Report in order to track what state match deposits are associated with what capitalization grants as well as excess state match to be allotted for future capitalization grants.

- **Status: Complete**

7. **Recommendation:** Include the identified crosscutters in the state's current tracking spreadsheet for verifying project compliance. To further clarify what the requirements are to the recipients ensuring these are included upfront, EPA also recommends RIDOH develop a resource for communities to find all requirements, such as front-end documents that can simply be added in in the construction contract.

- **Status: Ongoing.** RIDOH is working with a contractor to develop these documents.

8. **Recommendation:** The prohibition on certain telecom and video surveillance services/equipment to be included in the standard loan agreement for future loan agreements.

- **Status: Complete.** RIIB has updated the loan agreement template to include this requirement.

9. **Action Item:** RIDOH is to provide EPA with the Davis Bacon wage determinations for the Pascoag Utility District project by September 1, 2025.

- **Status: Complete**

10. **Recommendation:** EPA recommends the state create checklists for some aspects of the SRF review such as pay request reviews and develop a resource for communities to find all requirements that need to be included in the construction contract documents.

- **Status: Ongoing.** The state is working on creating standard operating procedures and other process improvements for its pay request review and other processes. The state is also in the advanced stages of developing a bid specification insert to help municipal borrowers meet DWSRF requirements in bidding and construction.

11. **Recommendation:** The 2025 Annual Report must contain a plan that identifies the project(s) that will use the remaining 2023 Base, 2022 and 2023 IIJA Supplemental, 2022 and 2023 IIJA EC, and 2022 and 2023 IIJA LSLR subsidy funds, along with milestones for each project showing the path to an executed agreement. If the subsidy commitment is met prior to 9/30/25 for any of these funding pots, please notify the EPA Region 1 at that time. The IUP for the 2025 capitalization grant should indicate any additional subsidy from previous years that still must be committed to projects.

- **Status: Ongoing.** The Bank has obligated sufficient funding to meet subsidy requirements for prior federal fiscal year grants, as detailed in Attachment H. The Bank and RIDOH continue to advance projects to ensure all remaining uncommitted subsidies identified in Attachment H are committed.

12. **Action Item:** The 2025 Annual Report must explicitly detail what steps were taken to meet the small system requirement.

- **Status: Complete.**

13. **Recommendation:** Send at least one staff at RIDOH to each CIFA.

- **Status: Complete.** Ann Battersby, Environmental Scientist IV and Enforcement Manager, attended the 2025 CIFA SRF Workshop held in New Orleans. Stephanie Linakis, Chief of Program Development, attended the 2026 CIFA Summit on Water Infrastructure held in Washington, D.C. and is scheduled to attend the CIFA SRF Workshop in Pittsburg, PA in November, 2026.

14. **Action Item:** Provide EPA Region 1 with an outline of all tasks being completed by contractors, current status of said task, and who is closing out the task (i.e. issuing the final approval) by June 30, 2025.

- **Status: Complete**

Action Items and Recommendations for this Year's Review:

1. **Action Item:** Notify EPA Region 1 via email when the loan has been executed for the pending emerging contaminant project. Should the loan not be executed prior to the issuance of the IUP, the RI DWSRF shall include a plan for ensuring that binding commitment requirements are met in the 2027 IUP.

- **Status: Complete.** On February 25, 2026, the Bank entered into a \$25 million loan with the Kent County Water Authority to design and construct their East Greenwich Well Treatment Facility to remediate PFAS found in the Authority's source water. The Bank has notified EPA of the execution of the loan at monthly State SRF Check-In meeting and via email. The Bank has additionally included an emerging contaminant binding commitment plan in the IUP discussing several emerging contaminant projects in the Program's pipeline.

2. **Action Item:** Provide EPA with a new BABA certification letter for the Scituate Housing Authority project by September 30, 2026.

- **Status: Ongoing.** RIDOH will seek out missing elements and provide Region 1 with a corrected BABA certification letter in advance of the 9/30/26 deadline.

3. **Action Item:** The 2026 Annual Report must contain a plan that identifies the project(s) that will use the remaining 2023 and 2024 Base, 2023 and 2024 IIJA Supplemental, 2022, 2023 and 2024 IIJA EC, and 2023 and 2024 IIJA LSLR subsidy funds, along with milestones for each project showing the path to an executed agreement. If the subsidy commitment is met prior to 9/30/26 for any of these funding pots, please notify the EPA Region 1 at that time. The IUP for the 2026 capitalization grant should indicate any additional subsidy from previous years that still must be committed to projects.

- **Status: Ongoing.** The Bank and RIDOH have and continue to develop a pipeline of projects to absorb available and anticipated subsidies, in line with subsidy commitment requirements and as referenced in the IUP, to be included in the 2026 Annual Report. Attachment H outlines remaining subsidies to be committed from previous years.

4. **Recommendation:** Incorporate review of work, i.e. supervisor reviews or spot checks, in the SOPs being developed to ensure work is being completed correctly

- **Status: Ongoing.**

5. **Action Item:** RIIB, in cooperation with RIDOH, will submit a Corrective Action Plan (CAP) to address four major financial indicators: Pace, Ratio of Undisbursed Project Funds, Set-Aside Spending Rate, and Uncommitted Funds Ratio with details on how they will over time meet the benchmark levels as set by the Timely and Expeditious memo. The draft CAP will be submitted by April 30, 2026 and the final CAP will be submitted by July 31, 2026.

- **Status: Ongoing.** The Bank, in cooperation with RIDOH, are actively coordinating on a CAP to address the four major financial indicators outlined (including details on how the Program will meet the benchmark levels set by the Timely and Expeditious memo) and have submitted a draft to EPA. The Bank and RIDOH continue to coordinate on finalizing the CAP and aim to submit it by the requested July 31, 2026 deadline.

6. **Action Item:** RIIB staff will send EPA a copy of the finalized Statewide Single Audit for FY25.

- **Status: Complete.** The Bank has provided EPA with a copy of the finalized Statewide Single Audit for FY25.

XIV. ATTACHMENTS

- A. Project Priority List and Ranking Worksheet
- B. Sources and Uses Table
- C. Anticipated Loan Commitments for SFY2027
- D. Payment Schedule for ACH

- E. Total Capital Grants in the RI Base and IIJA Program
- F. Historical Summary of Requested and Banked Base and IIJA Set-Aside Funding
- G. Additional Subsidy Requirements
- H. Additional Subsidy – Remaining to be Committed
- I. Attorney General Certification
- J. RI Infrastructure Bank and RIDOH Memorandum of Understanding (MOU)
- K. RI Infrastructure Bank Loan Policies and Procedures
- L. RIDOH Rules and Regulations
- M. Affordability Criteria
- N. FIFO Implementation Plan
- O. RIDOH Set-Aside Fund Schedule
- P. IUP Public Comments and Responses

A. Project Priority List and Ranking Worksheet

Project Priority List SFY 2027																			
System Name	PWS ID	Pop. Served	Funds Requested	Est. Start Date	Scores								Project description	Affordability Tier (1,2,3, -)	LSLR	EC	Small System (<10,000)	School	Planning and Design
					A	B	C	D	E	F	G	TOTAL							
University of Rhode Island	1858422	19,722	\$ 2,500,000	3/1/2027	50	0	0	1	5	0	20	76	Construct a permanent PFAS treatment facility.	1				x	
Clear River Electric and Water District	1858411	6,000	\$ 1,000,000	6/15/2026	50	4	0	1	5	5	5	70	Connect two new wells to the existing system.	3			x		
Clear River Electric and Water District	1858411	7,000	\$ 1,000,000	7/1/2026	50	4	0	1	5	5	0	65	Waterline extension to connect the police station that has an onsite well with PFAS contamination.	3		x	x		
Pawtucket Water Supply Board	1592021	98,300	\$ 20,000,000	7/1/2026	50	4	0	0	5	5	0	64	The project includes the design and rehabilitation of existing groundwater wells and/or supplementation with new supply wells located in the Abbott Valley Run aquifer and/or construction of new well enclosure buildings. In addition, the project includes improvements to electrical and control systems. Treatment to remove PFAS and other contaminants will also be added.	2		x			
													Project to include the background analytical and engineering design work required to bring PFOA levels under the MCL. The existing well also demonstrates high nitrate concentrations. A new well or treatment on the existing well is the high nitrate concentrations. A new well or treatment on the existing well is the						
Crandall House	2000145	30	\$ 128,700	6/1/2026	53	0	0	0	3	0	5	61	solution.			x	x		
Kingston Water District	1858421	3,963	\$ 10,000,000	8/3/2027	50	4	0	1	5	0	0	60	Design and installation of filtration at Well #3 to remove PFAS contamination.			x	x		
Westerly Water Department	1559512	37,000	\$ 26,500,000	10/1/2027	50	0	0	0	5	5	0	60	Design and installation of first phase of PFAS filtration system.			x			
Touisset Point Water Trust	1615626	225	\$ 850,000	7/15/2026	50	4	0	0	5	0	0	59	Installation of treatment for the removal of PFAS. At a minimum, treatment will include granular activated carbon, however additional pretreatment may be required dependent on characterization of the water quality. The project will also include the construction of a new pumphouse to accommodate the treatment and appurtenance, and to bring all components of the system above grade.			x	x		
													This project consists of the design and construction of upgrades to the existing Mishnock Water Treatment Facility and Well Field.						
Kent County Water Authority	1559511	88,780	\$ 26,000,000	1/25/2027	50	2	0	1	5	0	0	58	Design and construction of treatment system upgrades to remove PFAS and nitrates from water supply. Treatment changes will require an expanded or new pumphouse.			x	x		
Quonochontaug East Beach Water Association	1647511	350	\$ 1,132,000	4/1/2026	53	0	0	0	5	0	0	58	pumphouse.						
Providence Water	1592024	600,000	\$ 159,000,000	1/1/2026	28	2	0	1	5	0	20	56	Replacement of public and private lead service lines.	2		x			
South Kingstown- South Shore	1615623	7,350	\$ 18,300,000	3/1/2027	50	1	0	0	5	0	0	56	Design and construction of a water treatment plant to be located at the Water Division's Factory Pond well field for filtering for high Iron and PFAS levels.			x	x		
Jemp 1 LLC	2980323	28	\$ 100,000	9/15/2026	50	0	0	0	5	0	0	55	Install PFAS treatment			x	x		
Slatersville Public Supply	1615614	3,403	\$ 25,220,000	5/1/2025	35	4	0	1	5	5	5	55	Extend waterline to residential and commercial properties along Route 146. This project aims to improve public health, safety, and fire suppression by connecting the North Smithfield Junior & Senior High Schools to the Slatersville Public Water Supply.				x		
Slatersville Public Supply	1615614	3,403	\$ 10,800,000	7/1/2027	35	4	5	1	5	5	0	55	Public Water Supply.				x	x	
West Glocester Elementary School	1900041	541	\$ 200,000	6/1/2026	50	0	0	1	3	0	0	54	New PFAS treatment implementation, building addition to accommodate new treatment, and separation of domestic and fire suppression systems.			x	x		
Fogarty Memorial School	1000007	427	\$ 200,000	6/15/2026	50	0	0	0	3	0	0	53	Install PFAS treatment.			x	x	x	
Trinity Lutheran Church and Preschool	2980127	45	\$ 674,000	7/1/2026	50	0	0	0	3	0	0	53	Treatment to address PFAS contamination.			x	x	x	
South Kingstown- Middlebridge	1000015	830	\$ 100,000	6/1/2027	45	1	0	0	5	0	0	51	Water quality study to address the effectiveness of water disinfection and associated DBP levels.				x		
South Kingstown- South Shore	1615623	7,350	\$ 500,000	6/1/2027	45	1	0	0	5	0	0	51	Water quality study to address the effectiveness of water disinfection and associated DBP levels.				x		
Lindbrook Water Company	1000098	200	\$ 200,000	10/30/2026	37	7	0	0	5	0	0	49	Water system infrastructure updates including rehabilitation or replacement of the corroded water storage tank and upgrades to the corrosion control treatment system.				x		
Clear River Electric and Water District	1858411	6,000	\$ 100,000	7/15/2026	28	4	0	1	5	5	0	43	The project involves the identification of service line material for approximately 1300 connections. The use of Electro Scan, Inc.'s SWORDFISH technology will be utilized. This technology consist of a hand-held device utilizing electrical resistance testing via insertion into the pipe, thereby avoiding breaking ground to identify the material.	3		x	x		
Woonsocket Water Division	1559518	45,840	\$ 990,000	7/1/2026	28	10	0	0	5	0	0	43	Private-side LSL replacements.	1		x			
Pawtucket Water Supply Board	1592021	98,300	\$ 2,500,000	7/1/2026	28	4	0	0	5	5	0	42	The project includes the replacement of private side lead service lines and service lines classified as lead and associated work, including, but not limited to, excavation, site/property restoration, and work related to the connection to existing interior plumbing.	2		x			
Kent County Water Authority	1559511	88,780	\$ 2,300,000	9/1/2026	28	2	0	1	5	0	5	41	This project seeks to replace approximately 390 lead and galvanized service lines, thus delivering improved water quality to and benefiting the public health of our customers. The targeted lines have been identified through KCWA's Lead Service Line (LSL) Inventory. Lead service line replacements will take priority over galvanized service lines, due to the known health concerns of lead exposure.			x			
Bristol County Water Authority	1647515	50,793	\$ 1,500,000	6/1/2026	28	7	0	0	5	0	0	40	Replace all known private-side galvanized iron service lines in Bristol County.			x			
Fogarty Memorial School	1000007	427	\$ 100,000	6/15/2026	37	0	0	0	3	0	0	40	Install corrosion control treatment.				x	x	
Liberty Hill	2980481	48	\$ 200,000	6/1/2024	33	0	0	1	5	0	0	39	The project includes the engineering and construction required to provide treatment of the water to address uranium. Treatment will be achieved using anion exchange media. The project will also permit and bring online a second well to provide system redundancy.				x		

Project Priority List SFY 2027																			
System Name	PWS ID	Pop. Served	Funds Requested	Est. Start Date	Scores								Project description	Affordability Tier (1,2,3, -)	LSLR	EC	Small System (<10,000)	School	Planning and Design
					A	B	C	D	E	F	G	TOTAL							
													This project will evaluate existing distribution system management practices to determine whether operational modifications or system improvements are necessary to achieve and maintain long-term compliance. If TTHM levels remain above the MCL, the project will also include the design and implementation of a comprehensive TTHM mitigation strategy. Improvements will include installation of an active aeration system within the storage tank to enhance volatilization and removal of TTHMs. The overall goal of this project is to restore regulatory compliance, protect public health, and ensure the distribution system operates in accordance with best management practices to prevent future violations.				x		
Slatersville Public Supply	1615614	3,403	\$ 240,000	2/3/2026	19	4	0	1	5	5	5	39							
East Providence Water Utilities Division	1615610	47,961	\$ 6,000,000	9/7/2026	28	4	0	1	5	0	0	38	Replace galvanized services and identify remaining unknowns.	2		x			
Westerly Water Department	1559512	37,000	\$ 20,000,000	7/1/2027	28	0	0	0	5	5	0	38	Replace known private-side lead service lines.			x			
Lincoln Water Commission	1858423	23,507	\$ 5,000,000	5/1/2028	28	3	0	1	5	0	0	37	Watermain replacement in the Manville district of Lincoln. Project will replace LSLs if encountered.						
Lincoln Water Commission	1858423	23,507	\$ 5,000,000	5/1/2028	28	3	0	1	5	0	0	37	Watermain replacement in the Saylsville/Fairlawn district of Lincoln. Project will replace LSLs if encountered.						
Newport, City of	1592010	42,155	\$ 104,432,000	7/1/2026	28	4	0	0	5	0	0	37	Project includes a comprehensive program to identify, verify, and replace lead and galvanized services lines.	3		x			
													Installation of a triplex Greensand Filtration treatment and controls/monitoring in the existing Pump House; Installation of a backflow preventer for well sources protection; Construction of a new dry well for Greensand Filtration System backwash and discharge from the monitoring system.				x		
Shannock Water District	1647529	75	\$ 300,000	6/1/2026	25	1	0	1	5	5	0	37							
													The Town of North Smithfield is preparing its first Water Supply System Management Plan (WSSMP) to ensure a safe, reliable, and financially sustainable water system. The plan will integrate the ongoing Asset Management Plan to develop a 20-year Capital Improvement Plan, address water ordinance and rate recommendations, validate the hydraulic model, and incorporate planning-level consideration of a potential future water source. This project will modernize system planning, support long-term financial sustainability, and position the town for future infrastructure investments.				x		
Slatersville Public Supply	1615614	3,403	\$ 125,000	7/1/2026	21	4	0	1	5	5	0	36	Town for future infrastructure investments.						
													This project focuses on exploring and identifying a new, high-capacity public well to replace the numerous private wells along the Route 146 Corridor. The project aims to identify a sustainable water source to replace private wells, providing reliable and clean potable water to the community. This will involve researching potential well sites, conducting groundwater testing, and assessing the capacity of potential sources to meet the need of this area				x		
Slatersville Public Supply	1615614	3,403	\$ 300,000	7/1/2027	21	4	0	1	5	5	0	36	Installation of a new public well on the ELWD site to provide an additional water source and minimize operating risk. Additional work includes replacement of corrosion control treatment and corroded piping within the pump house, selected pump house building repairs, moisture and mold remediation and control, and upgraded instrumentation for monitoring and control of the water system.				x		
Echo Lake Water District	2980414	160	\$ 250,000	9/15/2026	21	4	0	0	5	0	5	35	Development of additional source water and storage capacity for Lincoln.						
Lincoln Water Commission	1858423	23,507	\$ 14,000,000	6/1/2026	21	3	0	1	5	0	5	35	Install emergency generator for Building 1.				x		
Greene School Building 1	2980050	275	\$ 200,000	7/1/2026	8	0	0	1	3	0	20	32	Install emergency generator for Building 2.				x		
Greene School Building 2	2980310	275	\$ 200,000	7/1/2026	8	0	0	1	3	0	20	32	Install new treatment for the removal of iron and manganese; drywell for backwash discharge; stand-by generator.				x		
Newport Boys and Girls Club Camp Facility	2980095	250	\$ 100,000	7/1/2026	25	0	0	0	1	0	5	31	Install new treatment for the removal of iron and manganese; drywell for backwash discharge; stand-by generator.				x		
Newport Boys and Girls Club Camp Well	2980477	250	\$ 100,000	7/1/2026	25	0	0	0	1	0	5	31	Perform study and tests to locate a new wellfield and then connect the new well. The VFDs in the CREW system are beyond their useful life and in need of replacement. The failure of the VFD would render the well pump and source inoperable until the unit can be replaced. In the event of a VFD failure or multiple simultaneous failures the CREW system could risk depressurization events and potential exposure of users to bacteriological contaminants.	3			x		
Westerly Water Department	1559512	37,000	\$ 3,000,000	7/1/2027	21	0	0	0	5	5	0	31	Identify and develop an alternate water source to provide redundancy in the system and ensure that production capacity can continue to meet current customer demand over time.				x		
Clear River Electric and Water District	1858411	6,000	\$ 86,450	10/1/2026	14	4	0	1	5	5	0	29	Development and construction of a seawater intake to replace existing drilled well.				x		
Westerly Water Department	1559512	37,000	\$ 300,000	4/1/2027	19	0	0	0	5	5	0	29	Complete system upgrade and modernization, including construction of a new 1200 SF pump house, installation of a new, submersible well pump with riser pipe and power cables and controls into the wells, new water transmission main line from the wells to the Pump House, well water transducers, and signal / power wiring. The work is designed to optimize capacity while ensuring redundant reliability through all seasons, which will include seeking DOH approval for activation of the other two wells on the site.				x		
Prudence Island Water District	1592023	1,500	\$ 350,000	10/1/2026	21	2	0	0	5	0	0	28							
Sakonnet Point Club	2980397	372	\$ 1,250,000	2/1/2025	21	0	0	1	1	0	5	28							
Blueberry Heights MHP	2814410	44	\$ 1,526,525	4/1/2026	21	0	0	1	5	0	0	27							

Project Priority List SFY 2027																			
System Name	PWS ID	Pop. Served	Funds Requested	Est. Start Date	Scores								Project description	Affordability Tier (1,2,3, -)	LSLR	EC	Small System (<10,000)	School	Planning and Design
					A	B	C	D	E	F	G	TOTAL							
Harmony Hill School	2000059	199	\$ 400,000	5/1/2026	21	0	0	1	5	0	0	27	Installation of new well, rehabilitation of existing wells, installation of SCADA and flushing hydrants, additional storage.				x	x	
Providence Water	1592024	600,000	\$ 97,508,000	7/1/2027	19	2	0	1	5	0	0	27	Project is to construct a new residuals management system to allow Providence Water to more effectively manage the treatment plant's residuals. Project includes the replacement of the existing settling basins with a new, modern process utilizing plate settlers. Project also includes a new clearwell, upgrades to the service water and wash water systems, improvements to all of the chemical feed systems at the plant, the replacement of all filters, and construction of a new Administration Building.	2					
Providence Water	1592024	600,000	\$ 455,550,000	7/1/2028	19	2	0	1	5	0	0	27	Project will either drill a new well or install a storage tank to handle summer demand in our community. The most cost effective solution is a new well, but that might not be feasible. Well exploration will occur first.	2				x	
Shady Harbor Fire District	1559513	276	\$ 675,000	4/15/2027	21	0	0	1	5	0	0	27	Replacement of the existing 650,000 gallon standpipe storage tank with a new elevated tank.				x		
Lincoln Water Commission	1858423	23,507	\$ 3,000,000	6/1/2028	12	3	0	1	5	0	5	26	Permit and connect new well source to system.				x		
Prudence Park Water Coop	1647514	40	\$ 100,000	8/17/2026	21	2	0	0	3	0	0	26	Replacement of the existing generator and switchgear with a new 230kW generator and switchgear. In addition, the well casing will be extended above grade, underground mechanical/electrical will be decommissioned, master meter will be relocated above grade, and the underground vault will be filled in.				x	x	
Chariho Regional High School	1592030	1,300	\$ 300,000	7/15/2026	21	0	0	1	3	0	0	25	Installation of new water supply well to replace the existing, failing well. Installation of a new water storage tank and distribution pumping system and new monitoring and control system, including remote monitoring capability. The proposed improvements will improve system water quality, eliminate contaminant threats and improve the water distribution system capacity and pressure. Monitoring and control system Improvements include upgraded pressure and flow monitoring, data logging and alarm notifications				x	x	
Western Coventry Elementary School	1647527	496	\$ 510,000	6/15/2026	21	0	0	1	3	0	0	25	Rebuild Pawtucket Ave pump station.	2					
East Providence Water Utilities Division	1615610	47,961	\$ 3,000,000	5/17/2027	14	4	0	1	5	0	0	24	Project includes the design and construction to extend a transmission water main to connect with BCWA's proposed transmission water main and to design and construct an interconnection to BCWA with a permanent, safe, secure, metered and reliable structure.	2					
Pawtucket Water Supply Board	1592021	98,300	\$ 4,000,000	7/1/2026	10	4	0	0	5	5	0	24	Installation of a redundant raw water transmission main from the Scituate Reservoir to the Purification Plant. Project will also include the rehabilitation of the original transmission mains that were installed in 1926.	2					
Providence Water	1592024	600,000	\$ 148,740,000	7/1/2027	16	2	0	1	5	0	0	24	Rehabilitation and upgrade of the existing pump station.						
Lincoln Water Commission	1858423	23,507	\$ 3,000,000	9/1/2025	14	3	0	1	5	0	0	23	Construction of new pump station to interconnect three pressure zones to provide redundancy and improved operational flexibility and reliability.	3					
Newport, City of	1592010	42,155	\$ 4,500,000	7/1/2026	14	4	0	0	5	0	0	23	Although Pascoag (PUD) and Harrisville Fire District (HFD) PWS have been hydraulically connected since 2001, they have remained administratively separate, and have also maintained separate control systems until the recent formation of CREW where some aligning of SCAD A occurred. PUD's system was installed in 2013 with Programmable Logic Controllers (PLCs) that are now obsolete and need to be replaced. HFD's system was originally installed in 2003, though upgrades have been made to portions of the system. These upgrades can be undertaken along with a larger effort to fully integrate the Supervisory Control and Data Acquisition (SCADA) system. CREW aims to fully integrate the Pascoag Utility District and Harrisville Fire District's Supervisory Control and Data Acquisition (SCADA) systems using a phased approach. This project must be undertaken to correct operational efficiency problems, prevent security issues, and replace aging infrastructure.	3			x		
Clear River Electric and Water District	1858411	6,000	\$ 127,585	8/1/2026	8	4	0	1	5	5	0	23	Rehabilitate aging infrastructure in distribution system.						
Bristol County Water Authority	1647515	50,793	\$ 4,000,000	4/1/2027	10	7	0	0	5	0	0	22	Design and install 5.1 miles of 30" diameter transmission main in East Providence, from the East Providence water storage tank to the Pawtucket border, and connection to the Pawtucket Water Supply distribution system.						
Bristol County Water Authority	1647515	50,793	\$ 40,000,000	4/1/2027	10	7	0	0	5	0	0	22	Replacement of aging surface aerators and power vents in 6MG tank.	2					
East Providence Water Utilities Division	1615610	47,961	\$ 2,500,000	9/15/2026	12	4	0	1	5	0	0	22	Construct a new above-grade, precast concrete structure that houses new pumps and VFDs, piping, pump control valves, electrical equipment, and SCADA system controls. A new emergency generator will also be installed at the new pumping facility. The upgrade will be an "in-kind" replacement intended to upgrade and modernize the current pumping operations at that location.				x		
Greenville Water District	1858410	9,500	\$ 1,500,000	8/17/2026	14	2	0	1	5	0	0	22	Project includes upgrades to the State Ave pump station, rehabilitation of the Stafford Rd pump station, and construction of new water mains along North Brayton Rd and Bulgarmarsh Rd to hydraulically connect the NTFD and TWA systems.				x		
North Tiverton Fire District	1592018	8,969	\$ 5,950,000	6/1/2026	14	2	0	1	5	0	0	22	Improvement to the existing standpipe tank include a new altitude valve system, modifications to the existing 12" water pipe, valves, and fittings, installation of a mixing system, new vault structure, decommissioning of existing structure, and site restoration.				x		
Stone Bridge Fire District	1615619	2,793	\$ 375,000	7/15/2026	12	4	0	0	5	0	0	21	Relocate 12" water main to utility bridge.	2					
East Providence Water Utilities Division	1615610	47,961	\$ 5,000,000	3/8/2027	10	4	0	1	5	0	0	20							

Project Priority List SFY 2027																			
System Name	PWS ID	Pop. Served	Funds Requested	Est. Start Date	Scores								Project description	Affordability Tier (1,2,3, -)	LSLR	EC	Small System (<10,000)	School	Planning and Design
					A	B	C	D	E	F	G	TOTAL							
East Providence Water Utilities Division	1615610	47,961	\$ 40,000,000	10/11/2027	10	4	0	1	5	0	0	20	Pipeline to supply EPWUD with water from the Pawtucket Water Supply Board.	2					
Hopkinton, Town of	2980473	125	\$ 668,736	6/15/2026	10	4	0	1	5	0	0	20	Replace 280 lf of 12" ductile iron water main.				x	x	
Kingston Water District	1858421	3,963	\$ 5,000,000	8/3/2026	10	4	0	1	5	0	0	20	Design and replacement of 2.5 miles of undersized water mains.				x		
Maplehill MHP	2973130	750	\$ 400,000	6/1/2026	14	1	0	0	5	0	0	20	Replace piping and system controls				x		
Smithfield Water Supply Board	1615616	9,500	\$ 1,000,000	6/28/2026	10	4	0	1	5	0	0	20	Install 12" watermain interconnection with Greenville Water District at Route 116 to provide redundancy and improve water quality.	1			x		
Smithfield Water Supply Board	1615616	9,500	\$ 1,600,000	10/1/2026	10	4	0	1	5	0	0	20	Install 12" watermain on Route 104 Farnum Pike from Route 116 north.	1			x		
Smithfield Water Supply Board	1615616	9,500	\$ 3,000,000	3/1/2028	10	4	0	1	5	0	0	20	Install 12" watermain from Appain Way to Route 7 Douglas Pike. Project will provide supply redundancy.	1			x		
Westerly Water Department	1559512	37,000	\$ 7,180,000	7/1/2027	10	0	0	0	5	5	0	20	Replace AC pipe with ductile iron pipe.						
Newport, City of	1592010	42,155	\$ 7,250,000	7/1/2026	10	4	0	0	5	0	0	19	Rehabilitation of Forest Ave pump station, replacement of approximately 2 miles of transmission mains, and installation of interconnections and control systems to provide redundancy and operational flexibility.	3					
Newport, City of	1592010	42,155	\$ 6,000,000	7/1/2026	12	4	0	0	3	0	0	19	Rehabilitation of water storage tanks, including coating system replacement, structural repairs, mixing improvements, and associated mechanical and control upgrades.	3					
Stone Bridge Fire District	1615619	2,793	\$ 565,000	7/15/2026	10	4	0	0	5	0	0	19	Replacement of existing AC distribution lines with ductile iron pipe on Hillside and Lawton Aves.				x		
Stone Bridge Fire District	1615619	2,793	\$ 315,000	7/15/2026	10	4	0	0	5	0	0	19	Install a new 1-way interconnection onto an existing watermain currently connecting SBFD and North Tiverton FD. Project will provide supply redundancy				x		
North Tiverton Fire District	1592018	8,969	\$ 21,000,000	9/1/2026	10	2	0	1	5	0	0	18	to SBFD.						
Portsmouth Water and Fire District	1592022	17,180	\$ 18,000,000	7/1/2028	8	4	0	1	5	0	0	18	Replacement of aging watermains throughout the distribution system.				x		
Providence Water	1592024	600,000	\$ 30,000,000	10/15/2025	10	2	0	1	5	0	0	18	New building to provide space for administrative and maintenance functions for the District. Project may include land purchase.	2					
Providence Water	1592024	600,000	\$ 10,000,000	1/1/2031	10	2	0	1	5	0	0	18	Inspection and rehabilitation of the Supplemental Tunnel and Aqueduct (STA), including the slip lining sections of the 78" and 102" PCCP to prevent failures. Rehabilitation of drop shaft structures and tunnel sections will also be included in the project.	2					
Prudence Island Water District	1592023	1,500	\$ 300,000	10/1/2026	10	2	0	0	5	0	0	17	Project is to rehabilitate older water mains made of unlined cast iron pipe mostly utilizing cleaning and lining techniques. Project also includes replacement of older valves, hydrants and miscellaneous appurtenances.				x		
South Kingstown- Middlebridge	1000015	830	\$ 3,000,000	1/1/2027	10	1	0	1	5	0	0	17	Project will install 1,050 linear feet of 4-inch HDPE following the planned coastal resiliency project scheduled for the Mill Creek culvert at Narragansett Avenue.						
Warwick, City of	1615627	80,000	\$ 2,500,000	7/1/2025	10	1	0	1	5	0	0	17	Pipe conveyance within the distribution area are primarily A/C pipe installed through the early 1970's. Water main breaks are occurring at an increased rate therefore the Town is interested in beginning a program of pipe upgrades to increase stability in the system and reduce losses.	3			x		
Warwick, City of	1615627	80,000	\$ 6,000,000	7/1/2026	10	1	0	1	5	0	0	17	Replace 20" AC water transmission main on Airport Rd.	3					
Warwick, City of	1615627	80,000	\$ 1,500,000	7/1/2026	10	1	0	1	5	0	0	17	Rehabilitation of the East Ave check valve chamber by replacing on 36" check valve, two 36" butterfly valves, one 30" butterfly valve, and associated piping.	3					
Greenville Water District	1858410	9,500	\$ 550,000	2/15/2027	8	2	0	1	5	0	0	16	Furnish and install approximately 1,700 residential and commercial water meters of various sizes (5/8-inch to 2-inch) in the Greenville Water District.				x		
Meadowlark	2753326	183	\$ 675,000	6/1/2027	10	0	0	1	5	0	0	16	Installation of new water distribution piping to create a continuous loop distribution system and replace existing copper piping. This will improve capacity and pressure and also reduce corrosion within the distribution system. Selected improvements to system instrumentation and controls including upgraded pressure and flow monitoring, data logging and alarm notifications.				x		
South Kingstown- South Shore	1615623	7,350	\$ 8,400,000	1/1/2027	10	1	0	0	5	0	0	16	Pipe conveyance in the distribution area are primarily A/C pipe. Water main breaks are occurring at an increased rate therefore the Town is interested in beginning a pipe replacement program to increase stability in the system and reduce losses.				x		
Warwick, City of	1615627	80,000	\$ 500,000	7/1/2026	8	1	0	1	5	0	0	15	Upgrade metering system to AMI. Data collection towers or 'gateway devices' will be purchased and installed at predetermined locations throughout the City, providing real time data for the Water Division and enabling a cloud-based customer portal for residents.	3					
Ministers Lot Condo Association	2389718	48	\$ 200,000	4/1/2026	10	2	0	1	1	0	0	14	Replacement of distribution system.				x		
Ashaway Elementary School	1858417	300	\$ 115,000	9/1/2026	8	0	0	1	3	0	0	12	Replacement of the existing generator and switchgear with a new 130kW generator and switchgear.				x	x	
Trinity Lutheran Church and Preschool	2980127	45	\$ 30,000	8/3/2026	8	0	0	0	3	0	0	11	Emergency generator for the church and preschool.				x	x	

Projects Ranked With Start Dates Not Indicated																			
System Name	PWS ID	Pop. Served	Funds Requested	Est. Start Date	Scores								Project description	Affordability Tier (1,2,3, -)	LSLR	EC	Small System (<10,000)	School	Planning and Design
					A	B	C	D	E	F	G	TOTAL							
North Kingstown Water	1559517	28,000	\$ 6,000,000		50	0	0	1	5	0	0	56	PFAS treatment for Well #10.				x		
North Kingstown Water	1559517	28,000	\$ -		50	0	0	1	5	0	0	56	Connect Well #3 to replace Well #6 due to PFAS contamination.				x		
Cumberland Water Department	1647530	21,350	\$ 60,000		28	2	0	1	5	0	0	36	Replace public and private side services with galvanized steel with plastic services.		x				
North Tiverton Fire District	1592018	8,969	\$ 27,500		21	2	0	1	5	0	0	29	Updating the Water Supply Management Plan in accordance with RIWIRB rules.				x	x	
Narragansett Water Department- North End	1858429	4,160	\$ 82,500		19	2	0	1	5	0	0	27	Additional or upgraded chlorine injection systems and associated controls at water storage tanks, wholesale purchase connections, or other system locations.	3			x		
Narragansett Water Department- Point Judith	1858428	7,713	\$ 165,000		19	2	0	1	5	0	0	27	Additional or upgraded chlorine injection systems and associated controls at water storage tanks, wholesale purchase connections, or other system locations.	3			x		
Slatersville Public Supply	1615614	3,403	\$ 2,600,000		10	4	0	1	5	5	0	25	Install new 8" watermain from Mendon Rd to St. Paul St. This area is currently served by Blackstone, MA though inadequate infrastructure.				x		
Slatersville Public Supply	1615614	3,403	\$ 2,500,000		10	4	0	1	5	5	0	25	Install new 8" watermain from St. Paul St. to Elizabeth Ave. This area is currently served by Blackstone, MA though inadequate infrastructure.				x		
Cumberland Water Department	1647530	21,350	\$ 500,000		14	2	0	1	5	0	0	22	Design and construction of upgrades to the Girard Rd pump station.						
Narragansett Water Department- North End	1858429	4,160	\$ 275,000		12	2	0	1	5	0	0	20	Storage tank aeration systems to reduce TTHMs.	3			x		
Narragansett Water Department- Point Judith	1858428	7,713	\$ 550,000		12	2	0	1	5	0	0	20	Storage tank aeration systems to reduce TTHMs.	3			x		
Cumberland Water Department	1647530	21,350	\$ 4,800,000		10	2	0	1	5	0	0	18	Water line replacement in Ashton and Berkley villages.						
Narragansett Water Department- North End	1858429	4,160	\$ 2,000,000		10	2	0	1	5	0	0	18	Replacement of watermains that have reached the end of their useful life.	3			x		
Narragansett Water Department- North End	1858429	4,160	\$ 50,000		10	2	0	1	5	0	0	18	Develop and implement water main condition assessment program.	3			x	x	
Narragansett Water Department- Point Judith	1858428	7,713	\$ 2,000,000		10	2	0	1	5	0	0	18	Replacement of watermains that have reached the end of their useful life.	3			x		
Narragansett Water Department- Point Judith	1858428	7,713	\$ 100,000		10	2	0	1	5	0	0	18	Develop and implement water main condition assessment program.	3			x	x	
Cumberland Water Department	1647530	21,350	\$ 3,000,000		8	2	0	1	5	0	0	16	Replace water meters throughout the Cumberland water system.						
Narragansett Water Department- North End	1858429	4,160	\$ 290,000		8	2	0	1	5	0	0	16	Replace customer meters and upgrade remote reading systems.	3			x		
Narragansett Water Department- North End	1858429	4,160	\$ 450,000		8	2	0	1	5	0	0	16	Replacement and upgrade of wholesale emergency interconnection meter pit.	3			x		
Narragansett Water Department- Point Judith	1858428	7,713	\$ 535,000		8	2	0	1	5	0	0	16	Replace customer meters and upgrade remote reading systems.	3			x		



Center for Drinking Water Quality

Drinking Water State Revolving Fund

Project Priority Ranking Worksheet

The Rhode Island Department of Health (RIDOH) ranks projects on the Project Priority List based on total score. RIDOH uses this worksheet to determine points assigned to each project.

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

A. Readiness to Proceed – points are cumulative	Points
1. (For Planning/Design Projects) Consultant is under contract	5
2. RIDOH Engineering Application submitted	5
3. RIDOH Certificate of Approval application submitted	5
4. RIDOH Environmental Review/Categorical Exclusion request submitted	5
5. Rhode Island Infrastructure Bank loan application submitted	5
B. Health Risk and Compliance – awarded for highest point category only	
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 submittal of the Project Priority List Application.	
Microbiological- Surface Water Treatment Rule	
Filter Performance Criteria (Nephelometric Turbidity Unit [NTU] Compliance)	50
CT Disinfection	40
Revised Total Coliform Rule	
Acute MCL Violation (Fecal/E. coli violation)	60
Non-Acute MCL Violation (Total Monthly Coliform Violation)	45
Emerging Contaminants	
PFAS	50
Harmful Algal Blooms (HABs)	35
Manganese	25
Other Emerging Contaminants	25
Inorganic Chemicals	
Nitrates	53
Lead and Copper	37
Other Primary Standards	35
Other	
Organic Chemicals	35
Radiological	33
Secondary Standards (Aesthetics)	4
Enhanced Surface Water Treatment	8
Groundwater Disinfection	7
Disinfection Byproducts	6
Arsenic	5
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
C. Infrastructure Replacement or Upgrade – awarded for highest point category only	
Project to upgrade, replace, or repair infrastructure which is at risk of causing contamination due to age or design deficiencies.	
Lead Service Lines	28

Percentage Known Private Lead Service Lines - Calculate points by multiplying the percentage of known private lead service lines (out of total private lead service lines) by 5; rounding up to nearest whole number.	1 - 5
Source	21
Treatment	19
Source-Intake Structure	16
Pump Station	14
Storage	12
Transmission/Distribution Mains	10
Instrumentation/Controls/Meters	8
D. Economic Factors	
*Percentage of average annual residential water bill to median household income (MHI).	
Greater than 1.5%	13
1.25% to 1.49%	10
1.00% to 1.241%	7
0.75% to 0.99%	4
0.5% to 0.74%	2
0.25% to 0.49%	1
*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 US 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 furnish additional information regarding MHI. Information will consist of reliable data from local, regional, state or from an income survey conducted by a reliable impartial source. MHIs for service areas which cross municipal boundaries is the weighted average based on the number of services in each community.	
E. Capacity Development	
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 Safe Drinking Water Act (SDWA). The result of consolidation must ensure compliance with the SDWA.	5
F. Special Incentives	
No monitoring violations over the last 24 months.	1
G. System Type	
Community	5
Non-Transient, Non-Community	3
Transient Non-Community	1
H. Affordable Housing Plan	
The community (city or town) where the water system is located has a State-approved affordable housing plan.	5

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 RIDOH.EngineeringDWQ@health.ri.gov.

B. Sources and Uses Table

Attachment B
DWSRF Sources and Uses Table

Sources	Amount
FFY26 Grants	
FFY26 Base Grant	\$ 3,842,000
Set-Aside	\$ (1,191,020)
Total Project Fund	\$ 2,650,980
 FFY26 General Supplemental Grant	 \$ 24,888,000
Set-Aside	\$ (5,400,517)
Total Project Fund	\$ 19,487,483
 FFY26 Emerging Contaminants	 \$ 7,640,000
Set-Aside	\$ (812,387)
Total Project Fund	\$ 6,827,613
 FFY26 Lead Service Line Replacement	 \$ 38,776,000
Set-Aside	\$ (1,744,223)
Total Project Fund	\$ 37,031,777
 State Match (FFY26)	
State Match for FFY26 Base Grant	\$ 768,400
State Match for FFY26 General Supplemental Grant	\$ 4,977,600
Total State Match for FFY25	\$ 5,746,000
 Prior Year Grant Funds (unobligated)	
FFY2022 Base Cap Grant - project fund	\$ -
FFY2022 General Supplemental Grant - project fund	\$ -
FFY2022 Lead Service Line Replacement Grant - project fund	\$ -
FFY2022 Emerging Contaminants Grant - project fund	\$ 1,888,750
FFY2023 Base Cap Grant - project fund	\$ -
FFY2023 General Supplemental Grant - project fund	\$ -
FFY2023 Lead Service Line Replacement Grant - project fund	\$ -
FFY2023 Emerging Contaminants Grant - project fund	\$ 5,410,083
FFY2024 Base Cap Grant - project fund	\$ 1,211,860
FFY2024 General Supplemental Grant - project fund	\$ 11,262,650
FFY2024 Lead Service Line Replacement Grant - project fund	\$ 6,344,970
FFY2024 Emerging Contaminants Grant - project fund	\$ 7,167,614
FFY25 Base Grant	\$ 8,879,127
FFY25 General Supplemental Grant	\$ 19,638,318
FFY25 Emerging Contaminants - Project Fund	\$ 6,849,051
FFY25 Lead Service Line Replacement	\$ 27,167,371
Total Available Cap Grant Funds	\$ 95,819,794

Data as of 5/15/2026

Attachment B
DWSRF Sources and Uses Table

State Match Funds

State Match for FFY2023 Base	\$	-
State Match for FFY2023 General Supplemental	\$	-
State Match for FFY2024 Base	\$	-
State Match for FFY2024 General Supplemental	\$	-
State Match for FFY25 Base Grant	\$	-
State Match for FFY25 General Supplemental Grant	\$	-
State Match Revolved	\$	1,224,695
State Match (to be allocated to future Cap Grants)	\$	3,658,660
Total Available State Match Funds	\$	4,883,355.00

Other Funds

Federal Revolved	\$	2,573,073
Bond Proceeds	\$	14,000,000
Clean Water transfer of fund		-
Total Funds	\$	16,573,073

Total Sources of Funds \$ 189,020,075

Uses

Obligated Loans	\$	77,300,000
Anticipated Loan Commitments SFY26	\$	111,720,075
Total Anticipated Loan Commitments		189,020,075

Total Uses of Funds \$ 189,020,075

C. Anticipated Loan Commitments for SFY2027

Attachment C
Anticipated Loan Commitments SFY27

Borrower	Project Description	Loan Amount	Anticipated Source of Funds
Clear River Electric and Water District	Water service line inventory project (Swordfish lead service line analysis)	\$ 100,000	LSL
Greene School	Installation of two emergency generators	\$ 190,075	Multiple
Kent County Water Authority	Replacement of lead and galvanized service lines	\$ 2,300,000	LSL
Kingston Water District	Design and installation of a treatment facility at Kingston's Well #3 for PFAS-removal activities; Distribution upgrades	\$ 15,000,000	Multiple
Lincoln Water Commission	Development of additional source water and storage capacity for Lincoln; Rehabilitation and upgrade of the existing pump station.	\$ 14,000,000	Multiple
Pawtucket Water Supply Board	Private lead service line replacements	\$ 5,000,000	LSL
Providence Water Supply Board	Lead service line replacements (SFY27)	\$ 26,200,000	LSL
Town of North Smithfield (Slatersville Public Water Supply)	TTHM mitigation project	\$ 240,000	Multiple
Town of North Smithfield (Slatersville Public Water Supply)	RTE 146 Water Line Extension project	\$ 25,000,000	Multiple
Town of North Smithfield (Slatersville Public Water Supply)	Source Water Exploration (Water System Supply Management Plan)	\$ 300,000	Multiple
Town of Westerly	Lead service line replacements	\$ 20,000,000	LSL
University of Rhode Island	PFAS removal water treatment plant	\$ 2,500,000	EC
Woonsocket Water Division	Lead service line replacements	\$ 990,000	LSL
Total Anticipated Loans		\$ 111,720,075	

D. Payment Schedule for ACH

Attachment D
DWSRF - Payment Schedule for ACH

FFY2026 Base Capitalization Grant

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)
FFY-2026-4	July 1, 2026 – Sept 30, 2026		
FFY-2027-1	Oct 1, 2026 – Dec 31, 2026	\$ 3,842,000	\$ 278,545
FFY-2027-2	Jan 1, 2027 – March 31, 2027		\$ 278,545
FFY-2027-3	Apr 1, 2027 – June 30, 2027		\$ 355,385
FFY-2027-4	July 1, 2027 – Sept 30, 2027		\$ 2,929,525

FFY2026 General Supplemental Capitalization Grant

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)
FFY-2026-4	July 1, 2026 – Sept 30, 2026		
FFY-2027-1	Oct 1, 2026 – Dec 31, 2026	\$ 24,888,000	\$ 1,350,129.25
FFY-2027-2	Jan 1, 2027 – March 31, 2027		\$ 1,350,129.25
FFY-2027-3	Apr 1, 2027 – June 30, 2027		\$ 1,350,129.25
FFY-2027-4	July 1, 2027 – Sept 30, 2027		\$ 1,350,129.25
FFY-2028-1	Oct 1, 2027 – Dec 31, 2027		
FFY-2028-2	Jan 1, 2028 – March 31, 2028		
FFY-2028-3	Apr 1, 2028 – June 30, 2028		
FFY-2028-4	July 1, 2028 – Sept 30, 2028		\$ 19,487,483

Attachment D
DWSRF - Payment Schedule for ACH

FFY2026 Lead Service Line Replacement Capitalization Grant

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)
FFY-2026-4	July 1, 2026 – Sept 30, 2026		
FFY-2027-1	Oct 1, 2026 – Dec 31, 2026	\$ 38,776,000	\$ 436,056
FFY-2027-2	Jan 1, 2027 – March 31, 2027		\$ 436,056
FFY-2027-3	Apr 1, 2027 – June 30, 2027		\$ 436,056
FFY-2027-4	July 1, 2027 – Sept 30, 2027		\$ 436,055
FFY-2028-1	Oct 1, 2027 – Dec 31, 2027		
FFY-2028-2	Jan 1, 2028 – March 31, 2028		
FFY-2028-3	Apr 1, 2028 – June 30, 2028		\$ 18,515,889
FFY-2028-4	July 1, 2028 – Sept 30, 2028		\$ 18,515,888

FFY2026 Emerging Contaminants Capitalization Grant

Federal Fiscal Year Quarter	Dates	Grant Award Amount	Grant Payment Amount (ACH)
FFY-2026-4	July 1, 2026 – Sept 30, 2026		
FFY-2027-1	Oct 1, 2026 – Dec 31, 2026	\$ 7,640,000	\$ 203,097
FFY-2027-2	Jan 1, 2027 – March 31, 2027		\$ 203,097
FFY-2027-3	Apr 1, 2027 – June 30, 2027		\$ 203,097
FFY-2027-4	July 1, 2027 – Sept 30, 2027		\$ 203,096
FFY-2028-1	Oct 1, 2027 – Dec 31, 2027		
FFY-2028-2	Jan 1, 2028 – March 31, 2028		
FFY-2028-3	Apr 1, 2028 – June 30, 2028		
FFY-2028-4	July 1, 2028 – Sept 30, 2028		\$ 6,827,613

E. Total Capital Grants in the RI Base and IIJA Program

Attachment E
Total Capital Grants in the RI Base and IIJA 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	\$ (2,260,584.00)		\$ 12,809,976
1998	\$ 7,121,300	\$ 1,424,260	\$ (817,074.00)		\$ 7,728,486
1999	\$ 7,463,800	\$ 1,492,760	\$ (1,221,018.00)		\$ 7,735,542
2000	\$ 7,757,000	\$ 1,551,400	\$ (1,204,679.00)	\$ (982,305.00)	\$ 7,121,416
2001	\$ 7,789,100	\$ 1,557,820	\$ (1,629,929.00)		\$ 7,716,991
2002	\$ 8,052,500	\$ 1,610,500	\$ (2,496,275.00)	\$ (821,133.00)	\$ 6,345,592
2003	\$ 8,004,100	\$ 1,600,820	\$ (2,481,271.00)		\$ 7,123,649
2004	\$ 8,303,100	\$ 1,660,620	\$ (2,573,961.00)		\$ 7,389,759
2005	\$ 8,285,500	\$ 1,657,100	\$ (2,568,505.00)		\$ 7,374,095
2006	\$ 8,229,300	\$ 1,645,860	\$ (2,551,083.00)		\$ 7,324,077
2007	\$ 8,229,000	\$ 1,645,800	\$ (2,550,990.00)		\$ 7,323,810
2008	\$ 8,146,000	\$ 1,629,200	\$ (2,525,260.00)		\$ 7,249,940
2009	\$ 8,146,000	\$ 1,629,200	\$ (2,525,260.00)		\$ 7,249,940
ARRA	\$ 19,500,000	\$ -	\$ (780,000.00)		\$ 18,720,000
2010	\$ 13,573,000	\$ 2,714,600	\$ (2,171,680.00)		\$ 14,115,920
2011	\$ 9,418,000	\$ 1,883,600	\$ (376,720.00)		\$ 10,924,880
2012	\$ 8,975,000	\$ 1,795,000	\$ -		\$ 10,770,000
2013	\$ 8,421,000	\$ 1,684,200	\$ (2,021,040.00)		\$ 8,084,160
2014	\$ 8,845,000	\$ 1,769,000	\$ (2,741,950.00)	\$ (44,360.00)	\$ 7,827,690
2015	\$ 8,787,000	\$ 1,757,400	\$ (2,723,970.00)		\$ 7,820,430
2016	\$ 8,312,000	\$ 1,662,400	\$ (1,329,920.00)		\$ 8,644,480
2017	\$ 8,241,000	\$ 1,648,200	\$ 2,734,800.00	\$ (257,100.00)	\$ 12,366,900
2018	\$ 11,107,000	\$ 2,221,400	\$ (3,443,170.00)		\$ 9,885,230
2019	\$ 11,004,000	\$ 2,200,800	\$ 3,635,160.00	\$ (225,920.00)	\$ 16,614,040
2020	\$ 11,011,000	\$ 2,202,200	\$ 3,633,630.00	\$ (220,220.00)	\$ 16,626,610
2021*	\$ 11,199,000	\$ 2,239,800	\$ 3,555,960.00	\$ (222,000.00)	\$ 16,772,760
2022 -Base	\$ 7,008,000	\$ 1,401,600	\$ 2,207,520.00	\$ (140,160.00)	\$ 10,476,960
2022 -IIJA General	\$ 17,992,000	\$ 1,799,200	\$ (3,865,725.00)		\$ 15,925,475
Supplemental					\$ 15,925,475
2022 -IIJA EC	\$ 7,555,000	\$ -	\$ (30,034.00)		\$ 7,524,966
2022 -IIJA LSL	\$ 30,545,000	\$ -	\$ (567,000.00)		\$ 29,978,000
2023 -Base	\$ 4,938,000	\$ 987,600	\$ (1,530,780.00)		\$ 4,394,820
2023 -IIJA General	\$ 21,055,000	\$ 2,105,500	\$ (4,656,655)		
Supplemental					\$ 18,503,845
2023 -IIJA EC	\$ 7,640,000	\$ -	\$ (341,167.00)		\$ 7,298,833
2023 -IIJA LSL	\$ 28,650,000	\$ -	\$ (873,662.00)		\$ 27,776,338
2024 -Base	\$ 4,661,000	\$ 932,200	\$ (1,444,910.00)		\$ 4,148,290
2024 -IIJA General					
Supplemental	\$ 22,985,000	\$ 4,597,000	\$ (5,091,124.00)		\$ 22,490,876
2024 -IIJA EC	\$ 7,640,000	\$ -	\$ (472,386.00)		\$ 7,167,614
2024 -IIJA LSL	\$ 28,650,000	\$ -	\$ (908,368.00)		\$ 27,741,632
2025 -Base	\$ 10,906,000	\$ 2,181,200	\$ (2,026,873)		\$ 11,060,327
2025 -IIJA General					
Supplemental	\$ 24,898,000	\$ 4,979,600	\$ (5,259,682)		\$ 24,617,918
2025 -IIJA EC	\$ 7,640,000	\$ -	\$ (790,949)		\$ 6,849,051
2025 -IIJA LSL	\$ 28,650,000	\$ -	\$ (1,482,629)		\$ 27,167,371
2026 -Base	\$ 3,842,000	\$ 768,400	\$ (1,191,020)		\$ 3,419,380
2026 -IIJA General					
Supplemental	\$ 24,888,000	\$ 4,977,600	\$ (5,400,517)		\$ 24,465,083
2026 -IIJA EC	\$ 7,640,000	\$ -	\$ (812,387)		\$ 6,827,613
2026 -IIJA LSL**	\$ 38,776,000	\$ -	\$ 1,744,025		\$ 40,520,025
Total	\$ 583,037,500	\$ 70,125,600	\$ (62,229,112)	\$ (2,913,198)	\$ 588,020,790

*Please note that the \$11,199,000 figure includes the FFY19 and FFY21 reallotted funds from the State of Wyoming - (\$198,000)

**includes reallotted funds from FFY23 and FFY24

F. Historical Summary of Requested and Banked Base and IIJA Set-Aside Funding

Attachment F
Historical Summary of Requested and Banked
Base and IIJA General Supplemental Set-Aside Funding

FFY	Administrative	Banked and Use - Administrative	Technical Assistance	Banked and Use - Technical Assistance	State Program Mgmt.	Banked and Use - Stated Program Mgmt.	Local Assistance	Banked And Use - Local Assistance	Total Banked and Use in Set- asides	Total Set-Asides
1997	\$ 502,352	\$ -	\$ 251,176	\$ -	\$ 251,176	\$ 384,596	\$ 1,255,880	\$ -	\$ 384,596	\$ 2,260,584
1998	\$ 284,852	\$ -	\$ -	\$ 142,426	\$ 532,222	\$ 108,903	\$ -	\$ -	\$ 251,329	\$ 817,074
1999	\$ 298,552	\$ -	\$ 149,276	\$ -	\$ 400,000	\$ 346,380	\$ 373,190	\$ -	\$ 346,380	\$ 1,221,018
2000	\$ 310,280	\$ -	\$ 297,566	\$ (142,426)	\$ 1,579,138	\$ (803,438)	\$ -	\$ -	\$ (945,864)	\$ 2,186,984
2001	\$ 311,564	\$ -	\$ -	\$ 155,782	\$ 150,000	\$ 628,910	\$ 1,168,365	\$ -	\$ 784,692	\$ 1,629,929
2002	\$ 322,100	\$ -	\$ 316,832	\$ (155,782)	\$ 1,470,601	\$ (665,351)	\$ 1,207,875	\$ -	\$ (821,133)	\$ 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	\$ 198,365	\$ 130,807	\$ 164,586	\$ -	\$ 822,930	\$ -	\$ 1,234,395	\$ -	\$ 130,807	\$ 2,420,276
2007	\$ -	\$ 329,160	\$ 164,580	\$ -	\$ 822,900	\$ -	\$ 1,234,350	\$ -	\$ 329,160	\$ 2,221,830
2008	\$ -	\$ 325,840	\$ 162,920	\$ -	\$ 814,600	\$ -	\$ 1,221,900	\$ -	\$ 325,840	\$ 2,199,420
2009	\$ -	\$ 325,840	\$ 162,920	\$ -	\$ 814,600	\$ -	\$ 1,221,900	\$ -	\$ 325,840	\$ 2,199,420
ARRA	\$ 780,000	\$ -	\$ -	\$ 390,000	\$ -	\$ 1,950,000	\$ -	\$ -	\$ 2,340,000	\$ 780,000
2010	\$ -	\$ 542,920	\$ 271,460	\$ -	\$ 1,357,300	\$ -	\$ -	\$ -	\$ 542,920	\$ 1,628,760
2011	\$ 376,720	\$ -	\$ -	\$ 188,360	\$ -	\$ 941,800	\$ -	\$ -	\$ 1,130,160	\$ 376,720
2012	\$ -	\$ 359,000	\$ -	\$ 179,500	\$ -	\$ 897,500	\$ -	\$ -	\$ 1,436,000	\$ -
2013	\$ 336,840	\$ -	\$ 168,420	\$ -	\$ 673,680	\$ 168,420	\$ 842,100	\$ -	\$ 168,420	\$ 2,021,040
2014	\$ 353,800	\$ -	\$ 221,260	\$ (44,360)	\$ 884,500	\$ -	\$ 1,326,750	\$ -	\$ (44,360)	\$ 2,786,310
2015	\$ 351,480	\$ -	\$ 175,740	\$ -	\$ 878,700	\$ -	\$ 1,318,050	\$ -	\$ -	\$ 2,723,970
2016	\$ 166,240	\$ 166,240	\$ -	\$ 166,240	\$ 831,200	\$ -	\$ 332,480	\$ -	\$ 332,480	\$ 1,329,920
2017	\$ 252,630	\$ 77,010	\$ 164,820	\$ -	\$ 1,081,200	\$ (257,100)	\$ 1,236,150	\$ -	\$ (180,090)	\$ 2,734,800
2018	\$ 444,280	\$ -	\$ 222,140	\$ -	\$ 1,110,700	\$ -	\$ 1,666,050	\$ -	\$ -	\$ 3,443,170
2019	\$ 664,080	\$ (223,920)	\$ 220,080	\$ (2,000)	\$ 1,100,400	\$ -	\$ 1,650,600	\$ -	\$ (225,920)	\$ 3,635,160
2020	\$ 660,660	\$ (220,220)	\$ 220,220	\$ -	\$ 1,101,100	\$ -	\$ 1,651,650	\$ -	\$ (220,220)	\$ 3,633,630
2021	\$ 669,960	\$ -	\$ 111,000	\$ 111,000	\$ 1,110,000	\$ -	\$ 1,665,000	\$ -	\$ 111,000	\$ 3,555,960
2022 -Base	\$ 420,480	\$ -	\$ 35,040	\$ 105,120	\$ 700,800	\$ -	\$ 1,051,200	\$ -	\$ 105,120	\$ 2,207,520
2022 -IIJA General	\$ 719,680	\$ -	\$ 250,068	\$ 109,772	\$ 1,641,666	\$ 157,534	\$ 1,254,311	\$ -	\$ 267,306	\$ 3,865,725
Supplemental										
2023 -Base	\$ 197,520	\$ -	\$ 98,760	\$ -	\$ 493,800	\$ -	\$ 740,700	\$ -	\$ -	\$ 1,530,780
2023 -IIJA General	\$ 842,200	\$ -	\$ 312,106	\$ 108,994	\$ 2,017,719	\$ 87,781	\$ 1,484,630	\$ -	\$ 196,775	\$ 4,656,655
Supplemental										
2024 -Base	\$ 186,440	\$ -	\$ 93,220	\$ -	\$ 466,100	\$ -	\$ 699,150	\$ -	\$ -	\$ 1,444,910
2024 -IIJA General	\$ 919,400	\$ -	\$ 324,141	\$ 135,559	\$ 2,298,500	\$ -	\$ 1,549,083	\$ -	\$ 135,559	\$ 5,091,124
Supplemental										
2025 -Base	\$ 404,744	\$ 31,496	\$ 101,820	\$ 118,200	\$ 746,029	\$ 354,071	\$ 774,280	\$ -	\$ 503,767	\$ 2,026,873
2025 -IIJA General	\$ 984,194	\$ 11,726	\$ 338,695	\$ 159,265	\$ 2,386,406	\$ 103,394	\$ 1,550,387	\$ -	\$ 274,385	\$ 5,259,682
Supplemental										
2026 -Base	\$ 153,680	\$ -	\$ 76,840	\$ -	\$ 384,200	\$ -	\$ 576,300	\$ -	\$ -	\$ 1,191,020
2026 -IIJA General										
Supplemental	\$ 955,861	\$ 39,659	\$ 407,940	\$ 89,820	\$ 2,488,800	\$ -	\$ 1,547,916	\$ -	\$ 129,479	\$ 5,400,517
Total	\$ 14,052,662	\$ 1,895,558	\$ 5,975,480	\$ 1,815,470	\$ 33,870,237	\$ 4,403,400	\$ 35,523,547	\$ -	\$ 8,114,427	\$ 89,421,926

*A negative number in the "Banked" column indicates that the set-aside funds have been used

Attachment F
Historical Summary of Requested and Banked
IIJA LSL and EC Set-Aside Funding

FFY	Administrative	Banked and Use - Administrative	Technical Assistance	Banked and Use - Technical Assistance	State Program Mgmt.	Banked and Use - Stated Program Mgmt.	Local Assistance	Banked And Use - Local Assistance	Total Banked and Use in Set- asides	Total Set-Asides
2022 -IIJA LSL	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 567,000	\$ -	\$ -	\$ 567,000
2022 -IIJA EC	\$ -	\$ 302,200	\$ -	\$ 151,100	\$ -	\$ 755,500	\$ 30,034	\$ -	\$ 1,208,800	\$ 30,034
2023 -IIJA LSL	\$ 745,511	\$ 400,489	\$ -	\$ 573,000	\$ 70,794	\$ 573,000	\$ 57,357	\$ -	\$ 1,546,489	\$ 873,662
2023 -IIJA EC	\$ 132,033	\$ 173,567	\$ 152,800	\$ -	\$ 91,311	\$ 672,689	\$ 117,823	\$ -	\$ 846,256	\$ 493,967
2024 -IIJA LSL	\$ 220,311	\$ 352,689	\$ -	\$ 286,500	\$ 120,409	\$ 573,000	\$ 567,648	\$ -	\$ 1,212,189	\$ 908,368
2024 -IIJA EC	\$ 127,365	\$ 178,235	\$ -	\$ 152,800	\$ 271,928	\$ 492,072	\$ 73,093	\$ -	\$ 823,107	\$ 472,386
2025 -IIJA LSL	\$ 847,913	\$ 298,087	\$ -	\$ 573,000	\$ 72,163	\$ 2,792,837	\$ 562,553	\$ -	\$ 3,663,924	\$ 1,482,629
2025 -IIJA EC	\$ 299,189	\$ 6,411	\$ -	\$ 152,800	\$ 334,302	\$ 429,698	\$ 157,458	\$ -	\$ 588,909	\$ 790,949
2026 -IIJA LSL	\$ 1,034,566	\$ 516,474	\$ -	\$ 775,520	\$ 111,886	\$ 3,765,741	\$ 597,573	\$ -	\$ 5,057,735	\$ 1,744,025
2026 -IIJA EC	\$ 305,600	\$ -	\$ -	\$ 152,800	\$ 452,079	\$ 311,921	\$ 54,708	\$ -	\$ 464,721	\$ 812,387
Total	\$ 3,712,488	\$ 2,228,152	\$ 152,800	\$ 2,817,520	\$ 1,524,872	\$ 10,366,458	\$ 2,785,247	\$ -	\$ 15,412,130	\$ 8,175,407

*A negative number in the "Banked" column indicates that the set-aside funds have been used

G. Additional Subsidy Requirements

Attachment G
Additional Subsidy Requirements FFY22-FFY26

Base Cap Grant

Year	Cap Grant	Total Subsidy
2022	\$ 7,008,000	\$ 1,822,080
2023	\$ 4,938,000	\$ 1,283,880
2024	\$ 4,661,000	\$ 1,211,860
2025	\$ 10,906,000	\$ 2,835,560
2026	\$ 3,842,000	\$ 998,920

IIJA General Supplemental Grant

Year	Cap Grant	Total Subsidy
2022	\$ 17,992,000	\$ 8,816,080
2023	\$ 21,055,000	\$ 10,316,950
2024	\$ 22,985,000	\$ 11,262,650
2025	\$ 24,898,000	\$ 12,200,020
2026	\$ 24,888,000	\$ 12,195,120

IIJA Lead Service Line Replacement Grant

Year	Cap Grant	Total Subsidy
2022	\$ 30,545,000	\$ 14,967,050
2023	\$ 28,650,000	\$ 14,038,500
2024	\$ 28,650,000	\$ 14,038,500
2025	\$ 28,650,000	\$ 14,038,500
2026	\$ 38,776,000	\$ 19,000,240

IIJA Emerging Contaminants Grant

Year	Cap Grant	Total Subsidy
2022	\$ 7,555,000	\$ 7,555,000
2023	\$ 7,640,000	\$ 7,640,000
2024	\$ 7,640,000	\$ 7,640,000
2025	\$ 7,640,000	\$ 7,640,000
2026	\$ 7,640,000	\$ 7,640,000

H. Additional Subsidy – Remaining to be Committed

Attachment H - Additional Subsidy Remaining to be Committed

Cap Grant FFY	Cap Grant Amount	State Match	Congressional Additional Subsidy	DAC Additional Subsidy as Authorized by SDWA	Total Subsidy	Total Federal Subsidy (PF) Amount Committed as of May 30, 2026	Total Federal Subsidy (DAC) Amount Committed as of May 30, 2026	Additional Federal Subsidy Expected to be Committed
Base 2022	\$ 7,008,000	\$ 1,401,600	\$ 981,120	\$ 840,960	\$ 1,822,080	\$ 981,120.00	\$ 840,960	\$ -
2022 (IIJA General Supplemental)	\$ 17,992,000	\$ 1,799,200	\$ -	\$ 8,816,080	\$ 8,816,080	\$ -	\$ 8,816,080	\$ -
2022 (IIJA EC)	\$ 7,555,000	\$ -	\$ -	\$ 7,555,000	\$ 7,555,000	\$ 5,666,250.00	\$ -	\$ 1,888,750
2022 (IIJA LSL)	\$ 30,545,000	\$ -	\$ -	\$ 14,967,050	\$ 14,967,050	\$ -	\$ 14,967,050	\$ -
Base 2023	\$ 4,938,000	\$ 987,600	\$ 691,320	\$ 592,560	\$ 1,283,880	\$ 691,320.00	\$ 592,560	\$ -
2023 (IIJA General Supplemental)	\$ 21,055,000	\$ 2,105,500	\$ -	\$ 10,316,950	\$ 10,316,950	\$ -	\$ 10,316,950.00	\$ -
2023 (IIJA EC)	\$ 7,640,000	\$ -	\$ -	\$ 7,640,000	\$ 7,640,000	\$ 2,229,917.00	\$ -	\$ 5,410,083
2023 (IIJA LSL)	\$ 28,650,000	\$ -	\$ -	\$ 14,038,500	\$ 14,038,500	\$ -	\$ 14,038,500.00	\$ -
Base 2024	\$ 4,661,000	\$ 932,200	\$ 652,540	\$ 559,320	\$ 1,211,860	\$ -	\$ -	\$ 1,211,860
2024 (IIJA General Supplemental)	\$ 22,985,000	\$ 4,597,000	\$ -	\$ 11,262,650	\$ 11,262,650	\$ -	\$ -	\$ 11,262,650
2024 (IIJA EC)	\$ 7,640,000	\$ -	\$ -	\$ 7,640,000	\$ 7,640,000	\$ -	\$ -	\$ 7,640,000
2024 (IIJA LSL)	\$ 28,650,000	\$ -	\$ -	\$ 14,038,500	\$ 14,038,500	\$ -	\$ 10,734,667.00	\$ 3,303,833
Base 2025	\$ 10,906,000	\$ 2,181,200	\$ 1,526,840	\$ 1,308,720	\$ 2,835,560	\$ -	\$ -	\$ 2,835,560
2025 (IIJA General Supplemental)	\$ 24,898,000	\$ 4,979,600	\$ -	\$ 12,200,020	\$ 12,200,020	\$ -	\$ -	\$ 12,200,020
2025 (IIJA EC)	\$ 7,640,000	\$ -	\$ -	\$ 7,640,000	\$ 7,640,000	\$ -	\$ -	\$ 7,640,000
2025 (IIJA LSL)	\$ 28,650,000	\$ -	\$ -	\$ 14,038,500	\$ 14,038,500	\$ -	\$ -	\$ 14,038,500

I. 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

May 27, 2026

Mark Sanborn
Regional Administrator, Region 1
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 Sanborn:

I write pursuant to the requirements contained in 40 C.F.R. § 35.3545(d), which requires the Attorney General to 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 SDWA, and otherwise manage the DWSRF in accordance with the requirements and objectives of the SDWA. 40 C.F.R. § 35.3545(d); *see* Final Guidelines for Implementation of the Drinking Water State Revolving Fund Program, 63 Fed. Reg. 59,844, 59,846–47 (Nov. 5, 1998).

Further, the Infrastructure Investment and Jobs Act, also known as the Bipartisan Infrastructure Law (hereinafter "BIL"), provides for General Supplemental Funding, Lead Service Line Replacement Funding, and Emerging Contaminants Funding in the form of "capitalization grants for the [DWSRF] under

section 1452” of the SDWA. BIL, Pub. L. No. 117-58, Division J, Title VI, 135 Stat. 429, 1399–1402 (2021). Thus, the BIL requires that the Attorney General certify the aforementioned requirements contained in 40 C.F.R. § 35.3545(d).

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, Division J, Title VI, 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.” R.I. Gen. Laws § 46-12.2-3(a).

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 throughout the state of Rhode Island.” R.I. Gen. Laws § 46-12.8-1(a). 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).

In addition, the Agency:

. . . shall have all powers necessary or convenient to carry out and effectuate the purposes 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 its powers under this chapter; such contracts and agreements may include without limitation, . . . grant agreements, contracts for financial assistance or other forms of assistance from the state or United States, and trust agreements and other financing agreements

R.I. Gen Laws § 46-12.8-3.

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: William Fazioli
Executive Director, Rhode Island Infrastructure Bank

J. 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

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

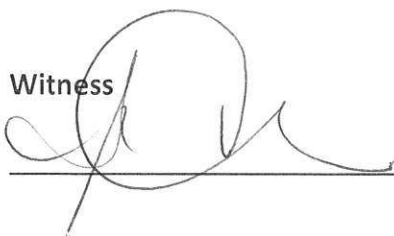
All other terms and conditions of the MOU shall remain in full force and effect throughout the term of the MOU, unless otherwise amended by the Parties pursuant to Section VIII of the MOU.

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.

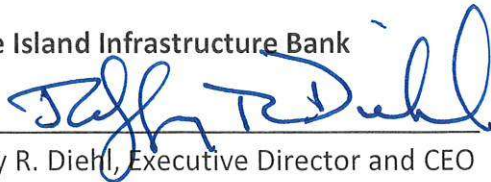
Addendum #1 to Memorandum of Understanding – Drinking Water State Revolving Fund

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.

- ### C. Joint Effort

- ## V. Administrative Costs

VI. Responsible Officials

For the Agency: Executive Director
RI Clean Water Finance Agency
235 Promenade Street, Suite 119, Providence, RI 02908
Phone: (401) 453-4430

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

K. 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 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

October 01, 2018

Agency Head Signature

Agency Signing Date

Department of State

09/28/2018

Regulation Effective Date

 **K.C.**

October 01, 2018

Department of State Initials

Department of State Date

L. 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.

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 (216-RICR-50-05-6)

Type of Filing: Post Promulgation Technical Revision

Department of State

04/19/2018

Regulation Effective Date

N/A

Original Signing Date

 **K.C.**

Department of State Initials

January 14, 2019

Department of State Date

M. Affordability Criteria

Affordability Criteria

For SFY27 and SFY28

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

Eligible systems shall be tiered as follows:

- systems with an Affordability Index **75% or less** of the state average shall be in **tier 1**;
- systems with an Affordability Index **76% to 89%** of the state average shall be in **tier 2**;
- systems with an Affordability Index **90% to 100%** of the state average shall be in **tier 3**.

Unless otherwise determined by the Bank, 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 table below describes the SFY27 and SFY28 Tiers with eligible entities listed. Entities not listed are either not eligible or have not been indexed.

Table: SFY27 and SFY28 Tiers with eligible communities (% = Community Index as Percentage of State Index)

Tier 1 Affordability Index 0-75%	Tier 2 Affordability Index 76 - 89%	Tier 3 Affordability Index 90 - 100%
University of Rhode Island 47% City of Central Falls 62% Smithfield Water Supply Board 66% City of Woonsocket 69% Woonsocket Water 71% Woonsocket WWTF 75%	City of Providence 79% City of Pawtucket 79% Pawtucket Water Supply Board 83% City of East Providence 83% Narragansett Bay Commission 84% Providence Water Supply Board 89%	Town of West Warwick 90% West Warwick WWTF 92% City of Newport 96% Town of North Providence 97% Town of Narragansett 97% Clear River Electric and Water District 97% City of Warwick 98% Newport WWTF 99% Note: Funding only available in this tier if no ready-to-proceed projects remain in Tier 1 and Tier 2.

Note: The preceding results have been computed using the RI Infrastructure Bank's affordability formula. Detailed calculations and metrics employed are provided below.

Allocating Principal Forgiveness Amounts

The Bank will utilize the table below to determine eligibility and the amount of anticipated principal forgiveness. Entities classified as Tier 1 and Tier 2 will qualify for an allocation of principal forgiveness. Tier 3 entities will qualify in the event no Tier 1 or Tier 2 entities have applied for funding. In the event no Tier 1, 2 or 3 entities apply for funding, and subject to the availability of principal forgiveness funds, an entity which does not qualify (i.e. is not classified as Tier 1, 2 or 3) but has qualifying census tracts located within the service area, may be provided with a prorated principal forgiveness amount based on the percentage of work to be performed in those areas.

Table: SFY27 and SFY28 Tiers with thresholds and principal forgiveness

Tier	Index Threshold	Anticipated DW SRF Principal Forgiveness	Anticipated CW SRF Principal Forgiveness
Tier 1	0-75% of state average	<u>40</u> %* of project cost for projects meeting priority dates	<u>40</u> %* of project cost for projects meeting priority dates
Tier 2	76-89% of state average	<u>20</u> %* of project cost for projects meeting priority dates	<u>20</u> %* of project cost for projects meeting priority dates
Tier 3	90-100% of state average	Funding possible in this tier if no ready- to-proceed projects remain in Tier 1 and Tier 2 (up to 20% of project cost)	Funding possible in this tier if no ready-to-proceed projects remain in Tier 1 and Tier 2 (up to 20% of project cost)
All projects listed on PPL		Up to \$100,000 per project for systems serving less than 10,000 users; Up to \$200,000 per project for systems serving school districts; Emergency generators may receive principal forgiveness for a portion or the entirety of project	Forgiveness available for Green Project Reserve projects by order of PPL ranking; ___%* of GPR project cost

*Principal forgiveness amounts to be determined based on pool of ready-to-proceed projects and funding availability. Ready-to-proceed status requires projects to have been bid and to have obtained borrowing authority.

The Bank strives to accommodate all borrowers. Projects meeting priority dates shall be allocated principal forgiveness first; any remaining principal forgiveness shall be allocated in the order in which ready-to-proceed financial applications are received. Principal forgiveness amounts are contingent upon funding availability and readiness to proceed. Final determinations on principal forgiveness will be made in connection with closing a loan.

N. FIFO Implementation Plan

Rhode Island Infrastructure Bank - Drinking Water State Revolving Fund (DWSRF)**Program****FIFO Implementation Plan****Submitted to: Patricia Stelmaszczyk and Noah Mohl (via email)****Original Submission Date: June 2, 2025****Revised Date: July 9, 2025**

1. Introduction

This plan outlines how the Rhode Island Drinking Water State Revolving Fund (DWSRF) Program (the “Bank”) will manage the First-In, First-Out (FIFO) approach to disbursing federal capitalization grant funds, in response to the EPA's directive to formalize our process. While the Bank is committed to maximizing FIFO compliance and aims to achieve a 25% reduction in Unliquidated Obligations (ULOs) by June 30, 2026, the structure of our current loan funding model presents practical limitations. These challenges are addressed through the procedures outlined in this plan.

2. Plan for FIFO Implementation

To fully implement FIFO in the DWSRF program, the Bank will take the following steps:

A. System Improvements

- Enhance our financial tracking system reporting capabilities to ensure FIFO compliance is actively monitored during disbursements.
 - Run newly developed weekly reports that correspond with disbursement submissions to track FIFO adherence.
 - Conduct monthly meetings with EnABLE developers to enhance the disbursement interface, enabling accurate assignment of funds according to FIFO principles.

B. Internal Controls and Procedures

- Regularly review draw schedules to verify timely utilization of funds and ensure schedules are frequently updated.

- Compliance staff will generate monthly finance reports from the EnABLE system and compare them against loan documents to monitor timely fund usage.
- Compliance staff will present findings to compliance management for review.
- Any variances identified will be communicated to clients to obtain updated information.
- Compliance staff will document all updates and communications in EnABLE, subject to approval by compliance management.
- Compliance management will escalate any unresolved issues related to fund non-utilization to Finance management for further action.

C. Client Submittal of Disbursements

- Review all submitted disbursements to verify adherence to the FIFO methodology.
 - Finance and Compliance staff run reports and present findings to Finance and Compliance management for review of FIFO compliance.
 - Management provides guidance on adjusting funding sources to ensure disbursements comply with FIFO requirements.
 - Management's approval of disbursements and corresponding funding allocations is electronically documented within the EnABLE system.
Disbursements will not be processed without this approval.

D. EPA ULO reports

- Staff will compile Unliquidated Obligation (ULO) reports along with EnABLE system data and present the combined analysis to management.
- Management will review the analysis and provide guidance to staff regarding the funding of future disbursements.

E. Training

- Staff will be introduced to FIFO methods during team meetings.
 - Training will include step-by-step guidance on generating reports in EnABLE and understanding disbursement procedures in relation to FIFO compliance.
 - EnABLE disbursement procedures and EPA program manuals will be provided to all staff upon hiring.
 - Staff are encouraged to participate in EPA training sessions and conferences to enhance their knowledge and skills.

These procedures will be incorporated into our existing disbursement procedures.

- They were implemented effective June 2, 2025, following EPA's approval of the FIFO plan, with disbursement procedures formally updated accordingly.

O. RIDOH Set-Aside Fund Schedule

Attachment O - RIDOH Set-Aside Fund Schedule

Date	FFY - QTR	Base Admin	Base State Program Management	Base Technical Assistance	Base Local Assistance	Total Set Aside
Oct - Dec 2026	2026 - 1st	\$ 19,210.00	\$ 96,050.00	\$ 19,210.00	\$ 144,075.00	\$ 278,545.00
Jan - March 2027	2026 - 2nd	\$ 19,210.00	\$ 96,050.00	\$ 19,210.00	\$ 144,075.00	\$ 278,545.00
April - June 2027	2026 - 3rd	\$ 19,210.00	\$ 96,050.00	\$ 19,210.00	\$ 144,075.00	\$ 278,545.00
July - Sept 2027	2026 - 4th	\$ 19,210.00	\$ 96,050.00	\$ 19,210.00	\$ 144,075.00	\$ 278,545.00
		\$ 76,840.00	\$ 384,200.00	\$ 76,840.00	\$ 576,300.00	\$ 1,114,180.00

Date	FFY - QTR	Supp Admin	Supp State Program Management	Supp Technical Assistance	Supp Local Assistance	Total Set Aside
Oct - Dec 2026	2026 - 1st	\$ 114,525.25	\$ 622,200.00	\$ 101,985.00	\$ 386,979.00	\$ 1,225,689.25
Jan - March 2027	2026 - 2nd	\$ 114,525.25	\$ 622,200.00	\$ 101,985.00	\$ 386,979.00	\$ 1,225,689.25
April - June 2027	2026 - 3rd	\$ 114,525.25	\$ 622,200.00	\$ 101,985.00	\$ 386,979.00	\$ 1,225,689.25
July - Sept 2027	2026 - 4th	\$ 114,525.25	\$ 622,200.00	\$ 101,985.00	\$ 386,979.00	\$ 1,225,689.25
		\$ 458,101.00	\$ 2,488,800.00	\$ 407,940.00	\$ 1,547,916.00	\$ 4,902,757.00

Date	FFY - QTR	EC Admin	EC State Program Management	EC Local Assistance	Total Set Aside
Oct - Dec 2026	2026 - 1st	\$ 38,200.00	\$ 113,019.75	\$ 13,677.00	\$ 164,896.75
Jan - March 2027	2026 - 2nd	\$ 38,200.00	\$ 113,019.75	\$ 13,677.00	\$ 164,896.75
April - June 2027	2026 - 3rd	\$ 38,200.00	\$ 113,019.75	\$ 13,677.00	\$ 164,896.75
July - Sept 2027	2026 - 4th	\$ 38,200.00	\$ 113,019.75	\$ 13,677.00	\$ 164,896.75
		\$ 152,800.00	\$ 452,079.00	\$ 54,708.00	\$ 659,587.00

Date	FFY - QTR	LSL Admin	LSL State Program Management	LSL Local Assistance	Total Set Aside
Oct - Dec 2026	2026 - 1st	\$ 64,761.50	\$ 27,971.50	\$ 149,393.25	\$ 242,126.25
Jan - March 2027	2026 - 2nd	\$ 64,761.50	\$ 27,971.50	\$ 149,393.25	\$ 242,126.25
April - June 2027	2026 - 3rd	\$ 64,761.50	\$ 27,971.50	\$ 149,393.25	\$ 242,126.25
July - Sept 2027	2026 - 4th	\$ 64,761.50	\$ 27,971.50	\$ 149,393.25	\$ 242,126.25
		\$ 259,046.00	\$ 111,886.00	\$ 597,573.00	\$ 968,505.00

P. IUP Public Comments and Responses