DEPARTAMENTO DE SALUD
GOBIERNO DE PUERTO RICO

COMMONWEALTH OF PUERTO RICO
PUERTO RICO DEPARTMENT OF HEALTH

Intended Use Plan (IUP) for the Puerto Rico

Drinking Water State Revolving Fund (DWSRF)

October 1, 2026 - September 30, 2027

September 2026

FFY2025
BIL Supplemental and Base Funds

Intended Use
Plan for the

PUERTO RICO
DRINKING WATER STATE REVOLVING FUND

BIL General Supplemental and Base funds
Federal Fiscal Year 2025

Effective: October 1, 2026 – September 30, 2027

Note: All projects funded through the Drinking Water State Revolving Fund (DWSRF) are subject to Federal Davis Bacon Prevailing Wage Laws in addition to Puerto Rico Wage Laws, Use of American Iron and Steel (AIS), and MWBE/EEO/DBE requirements. Refer to Section 10 for additional information.

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Abbreviations	
AIS	American Iron and Steel
BIL	Bipartisan Infrastructure Law
CPE	Comprehensive Performance Evaluation
CWSRF	Clean Water State Revolving Fund
DNR	Department of Natural Resources
DOH	Puerto Rico State Department of Health
DWSRF	Drinking Water State Revolving Fund
ERP	Enforcement Response Policy
ETT	Enforcement Targeting Tool
FIFO	First-in, First-out
FFR	Federal Financial Report
FFY	Federal Fiscal Year
HSNC	Historical Systems in Non-compliance
IUP	Intended Use Plan
MCL	Maximum Contaminant Level
MHI	Median Household Income
MWBE/EEO	Minority & Women Business Enterprise/Equal Employment Opportunity
NEPA	National Environmental Policy Act
NIMS	National Information Management Reporting System
Non-PRASA	Non- Puerto Rico Aqueduct and Sewer Authority
OA	Operating Agreement
PBR	Project Benefit Reporting System
PRASA	Puerto Rico Aqueduct and Sewer Authority
PRFAFAA	Puerto Rico Fiscal Agency and Financial Advisor Authority
PRIFA	Puerto Rico Infrastructure Financing Authority
PSC	Proposed Service Charge
PWS	Public Water System
PWSS	Public Water System Supervision Program
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SHPO	Puerto Rico State Historic Preservation Office
SNC	Systems in Non-compliance
SRF	State Revolving Fund
SWAP	Source Water Assessment Program
TMF	Technical, Managerial and Financial
US EPA	United States Environmental Protection Agency

1.0 Introduction

The Safe Drinking Water Act ("SDWA") Amendments of 1996 (Public Law 104-182) authorize the Drinking Water State Revolving Fund ("DWSRF") to assist public water systems finance the cost of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect public health. This program provides below market rate financing for the construction of certain eligible public water system projects for the protection of public health. As financing is repaid, money is made available for new financing, making it a true revolving fund. For qualifying communities with eligible projects and demonstrated financial hardship, interest rates can be reduced to zero percent and principal forgiveness/grants may be provided. The DWSRF program is administered by the Puerto Rico Department of Health ("PRDOH").

The Safe Drinking Water Act requires the State to prepare a plan identifying the estimated and intended uses of the DWSRF funds and a description of how those uses support the goals of the DWSRF. To meet that requirement, the State prepares an Intended Use Plan ("IUP") annually and provides for public review and comment before submitting it to the Environmental Protection Agency ("EPA"). The EPA must receive the IUP before it awards the annual capitalization grant to the State's DWSRF under the SDWA.

Through the memoranda dated November 24, 2025 for BIL General Supplemental and Base funds, EPA indicated that final allotments for FY-2025 were as follows:

	Funds FY2025
BIL Gen. Supplemental	$24,898,000
Regular Base	$10,906,000
Total	$35,804,000
BIL= Bipartisan Infrastructure Law	

in accordance with the Full Year Continuing Appropriations and Extensions Act, 2025 (Public Law 118-83) (hereinafter referred to as "Continuing 2025") passed by the Congress on September 26, 2024. This IUP provides for the BIL General Supplemental and Regular Base funds information on how funds, available through Continuing 2025, will be used to provide financial assistance for drinking water projects and identifies the guidelines and policies applicable for funding awards.

The PRDOH, acting on behalf of the Commonwealth of Puerto Rico ("Commonwealth" or "State"), hereby submits to the EPA, as part of its annual application for a Capitalization Grant under Section 1452 of the SDWA, an IUP corresponding to the State's application under the DWSRF Program for the following federal capitalization grants with their submittal dates:

Capitalization Grant	Date submitted
2025 BIL General Supplemental	July 17, 2026
2025 Regular Base	July 16, 2026

2.0 Program Changes & Ongoing Initiatives

Ongoing Program Initiatives:

1. Class Exception from Regulatory Prohibitions on Use of the DWSRF for Rehabilitation of Dams and Reservoirs: This class exception allows for the use of DWSRF funds for rehabilitation of dams and reservoirs where such work supports the public health protection objectives of the SDWA. The principal purpose of this class exception is to provide a safe drinking water supply and improve public health protection for existing populations. This class exception does not support population growth. The dam or reservoir must be owned by the public water system and its primary purpose must be for drinking water supply. Examples of acceptable projects include spillway reconstruction or repair, dam resurfacing or repair, repair or replacement of drainage systems, and sedimentation dredging.

2. Amendments to Base DWSRF Assistance for Disadvantaged Communities Requirements: The BIL amended requirements in the base DWSRF program related to additional subsidy assistance for disadvantaged communities. See Section 7.0

3. Priority Ranking: The PRDOH revised the System Criteria and Ranking Method along with the Checklist for Priority Ranking to add activities/projects that qualify as LSLR and EC and points were also assigned. Also, the Affordability Criteria was revised (See Attachments I and II)

4. Build America, Buy America (BABA) Act: The SDWA was amended with the November 15, 2021, passage of the Bipartisan Infrastructure Law of 2021 ("BIL"). It includes the creation and incorporation into the DWSRF program of the BABA domestic sourcing requirements for federal financial assistance programs for infrastructure, effective May 14, 2022. BABA expands existing American Iron and Steel (AIS) requirements and requires that all of the iron, steel, manufactured products, and construction materials used in a project are produced in the United States for federally funded infrastructure projects, including those funded through the DWSRF. For the DWSRF base program, BABA applies to projects designated as equivalency projects (see Sections 9 & 10 for more information).

5. Extended Term Financing: The SDWA, as amended, authorizes extended term financing with a final maturity date up to thirty (30) years, or forty (40) years for hardship recipients. The offer of extended term financing will be at PRDOH's discretion and may be used on a limited basis to assist communities for which PRDOH determines that an extended term would provide a significant benefit over the life of the financing.

6. Additional Subsidy: As per the BIL, the States are required to provide additional subsidies, in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these)

7. Asset Management: The PRDOH encourages communities that apply for financing to prepare and submit an asset management plan to accompany the engineering report and/or plans and specifications for their project. An asset management plan would support communities by encouraging the building of sustainable infrastructure. The PRDOH reserves the right to require an asset management plan for any project that

has shown deficiencies with respect to managerial, technical, and financial capacity. In support of DWSRF's federal capacity development requirements, if otherwise DWSRF eligible, asset management plan costs are reimbursable as a part of any DWSRF financed project.

8. Energy and Water Efficiency: The DWSRF encourages the efficient use of energy and water conservation in all drinking water projects. Therefore, the PRDOH are recommending, if applicable, that engineering reports and/or plans and specifications submitted to the PRDOH identify project components that incorporate energy efficiency, water efficiency, and/or other environmentally innovative activity. (See Section 10.4)

9. Davis-Bacon Requirements: As stated by the P.L. 117-103, Consolidated Appropriations Act, 2022, "*For fiscal year 2022 and each fiscal year thereafter, the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with such assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of that Act (42 U.S.C. 300j-12).*" Therefore, this requirement is now permanent for SRF programs. (See Section 10.3)

10. American Iron & Steel (AIS): The American Iron and Steel (AIS) provision requires DWSRF assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance, or repair of a public water system or treatment works. BIL 2021 made the AIS provision permanent for DWSRF projects. The appropriation language sets forth certain circumstances under which EPA may waive AIS requirements. For details, see Waiver Request Process at EPA's webpage. (See Section 10.1)

11. According to the "*Approval of Class Exception from the Clean Water and Drinking Water State Revolving Fund the Cash Draw Rules*" US EPA Memorandum dated November 2022, the requirement for states to draw SRF disbursement requests at a proportional federal to state ratio was eliminated. Thus, allowing States to draw federal funds at a ratio of 100% for disbursement to assistance recipients to cover incurred project costs, after States have deposited the appropriate state match into the fund.

3.0 Short and Long-Term Program Goals

The DWSRF program will help ensure that the Commonwealth's drinking water systems remain safe and affordable, and that drinking water systems that receive funding will be properly operated and maintained.

3.1 Short-Term Goals

- Collaborate with EPA TA staff in order to improve program staffing performance.

- Receive project lists, score and rank projects based on human health

risk and compliance with the SDWA and EPA regulations.

- Continue efforts that have been carried out with the EPA Water TA Office in order that a Non-PRASA system may apply for financing

- Establish and maintain a continuous technical assistance support process available to drinking water systems for availing compliance, establishing asset management plan, establish a technical and/or financial assistance mechanism to provide small systems that are in non-compliance with the necessary tools to foster compliance and access to funds and subsidies.

- Continue complying with all Federal Reporting requirements.

- Help small water systems with development or updating of lead service line inventories, including locating and mapping lead service lines.

- Increase disbursements and increase project started to continue to support the national reduction of federal DWSRF unliquidated obligations. PRDWSRF will continue to work to reduce the amount of year-to-year carry-over funds by continuing to implement first-in-first-out (FIFO) basis, among other things.

- Make available interest-free financing and additional subsidy (principal forgiveness/grants) to help small public water systems and disadvantaged communities finance needed projects.

- Assist public drinking water systems to improve drinking water quality, quantity and dependability by providing reduced interest rate long-term financing and/or Additional Financing Subsidies (principal forgiveness/grants).

- Local participation in meetings, coalitions, workshops, conferences, among others, to keep promoting the Program's goals and financing options

- Assist and collaborate with EPA in the specific services of service line inventory for small systems

3.2 Long-Term Goals

- Continue to implement the DWSRF program for the Commonwealth of Puerto Rico.

- Coordinate a mechanism or process for consolidating and/or eliminating existing non-viable small public drinking water systems.

- Continue participation in Water Coalition[1] meetings to increase assistance outreach to small systems

- Implement non-equivalent financial agreements

- Help public drinking water systems achieve and maintain compliance with federal and state drinking water standards and enforceable requirements of the SDWA.

- Protect and enhance the Commonwealth's public drinking water systems using the financial incentives provided by the DWSRF and the programs that the DWSRF supports.

- Administer the DWSRF in a fiscally responsible manner that will ensure its revolving nature in perpetuity.

- Promote and maintain an infrastructure construction program for the drinking water facilities of the Commonwealth.

- Evaluate the DWSRF operating structure to ensure the program is administered in a manner that assures its revolving nature in perpetuity. Develop a financial model of the program.

- to continue expanding the technical assistance provided and explore new mechanisms and programs to address the needs of small systems.

- Encourage the collaboration of public and private entities to provide direct assistance to communities.

- Keep improving and updating the website created

4.0 Financial Status

4.1 Total DWSRF Monies (Sources and Uses of funds)

Capitalization for the Puerto Rico DWSRF program for this IUP funding will be provided from the FFY 2025 DWSRF BIL appropriation capitalization grants for General Supplemental funds EPA's Memorandum *"FY 2025 Allotments for the State Revolving Fund Provisions of the Infrastructure Investment and Jobs Act and Base Program Funding"* dated May 15, 2025. The estimated sources, uses and available DWSRF funds for this IUP funding cycle are presented in **Table 1** and the anticipated disbursement schedule in **Attachment III**.

[1] Water Coalition is an initiative that was developed after Hurricane Maria struck the island in 2017 and has evolved over the years and maintained in order to assist small systems. It is composed of EPA-CEPD, PRDOH, FEMA, NRWA, DRNA, PRHST, communities, among others.

Table 1: Sources and Uses of Funds			
Sources		7/1/2026 - 6/30/2027 (this IUP)	
Beginning Cash balance (July 1, 2026)		$64,412,702.39	
Undrawn federal funds (July 1, 2026)		$380,427,681.73	
Unspent Revenue bond balance		N/A	
State Match balance (July 1, 2026)		$18,536,783.90	
Total funds available- beginning of year		$463,377,168.02	
Estimated Repayments on disbursed SRF loans		$3,300,000.00	
Estimated Repayments from future SRF loans		$1,500,000.00	
Total Repayments		$4,800,000.00	
Estimated State Match to be deposited- current year	b	$1,500,000.00	c
Estimated State Match - bond proceeds		N/A	
Total State Match		$1,500,000.00	
Revenue bond proceeds		N/A	
Federal Cap Grants	a	$107,190,000.00	
Interest earnings on invested funds		$3,235,029.97	
Total all Sources		$580,102,197.99	
Uses			
Estimated Debt Service- outstanding revenue bonds		N/A	
Actual Disbursements (Projects in SRF loans)		$17,917,912.56	
Projected Disbursements (Projected SRF loans)		$14,137,527.59	
Estimated Disbursements (Subsidized)		$45,152,431.10	
Total Disbursements (Projects)		$77,207,871.25	
Administration		$653,422.09	
Small Systems Technical Assistance		$560,409.06	
State Program Management:		$286,168.84	
Total Disbursements (Set Asides)		$1,500,000.00	
Total Disbursements (Projects and Set Asides)		$78,707,871.25	
Total all Uses		$78,707,871.25	
Fund Balance Reserves		$ -	
Funds Available less all Uses (Ending Cash Balance)		$501,394,326.74	
Funds Previously Committed (July 1, 2026)	d	$375,815,424.00	
Funds to be Committed in FY	e	$127,026,880.00	
Actual Funds Available (ending cash balance)		$ (1,447,977.26)	

Table 1a: State Overmatch Tracking in DWSRF Trust State Match Subaccount as of June 30, 2026	
Beginning Balance	$18,536,783.90
Undisbursed Base FY 2019:	$106,613.36
Undisbursed Base FY 2020:	$1,581,131.02
Undisbursed Base FY 2021:	$1,744,411.88

Undisbursed Base FY 2022:	$1,401,600.00
Undisbursed BIL Supp. FY 2022:	$0
Undisbursed Base FY 2023:	$987,600.00
Undisbursed BIL Supp. FY 2023:	$2,105,500.00
Undisbursed Base FY 2024:	$932,200.00
Undisbursed BIL Supp. FY 2024:	$4,597,000.00
Earmarked Base FY2025	$2,181,200.00
Earmarked BIL Supp. FY2025	$4,979,600.00
Subtotal undisbursed committed Match	$20,616,856.27
Amount of match to be deposited	($2,080,072.37)
Total overmatch available (6/30/2026)	$0

4.2 Fees

Up to 4% of the total amount of federal capitalization grants can be set-aside to support the cost of administering the DWSRF program. Costs of DWSRF program administration not covered by the 4% administrative set-aside must be paid from fees charged to DWSRF subrecipients. Fees collected by the DWSRF should be deposited in an account outside of the DWSRF.

DOH may be requesting Puerto Rico Infrastructure Financing Authority ("PRIFA") to establish this fee and requesting to the Puerto Rico Finance Advisory Authority and Fiscal Agency ("PRFAAFA") to assess subrecipient's financial capacity to pay it. In addition, should DOH determine its establishment, such fee shall be used for the purposes for which the capitalization grant is awarded under Section 1452 (e) of the SDWA or for state match. Thus, then, in addition to the payments required in the Financial Agreement, if applicable, subrecipient shall pay an administration fee payable at the closing date of the Agreement. For fiscal year funds FY 2025 this fee won't be established.

4.3 Transfer of Funds

The SDWA Amendments of 1996 offered states flexibility to meet the funding needs for drinking water and wastewater facilities by transferring funds from one SRF program to the other (Section 302 of Public Law 104-182). An amount equal to up to 33 percent of the DWSRF capitalization grant could be transferred from the DWSRF to the CWSRF program, or an equivalent amount from the CWSRF to the DWSRF program. For this IUP's funds, no transfer of funds between SRFs will be made.

4.4 Eligible Systems and Types of Projects to be Funded

Drinking water systems that are eligible for project funding are community water systems, both public and privately owned, and non-profit, non-community water systems (when funding is provided, a "recipient"). "Drinking water infrastructure project" or "water supply project" means the planning, design, construction, improvement, or acquisition of facilities, equipment, sites, or buildings for the supply, control, treatment, distribution, and transport of drinking water intended to improve drinking water facilities, including achievement of compliance with the federal SDWA or other applicable federal law and state drinking water quality goals and standards.

Other types of projects are eligible for DWSRF financing under the Program regular base and BIL Supplemental funds, which include, among others: upgrade or replace infrastructure, address noncompliance with federal or state health standards, prevent future

violations of such standards, related to the lead and copper rule, improve the security of drinking water systems, etc. For more information and projects see EPA's Drinking Water State Revolving Fund Eligibility Handbook.

Below are non-exhaustive lists of DWSRF-eligible projects and activities under the BIL DWSRF Supplemental and Base capitalization grants.

DW Base and BIL-Supplemental Eligible Activities

- green infrastructure projects to address water and energy efficiency improvements or other environmentally innovative activities;
- rehabilitation or development of new drinking water sources to replace contaminated supplies;
- installation or upgrading of facilities to improve the quality of drinking water in order to comply with primary or secondary standards and/or treatment/performance criteria;
- installation or upgrading of storage facilities, including finished water reservoirs to prevent microbiological contamination or to provide adequate delivery pressure;
- installation or replacement of transmission and distribution mains to prevent contamination caused by leaks or breaks;
- projects that promote the consolidation of water supply services, particularly in circumstances where generally the water supply is contaminated, or the system is unable to maintain adequate compliance for financial or managerial reasons;
- the purchase of a portion of another system's capacity, if the purchase is part of a consolidation plan to bring the system(s) into compliance;
- refinancing of any of the above listed project types which are publicly owned and were previously financed; and
- any eligible system or part of a system in conformance with the SDWA.

4.4.1 Small Systems Reserve

A state must annually use at least 15% of all funds credited to the fund account to provide loan assistance to systems serving fewer than 10,000 persons (Section 1452(a)(2)), to the extent that there are enough eligible projects to fund. It is the Commonwealth's strategy to award loans to systems that eliminate or consolidate small systems serving a population of 10,000 or less. The following table presents a summary of the loan assistance provided by the Commonwealth to small systems since the inception of the Program. There are small systems that will not have the capacity to enter into a loan, thus, 15% will be limited. Meanwhile, DOH is taking steps to capacitate small systems in order to enable them to have technical, financial and managerial capacity to avail themselves of their ability to finance the construction of needed infrastructure that will warrant and provide compliance.

TABLE 2: Total Financial Assistance to Small Systems with Population < 10,000				
Federal Fiscal Years	Executed Project Financial Assistance	Executed Financial Assistance to > 10,000	Executed Financial Assistance to < 10,000	Per cents
1997 – 2024 Base/BIL	$799,871,811[1]	$524,192,192[1]	$125,027,139[1]	15.63%
BIL LSLR 2025	Lead replace.- Metro	$6,449,250		
	Lead replace.- North	$3,266,100		
	Lead replace.- South	$5,386,200		
	Lead replace.- East	$6,443,250		
	Lead replace.- West	$5,386,200		
Subtotal	$26,931,000	$26,931,000	$0	0%
BIL EC 2025	Guajataca WTP	$1,000,000		
	Cidra WTP	$1,000,000		
	PFAS Gurabo WTP	$3,640,000		
	PFAS Wells	$1,000,000		
	La Plata WTP	$1,000,000		
Subtotal	$7,640,000	$7,640, 000	$0	0%
BIL LSLR 2026	Lead replace.- Metro	$6,732,750		
	Lead replace.- North	$3,036,900		
	Lead replace.- South	$5,500,800		
	Lead replace.- East	$6,732,750		
	Lead replace.- West	$5,500,800		
	$27,504,000	$27,504,000	$0	0%
BIL EC 2026	Guajataca WTP	$1,000,000		
	Cidra WTP	$1,000,000		
	PFAS Gurabo WTP	$3,640,000		
	PFAS Wells	$1,000,000		
	La Plata WTP	$1,000,000		
	$7,640,000	$7,640, 000	$0	0%
Base 2025	Ponce Vieja WTP Improv.	$3,817,100		
	Termin. Valenciano WTP	$1,526,840		
	Malpaso WTP Improv.	$5,000,000		
	Cayey Urbano WDS Improv.		$7,000,000	
	Ponce Nueva WTP Improv., Ph. II	$2,000,000		
	D/B Cerro Marquez WDS, Arecibo	$88,900		
	$19,432,840	$12,432,840	$7,000,000	36%
BIL Supplemental 2025	Ponce Vieja WTP Improv.	$182,900		
	Termin. Valenciano WTP	$13,473,160		
	Pozo de Agua WDS Improv		$1,988,384	
	Jagual WTP Improv.		$4,700,000	
	Naranjito WDS	$2,000,000		
	La Plata WDS Improv.	$500,000		
	Betances WTP Rehab.	$4,000,000		
	D/B Cerro Marquez WDS, Arecibo	$1,909,880.18		
	$28,754,324.18	$22,065,940.18	$6,688,384	23.3%
TOTAL	$917,773,975.18	$613,125,972.18	$138,715,523	15.1%

Note: ARRA 2009 funds, but transfer and SAHFI funds are included.
[1]- Includes financial assistance awarded since program inception

4.5 Financial Planning Process

Projects can be submitted for listing at any time. A new IUP will be issued at least once a year and may be amended during the period that the IUP is in effect, providing that sufficient funds are available. Projects submitted for financing will be screened for eligibility, ranked, scored and listed. All eligible projects for which fund request letters have been submitted and reviewed will be included on the Project Priority/Multiyear List. Projects ready for financing will be listed on the Project Priority List. Direct loans and financial agreements will be made throughout the year. Concerning the grant payments schedule, it will be discussed/agreed with EPA.

4.6 Types of Assistance and Terms

The DWSRF program offers the following types of financial assistance:

1. Direct Loans- Based on an economic and financial analysis conducted on behalf of DOH by PRIFA, in coordination with Puerto Rico Fiscal Agency and Financial Advisor Authority ("PRFAFAA"), loan agreements will be executed with qualified borrowers, at a negotiated interest rate.

2. Hardship Financing – Direct or Hardship Financing will be made available to qualified recipients at rates as low as zero percent. A description of the DWSRF Disadvantaged Community Program is provided in Section 7.0 of this IUP.

3. Additional Subsidization Financial Assistance (Principal Forgiveness/Grants) – Additional subsidy may be made available to eligible qualified recipients. A description of the DWSRF Additional Subsidization is provided in Section 11.3.

4. Refinancing - In accordance with Section 1452 (f)(2) of the SDWA, local debt obligations may be purchased or refinanced at or below market rates, only where such debt was incurred on or after the date of enactment of Consolidated 2024 (March 9, 2024).

4.7 Program Financial Terms

1. Direct Loans- For eligible projects, the terms governing principal amortization shall be up to 30 years, and in the case of the disadvantaged communities, up to 40 years, from the project completion date or the period of probable usefulness, whichever is sooner.

2. Hardship Financing – As mentioned above, the law authorizes extended term financing with a final maturity up to 40 years and/or design life of the project's components, whichever is less, for hardship recipients. A description of the DWSRF Disadvantaged Community (Hardship) Program is provided in Section 7.0 of this IUP.

3. Additional Subsidization Financial Assistance (Principal Forgiveness/Grants) – Principal Forgiveness/Grants will be provided to qualified recipients based on the *System Criteria and Ranking Methodology* found in Attachment I as outlined in Section 11.3, If determined to be eligible, projects will be ranked according to project priority ranking system score.

5.0 Set-Aside Activities

Section 1452 of the SDWA authorizes states to use a portion of the federal capitalization grant (set-asides) to support various drinking water programs. Section 1452 allows up to 31% of a state's federal capitalization grant to be used for administrative activities, technical assistance activities, state program management activities, and local assistance & other state programs.

During this fiscal year 2025, the full available amounts for the 4% Administrative set-aside and the 2% Small Systems Technical Assistance will be used for both the BIL General Supplemental funds and the Regular Base funds. (Refer to detailed amounts in Table 1: Sources of Funds- of Section 4.1 of this IUP). Nonetheless, for the BIL General Supplemental funds only 2.53% ($629,395.82) of the State Program Management set-aside will be used, while the remaining 7.47% will be banked; and for the Regular Base funds the 10% available of State Program Management set-aside will be banked. This Department reserves the right to take from future capitalization grants amounts not claimed at this time under each corresponding set-aside.

It is important to note that DOH will continue undertaking a series of activities based, within others, on priorities established in the PRDWSRF's Technical Assistance Support (TAS). The intended use of funds and accomplishment goals for each set-aside are described below. Table 3, presented at the end of this section, specifies intended set-aside allocations.

5.1 Administrative

The SDWA authorizes states to take the greatest of $400,000, 1/5% of value of Fund, or up to 4% of the total annual Federal Capitalization Grant (as provided in Section 130 of the SDWA amendments of 1996) to support the cost of administering the DWSRF program. For FY2025, PRDOH will be establishing the 4% ($995,920.00) available for the BIL General Supplemental funds and the 4% ($436,240.00) for the Regular Base funds, as shown in Table 3.

5.2 Technical Assistance

Section 1452(g)(2)(D) of the SDWA authorizes states to use up to 2% of the total annual federal capitalization grant to provide technical assistance to small water systems (those with populations of 10,000 or fewer). For FY2025, PRDOH will be establishing the 2% ($497,960.00) available for the BIL General Supplemental funds and the 2% ($218,120.00) for the Regular Base funds, as shown in Table 3.

5.2.1 Small Water Systems

Under DW BIL-Supplemental, three (3) water systems with less than 25,000 people served are receiving assistance, while one (1) of these with a subsidy of 100% principal forgiveness and 0% interest rate. The projects are: *Improvements to Pozo de Agua, Jagual WTP Improvements, and Cayey Urbano WDS Improvements. See* ***Appendix A.***

5.3 State Program Management

The SDWA authorizes states to use up to 10% of the total annual federal capitalization grant to support state program management activities. For FY2025, PRDOH will be establishing 2.53% ($629,395.82) for the BIL-General Supplemental funds and will be banking the State Program Management set-aside of 10% for the Regular Base funds as

shown in Table 3. PRDOH reserves the right to take from future capitalization grants amounts not claimed at this time under this set-aside.

Nonetheless, DOH will continue undertaking a series of activities for priorities established in the PRDWSRF's Technical Assistance Support (TAS): *Operator Certification Program* and *Capacity Development Program*.

5.4 Local Assistance & Other State Programs

Section 1452(k) of the SDWA authorizes states to use up to 15% of the annual federal capitalization grant for land acquisition, capacity development projects, wellhead protection, and source water petitions. For this FY2025, Puerto Rico is not proposing to take or use any of the set-aside funds from FY2025 BIL General Supplemental and Regular Base funding cycle for these programs.

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TABLE 3- SET-ASIDES ALLOCATION INTENDED USE & DISTRIBUTION OF PR DWSRF FFY2025 SET-ASIDE FUNDS- for BIL Gen. Suppl. and Base funds							
Set-Aside	% Allowed by SDWA	FFY 2025 Maximum Allocation per SDWA		PR's FFY 2025 Use		PR's FFY 2025 Banking[1]	
		BIL Gen. Supp.	Base	BIL Gen. Supp.	Base	BIL Gen. Supp.	Base
Administration	4% or 1/5% fund valuation or $400,000 (greatest)	$995,920.00 (4%) Or $400,000	$436,240.00 (4%) Or $400,000	**$995,920.00**	**$436,240.00**	$0	$0
Technical Assistance	2%	$497,960.00	$218,120.00	**$497,960.00**	**$218,120.00**	$0	$0
State Program Management Administer PWSS Program DOH	10%	$2,489,800.00	$1,090,600.00	**$629,395.82 (2.53%)**	**$0**	$1,860,404.20 (7.47%)	$1,090,600.00
Local Assistance & Other State Program	15%	$3,734,700	$1,635,900	**$0**	**$0**	$0	$0
Set-Asides [2]							
Land Acquisition	*(10%)*	*$2,489,800.00*	*$1,090,600.00*	***$0***	***$0***	*$0*	*$0*
Capacity Development	*(10%)*	*$2,489,800.00*	*$1,090,600.00*	***$0***	***$0***	*$0*	*$0*
Wellhead Protection	*(10%)*	*$2,489,800.00*	*$1,090,600.00*	***$0***	***$0***	*$0*	*$0*
SW Petition Programs	*(10%)*	*$2,489,800.00*	*$1,090,600.00*	***$0***	***$0***	*$0*	*$0*
Total Set-Asides [3]	31%	$17,677,580 or $17,081,660	$7,743,260 or $7,707,020	$2,123,275.82	$654,360.00	$1,860,404.20	$1,090,600.00

[1] The PRDOH reserves the right to take from future capitalization grants amounts not claimed at this time under each corresponding set-aside.
[2] No more than 10% for any individual component and a total of 15% under Special Activity Set-Asides.
[3] The US EPA Safe Drinking Water Act allows States to use up to 31% of the federal Capitalization Grant for set- asides.

6.0 Unliquidated Obligations

DOH will continue implementing to the extent possible the grants policy issuance 12-06 *"Timely Obligations, Award and Expenditure of EPA Grant Funds"* and the memorandum dated Sept. 12, 2013, for *"Maximizing the Benefits of the DWSRF through efficient federal funds management practices"* and the memorandum dated April 14, 2014 for *"DWSRF ULO's Reduction Strategy"* as follows:

- Using the federal funds in a first-in-first-out (FIFO) basis. As of today, the last completely used grant is that of fiscal year 2018. Drawdowns will be directed towards the oldest grant open (2019) and subsequent open ones (See Attachment III – Anticipated Disbursement Schedule).
- Continue the development of a project list of fundable/ready to proceed projects with a meaningful promising multi-year list.
- Received requests will be processed from the federal portion of the oldest grant and subsequent grants, being the 2019 grant the oldest one.
- DOH will focus on the ready-to-proceed projects and/or with the projects bypass procedures for projects not yet ready-to-proceed (See Section 12.3).
- DOH will continue communications with loanees to increase disbursement requests submittal rate.
- In mutual agreement with loanees, DOH will redistribute assistance amounts when needed, due to project delays, and, thus, disbursement delays.
- Have financial agreements drafted and distributed for execution immediately after Notice of Award of Capitalization Grants.
- Prepare with loanees a pipeline of financial agreements that will finance a single extensive list of projects
- DOH will be monitoring how the ULO's diminish and will evaluate the implementation of other alternatives and/or suggestions made by EPA to DOH as an ULO's reduction plan.
- Federal shares will be prioritized to be disbursed before State shares and Repayment funds

Attachment III represents the DWSRF's anticipated federal draw schedule for FFY 2027. The federal draw schedule assumes U.S. EPA's "first-in-first-out" policy for liquidating DWSRF capitalization grants, and our prioritization to disburse federal funds before any state and repayment funds. Therefore, the draw schedule includes the anticipated liquidation of the balances of the open 2019 through 2026 DWSRF capitalization grants, **subject to PRIFA's execution of the set-asides cash-draws and disbursements on a timely basis and receiving requests for payment from borrower on a timely basis.**

Below, please find an estimated Obligation of Funds Schedule of unobligated funds to date taking into account the time for evaluation by PRIFA, PRFAFAA and the Oversight Board (PROMESA):

TABLE 4: SCHEDULE of EXECUTION of OBLIGATION OF FUNDS		
Funds	Amount	Date
Grants Awarded		
FFY 2024 BIL LSLR, EC and Supplemental	$52,343,400.00	August 2026
FFY 2024 Base	$12,847,440.00	August 2026
Future Grants (Estimated Amounts)		
FFY 2025-2026 BIL LSLR and EC	$61,836,040.00	June 2027
FFY 2025 Base and BIL Supplemental	$48,187,164.18	June 2027
Totals	$175,214,044.18*	

*Of this amount, $60,315,900 will be provided as Subsidy.

7.0 Disadvantaged Community and Hardship Program

7.1 Introduction

It is important to note that within the projects included in the Project Priority List (*Appendix A*) are projects that meet the definition of Disadvantaged communities (See Section 7.2), thus this Section 7.0 is included as part of our Program process and funding availability related to Disadvantaged communities.

Within the DWSRF, available hardship assistance includes principal forgiveness, grants and interest-free financing. For regular Base funds, States must use at least 12%, but no more than 35%, of their capitalization grant for additional subsidy for state-defined disadvantaged communities, provided there are sufficient disadvantaged community projects available.

Nonetheless, for funds under BIL this requirement was amended as follows. For the FY2025 BIL-General Supplemental funds, States are required to provide 49% of capitalization grants to systems serving disadvantaged communities (See Appendix A).

As shown in *Appendix A*, PRDOH will provide the following **disadvantaged** subsidies:

Funds	%	Amount	Type of Subsidy
BIL-Gen. Supplemental	49%	$12,200,020	100% Princ. Forgiv. and 0% interest rate
Regular Base	35%	$3,817,100	100% Princ. Forgiv. and 0% interest rate
Total Disadvantaged Subsidy		$16,017,120	

Table 5 reflects the total project financial assistance, the cumulative amount of grant funds that have been provided to disadvantaged communities since the inception of the Program, and the estimated new subsidy that may be provided during this FFY funding cycle.

Table 5- Total DWSRF Program Financial Assistance and Additional Subsidy to Disadvantaged Communities				
Federal Fiscal Years	Federal DWSRF Dollar Provided to PR (Capitalization Grants)	Executed Project Financial Assistance	Additional Subsidy Awarded	Subsidy Awarded to Disadvantaged Communities[3]
1997 – 2023 Base/BIL	$615,888,111[1]	$754,156,348[5]	$263,262,303[1]	$33,120,550 [2]
BIL EC 2024[4]	$7,640,000	$7,640,000	$1,028,000	$6,612,000
BIL LSLR 2024[4]	$28,650,000	$17,799,000	$0	$14,038,500
BIL Supp. 2024[4]	$22,985,000	$26,904,400	$0	$11,262,650
Base 2024[4]	$4,661,000	$12,847,440	$652,540	$1,631,350
BIL EC 2025	$7,640,000	$7,640,000	$1,000,000	$6,640,000
BIL LSLR 2025	$28,650,000	$23,493,000	$0	$14,038,500
BIL EC 2026	$7,640,000	$7,640,000	$1,000,000	$6,640,000
BIL LSLR 2026	$27,456,000	$22,872,000	$0	$13,453,440
BIL Supp. 2025	$24,898,000	$28,754,324	$0	$12,200,020
Base 2025	$10,906,000	$19,432,840	$1,526,840	$3,817,100
Total	$787,014,111	$929,179,352	$268,469,683	$123,454,110

1 Awarded since program inception, excluding transfers.
2 Total DWSRF hardship subsidy awarded to Disadvantaged Communities since program inception.
3 Estimated new subsidy commitments to be provided of the Federal Capitalization Grant to identified Disadvantaged Communities
4 These funds were included in Financial Agreements to be executed
5 Includes transfers committed into loans.

7.2 Definition of Disadvantaged Community

As defined by 1452(d)(3) of the SDWA, a disadvantaged community is one in which the service area of a public water system meets affordability criteria established after public review and comment by the State in which the public water system is located. Under regular annual appropriation funds, drinking water projects will be reviewed to determine funding eligibility and score based on an established priority ranking system (See ***Attachment I***). It is important to mention that there are two types of subsidies. One is provided under the Disadvantaged Community Program and the other is mandatory *additional* subsidization to eligible entities based on a different criterion (See Section 11.3). DOH will consider a disadvantaged system those systems serving 25 or more persons, or 15 or more connections, for more than 60 consecutive days and meet the affordability criteria described in Section 7.4.

The BIL amended requirements in the Base DWSRF program related to additional subsidy assistance for disadvantaged communities. States are now required to use at least 12%, but no more than 35%, of the capitalization grant amount for additional subsidy for state-defined disadvantaged communities in the form of grants, principal forgiveness, negative interest loans, other loan forgiveness, and through buying, refinancing, or restructuring debt. This 12% minimum is in addition to the minimum of 14% in additional subsidy that is already required in the Base program.

7.3 Hardship Financing

In the Commonwealth, drinking water projects serving a disadvantaged community will be reviewed to determine funding eligibility and scored based on the scores of mentioned priority ranking system, communities whose water projects are ranked high enough will be evaluated for hardship based upon a comparison of projected and programmed service charges (total debt service plus operation and maintenance costs) for a typical household expressed as percentage of Community Resilience Estimates (CRE) for the service area Community Resilience Estimates for Puerto Rico Viewer.

The DWSRF may provide additional subsidized financial assistance to water systems serving communities experiencing economic hardship. This additional financial assistance will be provided by first reducing the interest rate as necessary to lower the projected service charge to the Proposed Service Charge (PSC). Other financial mechanisms such as forty (40) years loan terms (or design life, whichever is less), may be available to provide increased financial benefits. However, the loan term should not exceed the expected design/useful life of the project.

DOH may modify the data being used to evaluate disadvantaged financing awards. Such modifications will be announced in a final IUP or through IUP amendments. DOH will continue to honor the commitment of hardship financing, if offered, to those municipalities or eligible systems whose census data change during the hardship offer period.

7.3.1 Hardship Financial Criteria

Projects must meet the definition of hardship under this criterion. The determination will be made using the *Systems Criteria and Ranking Methodology* (***Attachment I***) and as follows:

- Projects may not be segmented in order to qualify for hardship assistance.
- Refinancing is eligible through the regular subsidized DWSRF program if qualified or eligible as required and stated in the DWSRF.
- if the applicant for a DWSRF hardship is applying for loan, it must demonstrate that it can repay its debt obligation,
- has a satisfactory Operation & Maintenance procedure and can comply with DOH/DWSRF Capacity Development Program.
- Projects that are determined eligible for hardship assistance will receive a written confirmation of eligibility.
- Confirmation of funding availability will be valid for two consecutive annual federal funding cycles provided that the projected service charge does not change significantly.
- Confirmation of funding availability may be withdrawn if:
    - the applicant fails to demonstrate satisfactory progress

towards project implementation;
- the information on which the determination was made changes prior to loan closing; or
- the applicant fails to demonstrate that it can repay the loan.

In which case, it would need to apply again.

7.4 Affordability Criteria

The purpose of the affordability criteria is to determine which public water systems are defined as Disadvantaged and then eligible for financial assistance, beyond the ordinary benefits available through the DWSRF. The additional benefits will assist economically disadvantaged water systems in the construction of eligible drinking water projects.

This Criterion is based on The Community Resilience Estimates (CRE) for Puerto Rico Viewer which shows the social vulnerability in Puerto Rico in the event of a disaster. Using restricted microdata from the 2024 Puerto Rico Community Survey (PRCS) and small area modeling, the CRE creates population estimates based on ten individual/household-level components of social vulnerability, including: poverty status, number of caregivers in the households, unit-level crowding, educational attainment, employment, disability status, health insurance coverage, age (65+), vehicle access, and broadband internet access. Users should know that zero components is considered "low social vulnerability," one or two components is considered "moderate social vulnerability," and three or more components is considered "high social vulnerability."

The points awarded for this Category are based on percentage of population universe with three or more components of social vulnerability, by census tract (See ***Attachment I***)

To be considered for disadvantaged assistance including principal forgiveness/grant or interest-free financing, public water system projects must meet the following criteria:

- Must be listed on the Project Priority or Multi-year List with a score equal to or greater than the score at the Hardship Evaluation Eligibility line (See ***Appendix A and B***). If insufficient qualifying projects exist above the line to award all the required additional subsidy, projects below the line may be considered in public health priority order until all of the required additional subsidy is awarded;

- The "3+ components" percentage of population universe must be greater than or equal to 32.00%

- Projects for communities with "3+ components" percentage of population universe less than 32.0% are not eligible

- An income survey, Census Designated Place (CDP), or other acceptable demonstration of a more accurate social vulnerability for the service area may be used in lieu of the CRE.

7.5 Project Evaluation and Identification

Systems with projects eligible for funding in this IUP will be required to submit the financial information listed above, as well as any additional information requested by DOH. Eligible systems/projects must meet disadvantaged criterion.

For the application of this criterion, DOH will proceed as follows:

- The initial range will be established as follows:
  - For DW BIL- Gen. Supplemental, it is exactly 49% or $12,200,020 for the fiscal year 2025.
  - For DW Base funds, not less than 12% or $1,308,720 to no greater than 35% or $3,817,100, for the fiscal year 2025 funds.
- The funds will be distributed among the projects that satisfies the disadvantaged criteria. Funds will be distributed starting with the project with the highest priority and until funds or the corresponding percentage are totally assigned.
- The priority points under this criterion will be those awarded based on the CRE 3+ components criterion (i.e.: 30, 15, 5, 0 points awarded) to the qualifying projects as follows. Projects that received these points are identified under note [3] in the Project Priority List in ***Appendix A.***
  - ✓ 53.0% or more ……..30 points
  - ✓ 43.0% to 52.99% ……...15 points
  - ✓ 32.0% to 42.99%.....10 points
  - ✓ Less than 32.00%.....0 points
- Additional points will be awarded to the project based on population to the points obtained:
  - ✓ one (1) point will be added to the priority obtained by project with the greatest population; and
  - ✓ subsequently the number will increase by one (1) point and added to the project as they decrease in population.
- Even though projects will receive subsidization, projects identified as Disadvantaged Communities in Appendix A are qualified to receive disadvantaged community subsidy under the regular annual appropriation Program funds, if additional funds are needed to complete the project.

7.6 Co-funding

Confirmation that a project qualifies for hardship or disadvantaged assistance will help facilitate funding coordination with other State and Federal agencies that finance drinking water projects. Co-funding is anticipated and encouraged by the provision of additional points to a project's score in the priority system.

8.0 Capacity Assessment

To provide safe and reliable drinking water, the federal and state governments are investing substantial financial resources in the drinking water infrastructure of Puerto Rico. Each DWSRF applicant must demonstrate that its water system has adequate technical, financial and managerial capacity.

8.1 Technical Capacity

To assure adequate technical capacity, the applicant must demonstrate adequacy of source water, adequacy of infrastructure and technical knowledge. The DOH will review any information requested from systems.

8.2 Financial Capacity

To assure adequate financial capacity, the applicant must have sufficient rates, charges and revenues to cover necessary costs, demonstrate credit worthiness and fiscal condition. The Puerto Rico Infrastructure Financing Authority (PRIFA) requests the Puerto Rico Fiscal Agency and Financial Advisory Authority (PRFAFAA) to review the applicant's financial capacity during the full application process to determine financial viability before the awarding of financial assistance.

8.3 Managerial Capacity

To assure adequate managerial capacity, the water system must have a clear ownership identity and be appropriately staffed by personnel with expertise to administer overall water system policies and operations. The DOH will review any information requested from systems. The water system must have a qualified water operator in accordance with the State's existing Operator Certification Program.

8.4 Long-Term Capacity

For all systems that seek funding under the DWSRF, the DOH will review any history of violations, outstanding compliance problems, reported source contamination or inadequacies, treatment failures, needs survey data, operations and maintenance issues, and operator and owner coverage to determine whether a system lacks adequate capacity. A system that requires improvements to obtain adequate capacity can apply to the DWSRF, provided the improvements will ensure compliance and render the water system viable. Using the procedures outlined in Sections 8.1, 8.2, and 8.3 to evaluate the system's technical, financial, and managerial capacity, the DOH will assess whether DWSRF assistance will help to ensure compliance. In addition, the DOH will consult with the Public Water Section, which provides the daily oversight and regulation of the water system, to make this assessment.

In addition, the DOH will assess whether each water system has a long-term plan to undertake feasible and appropriate changes in operations necessary to develop adequate capacity. The DOH will review Water Resource Management Strategies, Comprehensive Studies, the Needs Survey and other available engineering reports, as well as consult with the Public Water Section, in making these assessments.

The DOH will encourage restructuring efforts when two or more systems can benefit and other options, such as contract management or partnerships with other communities in their area, in an effort to improve the overall capacity. The priority

ranking criteria provides additional points to encourage this objective. In addition, restructuring efforts and other cooperative arrangements among systems will be encouraged as part of the implementation of the statewide capacity development strategy.

9.0 State Environmental Review Process/Determination of Equivalency Projects

To be consistent with federal guidelines, the State Environmental Review Process (SERP) applies to all projects receiving financial assistance from the DWSRF. The SERP incorporates environmental review requirements of the National Environmental Policy Act (NEPA) and its implementing regulations, and the Puerto Rico Environmental Quality Board Act (Act No. 416 of September 22, 2004, known as the Environmental Public Policy Act derogated Law No. 9 of June 18, 1970, as amended). The DWSRF loan applicant must comply with the SERP in order to receive DWSRF financing.

All projects that are financed from the DWSRF are classified by the DOH under the SERP as either Tier I or Tier II projects. Tier I projects, also referred to as equivalency projects, refer to a project or multiple projects that meet the NEPA threshold and whose cumulative total is an amount equal to the federal capitalization grant to the State. Tier II projects, (non-equivalency projects), refer to all other projects that receive DWSRF financial assistance. See PPL in Appendix A for projects labeled as "E" for Equivalent (Tier I) and "NE" for Non-Equivalent (Tier II).

The *additional* federal requirements applicable to Tier I projects include:

• An environmental review in conformance with both the SERP and the NEPA, and various federal laws, regulations, and executive orders commonly referred to as the federal cross cutters.

• The Build America, Buy America (BABA) Act, unless a BABA EPA waiver applies or is obtained. BABA applies to iron, steel, manufactured products, and construction materials on all DWSF equivalency projects. Refer to Section 10.2 for additional details.

• Disadvantaged Business Enterprises (DBE). Sponsors of equivalency projects must comply with the requirements of the DBE program outlined within 40 CFR Part 33. The DBE program generally requires that most recipients of equivalency funding and their prime contractors/consultants must seek out and use DBE-certified firms, when possible, when procuring supplies, equipment, construction, and other services on equivalency funded projects.

• Prohibition on certain telecommunications and video surveillance services or equipment in accordance with 2 CFR 200.216.

• Single Audit Reporting. Sponsors of equivalency projects are required to comply with the requirements of the Single Audit Act ("SAA") (31 USC 7501 et seq.), 2 CFR Part 200, subpart F.

• Signage. Projects must comply with the DWSRF Signage Guidance in order to enhance public awareness of EPA assistance agreements nationwide. The SRF Signage

Guidance can be found at https://www.epa.gov/sites/production/files/2015-01/documents/signage_required_tc.pdf.

Additional information related to the federal requirements for equivalency projects can be found in the EPA's website at https://www.epa.gov/sites/default/files/2018-04/documents/fund_management_handbook_2018final.pdf.

Tier I projects must undergo an environmental review consistent with the NEPA. For the DWSRF program, Tier I projects will include:

- projects for which an environmental review consistent with NEPA has already been completed; and

- projects that meet the definition of a NEPA categorical exclusion.

If necessary, additional Tier I projects will include, among other factors:

- projects for which applicants have voluntarily undertaken to complete a NEPA equivalent environmental review;
- projects that have a particular environmental significance, due to the nature and scope of the projects; and
- projects for which the environmental review can be considered functionally equivalent to a NEPA environmental review, with some minor additional elements.

Tier II (non-equivalent) projects are *only* subject to:

- the environmental review requirements of the Puerto Rico Department of Natural Resources (DNR) with additional requirements imposed by the SERP for the DWSRF program,
- compliance with Davis-Bacon Act.
- American Iron and Steel (AIS), and
- Technical, Administrative and Financial capacity.

Applicants will be notified by the DOH whether their project(s) proposed for financing through the DWSRF program fall under the category Tier I (equivalency) or Tier II.

10.0 Federal and DWSRF Program Requirements

The federal and state program requirements cited below are not meant to be all inclusive but are prominent requirements that prospective program applicants need to be aware of and comply with for receiving financing through the DWSRF program. Additional guidance related to items 10.1,10.2 and 10.3 below is available at www.epa.gov.

10.1 American Iron and Steel

As of January 17, 2014, the use of American Iron and Steel (AIS) became a federal requirement for projects funded through the DWSRF and that requirement will be continuing for the current FFY DWSRF funding cycle.

10.2 Build America, Buy America (BABA)

The Made in America Office (MIAO) of the Office of Management and Budget (OMB) published Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure (OMB Guidance M-24-02) on October 25, 2023. The guidance provides government-wide implementation direction for all Federal financial assistance programs for infrastructure. Therefore, Federal financial infrastructure investments obligated on or after May 14, 2022, must comply with the BABA requirements. Absent a waiver, all iron, steel, manufactured products, and construction materials permanently incorporated into an infrastructure project subject to the BABA requirements must be produced in the United States.

For more information on the BABA requirements, visit the EPA Office of Water's dedicated website – https://www.epa.gov/cwsrf/build-america-buy-america-baba. For information on approved waivers, visit https://www.epa.gov/cwsrf/build-america-buy-america-baba-approved-waivers. You may also email questions to BABA-OW@epa.gov.

DOH will include the BABA requirements in Assistance Agreements in order that subrecipients incorporate them in projects' solicitation for bids and in contracts and subcontracts.

10.3 Federal Prevailing Wage (Davis-Bacon)

Congress has mandated that federal labor laws regarding prevailing wages, hours of work, and rates of pay shall apply to construction carried out in whole or in part with assistance from the DWSRF. These requirements are collectively known as the Davis-Bacon laws. US EPA guidance requires that any DWSRF financing complies with the Davis-Bacon laws and incorporates these provisions into any project construction work that has been or will be contracted.

In order to comply with the Davis-Bacon requirements, the Commonwealth will include in all assistance agreements, whether in the form of a loan, bond purchase, grant, or any other vehicle to provide financing for a project, a term and condition requiring compliance with the requirements of section 1450€ of the Safe Drinking Water Act (42 U.S.C.300j-9€) in all procurement contracts and subawards, and it will require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for any construction project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of $2,000 the contract clauses of Prevailing Wages or any grant condition referencing Contract and Subcontract provisions.

10.4 Disadvantaged Business Enterprise (DBE)

All applicants must incorporate the 6 Good Faith Efforts under provisions and requirements of 40 CFR Part 30 and 31 into all contracts pursuing DWSRF financial assistance, including costs incurred prior to application. Failure to adequately incorporate and carry out these provisions and requirements in any contract, will result in the loss of DWSRF financial assistance for that particular contract.

10.5 Green Project Reserve (GPR)

As established in the Consolidated 2025, "*funds made available under this title to each State for Drinking Water State Revolving Fund capitalization grants may, at the discretion of each State, be used for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities*".

Notwithstanding, during this year, Puerto Rico has not been able to identify green infrastructure within the projects that will be funded from these funds.

10.6 Reporting Requirements

- Project Benefits Reporting (PBR)- Puerto Rico will continue to be reporting quarterly in the DWSRF Project Benefits Reporting (PBR) system on the use of all SRF funds. Summary reports, compiling the quarterly data, can be generated by PBR and may be included as an attachment to the Annual Report to meet this reporting requirement. Quarterly reporting shall include use of the funds for the GPR and Additional Subsidization, as well as information on the environmental benefits of SRF assistance agreements.

- Annual/Biennial Performance Status Report - Puerto Rico will continue to be reporting annually, the use of all SRF funds and activities funded, on how the State has met the goals and objectives of the previous fiscal years as stated in the IUP and grant agreements.

- SRF Data System (known before as NIMS) - Annually, DOH has committed in the preparation of the SRF Data System. It is DOH's intention to continue participating in the preparation of the reporting of data and will use the resources of the PBR and online to enter this information.

- Federal Funding Accountability and Transparency Act of 2010 (FFATA) - requires SRF programs to report on recipients that received federal dollars in the FFATA Subaward Reporting System (previously in www.fsrs.gov; now, in sam.gov). DOH will continue reporting once subawards are executed.

10.7 Environmental Cross-Cutters

A suite of federal environmental requirements is applied to projects receiving DWSRF funding. The DWSRF will use its State Environmental Review Process (SERP) to review project applications submitted for funding. The DWSRF staff will consult with the appropriate federal agencies on projects as required by the SERP. All applicants must provide a completed Environmental Package as part of their DWSRF construction applications. DWSRF staff will conduct an initial review to verify a complete package has been received and identify any missing information. Once all required environmental documents have been received, the staff will conduct a thorough review of all items to determine whether 1) sufficient information has been provided to make environmental determinations, 2) consultation(s) are required with relevant state and federal agencies, and/or 3) if any additional information is needed.

10.8 Civil Rights Act of 1964/Section 504 of Rehabilitation Act of 1973/ Equal Employment Opportunity

Puerto Rico agrees to comply with all Title VI requirements of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Equal Employment Opportunity requirements (Executive Order 11246 as amended) which prohibit activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, or sex.

11.0 Development of the Fundable List (Project Priority List)

A new IUP will be issued at least once a year and may be amended during the period that the IUP is in effect, providing that sufficient funds are available. Projects submitted for financing will be screened for eligibility, ranked, scored and listed using the *Project Priority Ranking System Criteria* (See Appendix A and Attachment I for more detail). All eligible projects for which pre-application forms have been submitted and reviewed will be included on a comprehensive project list. Projects ready for financing will be listed on the Project Priority List. Direct loans will be originated throughout the year. Concerning the grant payments schedule, it will be discussed/agreed with EPA.

Projects must appear on the Project Priority List to be eligible to apply for DWSRF financing. The type of financing available is dependent on the public health priority ranking (See Attachment I) of the project and its relation to the subsidized interest rate funding line and hardship evaluation eligibility line on the Project Priority List. Projects below the subsidized interest rate funding line are eligible to apply for an interest rate financing and projects above that line are eligible to apply for subsidized interest rate financing. Eligible projects with a score above or equal to that score where the hardship evaluation eligibility line is drawn, will be evaluated for hardship assistance, which may consist of principal forgiveness, grant or zero interest rate financing, depending on availability. Applicants that qualify for hardship assistance will be notified in writing that their project qualifies.

11.1 How to Get a Project Listed in the IUP

- Submit a list of proposed eligible projects
- An engineering report or Technical Design Memorandum (if applicable) is required along with the submitted list to get the project listed on the Project Priority List. The engineering report needs to be in accordance with the Final Interagency Preliminary Engineering Report Template found in https://www.epa.gov/dwsrf/program-policy-and-guidance-drinking-water-state-revolving-fund-program.
- The submittal of a listing form and getting a project listed on the IUP does not result in any obligation to prospective applicants.

11.2 Applying for Project Financing

Once a project is on the Project Priority List of the IUP, the prospective applicant is evaluated for financing along with the required supporting documents upon request by

DOH. It is recommended that prospective applicants contact the appropriate DOH Area Project Manager as shown in Attachment IX to discuss the project and receive guidance prior to the financing application.

11.3 Additional Subsidization

For the FY2025 BIL Supplemental funds, the BIL did not establish this subsidy, but rather established the Disadvantaged Communities subsidization (See Section 7.0). For the FY2025 Regular Base funds, the Consolidated 2025 established that a 14% of the allotment be assigned as additional subsidization to eligible systems and projects, giving priority to disadvantaged communities. PRDOH will establish for the FY2025 Regular Base funds the 14%, or $1,526,840.00, to the following project as 100% principal forgiveness and 0% percent of interest: *Termination to Valenciano WTP*.

The following criterion is implemented under regular annual appropriations Program funds in order to allocate subsidy, when it is limited to a percentage of the capitalization grant:

Projects must be identified within at least one of the following qualifying categories in order to receive additional points under this additional subsidy criterion:

a) projects that will eliminate or consolidate small system – 3 points
b) projects that support sustainable systems and help build or maintain the technical, financial and managerial capacity of the recipient – 2 points
c) systems related to communities or directly serving a community that could not otherwise afford the DWSRF loan including disadvantaged communities as defined by the Commonwealth – 1 point

The mandatory additional subsidy will be distributed until the subsidized amount is completely used and among the eligible projects (See *Appendix A*) as follows:

- to project(s) by priority order

Please note that, notwithstanding the distributed amount by the above priorities the subsidized amount could be re-awarded due to unforeseen circumstances (i.e. projects delayed, among others). The re-award may be in any of the following manners and until the subsidized amount is used:

- additional points given within the qualifying categories,
- prioritized according to the project(s) first received and ready to go,
- prioritized according to the most expensive project(s).

12.0 Project Priority Lists

12.1 Project Selection Process

Federal law requires the Commonwealth to develop a Project Priority Ranking System. It establishes a list of eligible projects to be funded in a manner consistent with the SDWA, such that compliance is given the highest priority. The DOH proposed that Priority be given to water systems in non-compliance with the surface water treatment requirements, and those incurring acute, primary or action level violations as defined in the SDWA. Addressing these problems will protect the consumers' public health and bring water systems into compliance with the SDWA.

The next priority is given to systems that address the most serious risks to public health; therefore, the highest priority will be given to acute public health risks, particularly those related to microbiological organisms. Situations that pose chronic and longer-term risks to consumers, such as organic chemical contamination, are also considered.

The scoring criteria also considers issues related to infrastructure upgrading or replacement, and, as mandated by the SDWA, special allocations and restrictions on the use of DWSRF monies for disadvantaged systems. A detailed description of the Priority Ranking Systems is included as ***Attachment I*** (*Systems Criteria and Ranking Methodology (Summary)*) to this IUP, and a checklist of information to be provided by the proponent in ***Attachment II*** (*Check List for Priority Ranking/Project Fact Sheet*).

12.2 Description and Use of Project Lists

Projects must be included in the IUP to receive DWSRF financing. This IUP includes the following prioritized lists of eligible projects being considered for financing.

- The Project Priority List includes projects which have completed construction or will submit plans and specifications for review and approval and are expected to be ready for long-term financing during the effective period of this IUP. DOH will review the projected ready-to-go date and the project proposal for all eligible projects and put together the fundable and planning portions of the list.

12.3 Bypass Process within Project Lists

1. A project on the fundable portion of the list may be bypassed and the next eligible project funded, if it is determined that the project will not be ready to proceed during the funding year.
2. The Department will give written notice to applicants whose project is to be bypassed.
3. Projects bypassed may be funded later when the project is ready to proceed.
4. Should a system on the funded list decline the assistance, the next ranked project shall be offered access to all or a portion of these funds.
5. Projects may be removed from the priority list at the request of the applicant or if the Department finds that the project is ineligible for DWSRF assistance.

13.0 Public Review Process

The SDWA requires the State to prepare a plan identifying the estimated and intended uses of the DWSRF funds and a description of how those uses support the goals of the DWSRF. To meet that requirement, the State prepares an Intended Use Plan (IUP) annually and provides for public review and comment before submitting it to the US EPA. The US EPA must receive the IUP before it awards the annual capitalization grant to the State's DWSRF under the SDWA.

A Public Notice of a Draft IUP availability and how to submit questions or comments was posted on PRDOH's website https://www.salud.pr.gov/CMS/615 on *August* 5*, 2026*.

The estimated schedule for public comment and adoption of the FY 2025 DWSRF IUP for BIL Supplemental and Regular Base funds, and for the application, award, and acceptance of Capitalization Grant is as follows:

Submit FFY 2025 BIL Supplemental and Base funds Capitalization Grants application to EPA	July 2026
Draft IUP posted for public comment	July-August 2026
Deadline for Public Comments on Draft IUP	September 2026
Submit to EPA Final IUP	October 2026
Capitalization Grant agreements with EPA	September 2026

14.0 Amending the IUP

This IUP may be amended during the funding cycle to reflect both programmatic and/or project specific changes. Draft IUP amendment notices will be published on the DOH webpage. At the end of the public comment period, responses to comments will be made available and the final amendment notice will be published in the DOH's webpage at https://www.salud.pr.gov/CMS/615.

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APPENDICES

APPENDIX A

PROJECT PRIORITY LIST

The following projects are ready to proceed under the
BIL Supplemental and Regular Base funds.

DEPARTAMENTO DE SALUD
GOBIERNO DE PUERTO RICO

Project Priority List
PR Drinking Water State Revolving Funds
Federal Fiscal Year 2025 - IUP for BIL Supplemental and Regular Base funds

Project ID	Equivalent (E) or Non-Equivalent (NE)	System Name	Borrower	Score	Rank [5]	Project Description	Pop.	Unfunded Project Cost Estimate [1]	Estimated Assist. 2025	GPR [1]	Funding Source	Type of Assist.
3824 k	E	Ponce Urbano (Ponce Vieja WTP ATE)	PRASA	247.17	1	Compliance improvements to Ponce Vieja WTP, Ponce	122,229	$4,076,285.00	$4,000,000.00	0	BIL SUPP $182,900.00 Base $3,817,100.00	100 PF+0 IR 100 PF+0 IR
5487 a	E	Corozal Urbano (WTP)	PRASA	241.17	2	Termination of Corozal Urbano WTP CT Tank, Corozal	6,363	$667,869.00	$0	0	----	----
5166 a	E	Juncos Urbano (Valenciano WTP)	PRASA	240.00	3	Termination of Valenciano WTP, Ph. I and Ceiba Sur RWI improvements, Juncos	52,500	$42,017,484.00	$15,000,000.00	0	BIL SUPP $10,028,736.00 BIL SUPP $3,444,424.00 BASE $1,526,840.00	100PF+0 IR DL-1 IR 100PF+0 IR
4524	E	Coto Laurel (WTP)	PRASA	155.00	6	Improvements to Coto Laurel WTP, Ponce	14,060	$3,460,426.00	$0	0	----	----
3824 b	E	Ponce Urbano (Ponce Nueva WTP)	PRASA	120.00	7	Improvements to Ponce Nueva WTP, Ponce	122,229	$12,004,661.00	$0	0	----	----
3824 a	E	Ponce Urbano (Ponce Vieja WTP)	PRASA	120.00	7	Improvements to Ponce Vieja WTP, Ponce	122,229	$4,603,695.00	$0	0	----	----
613446	NE	Pozo de Agua, Inc. (WDS)	Pozo de Agua	100.00	8	Improvements to Pozo de Agua WDS	427	$1,998,384.00	$1,988,384.00	0	BIL SUPP	100PF+0 IR
3772	E	Guajataca (WTP)	PRASA	65.12	9	Rehabilitation of Guajataca WTP to improve manganese, Isabela	11,623	$8,944,000.00	$0	0	----	----
3293 a	E	Aguadilla Urbano (Culebrinas RWI)	PRASA	65.00	10	Improvements to Rio Culebrinas RWI, Aguadilla	142,486	$1,617,612.00	$0	0	----	----
2591 m	**E**	**Metro (Naranjito WDS)**	**PRASA**	**65.00**	**10**	**Improv. to Naranjito WDS, Naranjito**	**35,839**	**$68,800,772.00**	**$2,000,000.00**	**0**	**BIL SUPP**	**DL-1 IR**
5416	E	Jagual (WTP)	PRASA	55.00	12	D/B Improvements to Jagual WTP, San Lorenzo	5,443	$4,730,095.00	$4,700,000.00	0	BIL SUPP	DL-1 IR
4635	E	Cayey Urbano (LP y PV)	PRASA	50.20	13	Improvements to La Piedra and Pasto Viejo, Cayey	352	$16,650,016.00	$7,000,000.00	0	BASE	DL-1 IR
3283 c	E	Mayaguez (Rio Cañas WDS)	PRASA	50.00	14	Improvements to Rio Cañas WDS, Mayaguez	151,538	$0	$0	0	----	----
3824 c	E	Ponce Urbano (P.Playa 4B)	PRASA	41.22	15	Improvements to Ponce Playa WDS, Ph. IVB, Ponce	122,229	$2,374,887.00	$0	0	----	----
3824 d	E	Ponce Urbano (P.Playa 4C)	PRASA	41.22	16	Improvements to Ponce Playa WDS, Ph. IVC, Ponce	122,229	$871,910.00	$0	0	----	----
3824 g	E	Ponce Urbano (PNueva WTP II)	PRASA	31.30	19	Improvements to Ponce Nueva WTP, Ph. II, Ponce	122,229	$7,188,180.00	$2,000,000.00	0	BASE	DL-1 IR
5386 b	E	Rio Blanco, Vieques, Culebras (WDS)	PRASA	31.00	20	Pipe relocation at Vieques and Punta Lima tank at Naguabo	82,557	$3,285,097.00	$0	0	----	----
2652	E	Arecibo Urbano (Cerro Marquez WDS)	PRASA	30.00	23	D/B Improvements to Cerro Marquez PS & 2.0 MG tank, Arecibo	81,548	$8,114,404.00	**$1,998,780.18**	0	BIL SUPP **$1,909,880.18** BASE $88,900.00	DL-1 IR DL-1 IR

Project Priority List
PR Drinking Water State Revolving Funds
Federal Fiscal Year 2025 - IUP for BIL Supplemental and Base funds

Project ID	Equivalent (E) or Non-Equivalent (NE)	System Name	Borrower	Score	Rank [5]	Project Description	Pop.	Unfunded Project Cost Estimate [1]	Estimated Assist. 2025	GPR [1]	Funding Source	Type of Assist.
5196	E	Yabuoca Urbano (Camino Nuevo WDS)	PRASA	30.00	23	D/B 8" pipe replace. WDS Camino Nuevo, Yabucoa	11,050	$0	$0	0	----	----
4705	E	Comerio Urbano (WDS)	PRASA	25.18	24	Improvements to 2MG tank & Comerio Urbano WDS, Comerio	6,996	$2,409,436.00	$0	0	----	----
5106	E	Cerro Gordo (WTP)	PRASA	15.00	29	Improvements to Cerro Gordo WTP, San Lorenzo	28,000	$2,741,504.00	$0	0	----	----
5106 a	E	Cerro Gordo (RWI)	PRASA	10.28	30	Improvements to Cerro Gordo RWI, San Lorenzo	28,000	$2,872,714.00	$0	0	----	----
2982	E	Almirante Sur (WTP)	PRASA	10.02	31	New electrical generator at Almirante Sur WTP, Vega Baja	2,554	$0	$0	0	----	----
4745 b	E	Guayama Urbano (RWI/WDS)	PRASA	10.00	32	RW pipe from Penstock Carite III to Guayama WTP, Guayama	34,671	$2,251,528.00	$0	0	----	----
						Disadvantaged Community / Hardship Funding Line	**754,397**	**$132,880,187.00**	**$38,687,164.18**			
4464	E	Malpaso (WTP)	PRASA	185.00	5	Improvements to Malpaso WTP, Peñuelas	965	$12,004,661.00	$5,000,000.00	0	BASE	DL-1 IR
2662 d	E	Hatillo Camuy (RWI)	PRASA	60.04	11	Improvements to Hatillo Camuy RWI, Intake	39,200	$1,633,432.00	$0	0	----	----
4545 a	E	Aibonito La Plata (WDS)	PRASA	40.16	17	Improvements to La Plata WDS, Aibonito	15,973	$984,339.00	$500,000.00	0	BIL SUPP	DL-1 IR
3373	E	Cabo Rojo (Betances WTP)	PRASA	35.02	18	Improvements to Betances WTP, Cabo Rojo	17,119	$16,125,875.00	$4,000,000.00	0	BIL SUPP	DL-1 IR
4695	E	Cidra Urbano (WTP)	PRASA	30.31	21	Rehabilitation of Cidra Urbano WTP to improve manganese control, Cidra	30,758	$2,366,672.00	$0	0	----	----
2591 h	E	Metro (La Pepsi WDS)	PRASA	30.08	22	PS La Pepsi connection to Bayamon Tank, Toa Baja	8,220	$28,581.00	$0	0	----	----
5607	E	Dorado Urbano (Elim. Campo Traviesa tank)	PRASA	25.13	25	Pipe install. & Campo Traviesa tank elim. , Dorado	39,962	$2,963,202.00	$0	0	----	----
2591 l	E	Metro (Hollywood Hills WDS)	PRASA	25.07	26	D/B Improvements to Hollywood Hills WDS, San Juan	6,625	$1,569,684.00	$0	0	----	----
3293	E	Aguadilla Urbano (Voladoras WDS)	PRASA	25.00	27	PS Cruz & Voladoras Tank relocat. , Moca	943	$0	$0	0	----	----
3293 c	E	Aguadilla Urbano (Lago Calero RWI)	PRASA	15.17	28	Improvements to electrical substation RWI PS at Calero Lake, Aguadilla	12,536	$0	$0	0	----	----
3924 a	E	Toa Vaca (Pre-sed. Tank WTP)	PRASA	10.40	29	Termination of New Pre-sedimentation tank at Toa Vaca WTP, Villalba	40,000	$0	$0	0	----	----
							SubTotal	**$37,676,446.00**	**$9,500,000.00**			
							Total	**$170,556,633[2]**	**$48,187,164.18**			

[1] No projects were identified for the use of the Green Projects Reserve of fiscal year **2025 BIL Supplemental and Base funds**
[2] Of this amount, **$48,187,164.18** is the only amount available for financing for **FY 2025 BIL Supplemental and Base funds**.
[3] These projects also qualified for Disadvantaged Program, and should they need more funds, they qualify for Disadvantaged Subsidy under regular funds of DWSRF.
[4] Systems serving <25,000 persons

100 PF + 0 IR = Subsidy given 100% Principal Forgiveness + 0% Interest Rate
DL-1 IR = Direct Loan at 1.00% Interest Rate

[5] Based on ranking of all projects in Base program and BIL program

Base Funds
BIL General Supplemental Funds

APPENDIX B

PROJECT MULTIYEAR LIST

The following projects are pending under the
BIL Supplemental and Regular Base funds.

Project Priority List
PR Drinking Water State Revolving Funds
Federal Fiscal Year 2025 - IUP for BIL Supplemental and Regular Base funds

Project ID	System Name / Borrower PRASA	Points	Rank	Project Description	Pop.	Project Cost Estimate
2672	PF Isabela	25.20	1	Mejoras a PF Isabela, Isabela		$7,192,100
2000	**Superaqueduct WDS**	**21.625**	**2**	**Interconnection of the raw water pipeline of the Arecibo Urbano WTP, Río Arriba WTP and Esperanza WTP and several wells to discharge into the basin of the Super Aqueduct, and rehabilitation of the 2MGD tanks, allowing the Super Aqueduct system to serve these service areas.**	**62,500**	**$63,000,000**
3824 i	Instalación tubería Bo. Mercedita Ward	20.00	3	Sistema hidroneumático e instalación de tubería de 2" Bo. Mercedita, Ponce		$240,250
					Total	**$70,432,350**

ATTACHMENTS
TO THE INTENDED USE PLAN
FOR THE
PUERTO RICO
DRINKING WATER STATE
REVOLVING FUND

ATTACHMENT I

PROJECT PRIORITY RANKING SYSTEM

for the PR Drinking Water State Revolving Fund (DWSRF)

System Criteria and Ranking Methodology Summary
Revised October 2013,
August 2017-Hardship Disadvantaged,
Revised May 2019, Americas Water Infrastructure Act of 2018 (AWIA)
Revised January 2023, Disadvantaged Communities and Asset Management
Revised April 2023, Bipartisan Infrastructure Law, 2021 (BIL) - LSLR & EC
Revised April 2024, SAHFI
Revised July 2026, Affordability

System Criteria and Ranking Methodology

The Priority System sets priorities for the proposed projects according to their capacity to achieve and or to maintain compliance with the SDWA requirements and protection of public health. Priority will be given to water systems in non-compliance with the surface water treatment requirements, and those incurring acute, primary or action level violations as defined in the SDWA. Addressing these problems will protect the public health of the water users and will bring water systems into compliance with the SDWA.

The next priority has been given to a System that address the most serious risks to public health therefore the highest priority will be given to acute public health risks, particularly those related to microbiological organism. Situations that pose chronic and longer-term risks to consumers, such as organic chemical contamination, are also considered. The scoring criteria also consider issues that are related to infrastructure upgrading or replacement correction of a problem or improvements if included in the projects scope.

DOH will rank all eligible projects according to the total number of points each project receives and will subsequently place the projects on the Project Priority List according to their ranking. The project with the higher number of points ranks above those with lesser points. For projects which include multiple elements as listed in priority category A below, projects will be separately listed by the elements involved, and priority points will be assigned for each element.

Points are assigned for each of the seven priority categories discussed below, as applicable:

A. Compliance with Safe Drinking Water Act (SDWA) - DWSRF funds are to be utilized to address contamination problems through compliance requirements. Projects related to systems and or systems which utilize surface water or ground water under the direct influence of surface water, that are not in compliance with the surface water treatment requirements or have had any acute violations (e.g., fecal coliform or nitrates) and have been issued an administrative order, directive or recommendation by DOH requiring the correction of any noncompliance of its treatment facilities to address an immediate public health threat will be scored according the following:

   * Maximum Contaminant Level (MCL)/Treatment Technique Violations (more than one item may apply):

   1) Microbiological
      a) Surface Water Treatment Rule
         (i) Filtration and/or groundwater wells, interconnection and or consolidation of water systems to comply with the SDWA ..... 100 pts
         (ii) Filtration Performance (NTU compliance) ..... 50 pts
         (iii) CT Disinfection ..... 30 pts
      b) *E. Coli* ..... 80 pts
      c) Total Coliform ..... 40 pts
      d) Cryptosporidium ..... 100 pts

2) Organics
   a) Organics chemical (SOC/VOC) and disinfection by-products ..... 40 pts
   b) Maximum Contaminant Level (MCL) violations (except acute violations) or exceedance of action levels Lead and Copper/Corrosion (mandated) ..... 30 pts
3) Radiological ..... 20 pts
4) Inorganic/Physical
   a) Nitrates ..... 50 pts
   b) Other health-related inorganic ..... 25 pts

B. Public Health Risk - For projects which eliminate critical or chronic health hazard or potential health hazard or provide protection against significant health hazard, documentation must be provided by the applicant to determine if the public health problem exists. More than one of the following may apply for rehabilitation, replaced or repaired appurtenances such as:
1) Inadequate Source Capacity ..... 50 pts
2) Existing transmission or distribution mains to prevent contamination caused by leaks or breaks in the pipe or improve water measures to maintain safe levels ..... 25 pts
3) Existing pump stations or finished water storage (uncovered if applicable) ..... 25 pts
4) New finished water storage facilities that are needed to maintain pressure in the system and/or prevent contamination ..... 25 pts

C. System in needs (Reliability Dependability) - Projects related to replacement or major rehabilitation of the existing treatment facilities or systems components to meet the design standards sanitary code. One of the following will apply for:

1) Complete replacement or major rehabilitation of the existing surface water filtration facility that has exceeded design life and/or does not meet the current design standards. In lieu of filtration, installation of groundwater wells, and/or interconnection with, or purchase from adjacent water system ..... 25 pts
2) Upgrade, replace and/or install major vulnerable system components to meet the current design standards. Any of the following apply.
   a) A principal component integral to an existing filtration process such as sedimentation, flocculation, filtration, chemical feed, of backwashing (can only receive points for Criteria C.2a or C.1.) ..... 10 pts
   b) Pump stations ..... 10 pts
   c) Existing wells ..... 10 pts
   d) Existing disinfection system for a groundwater/surface water supply ..... 25 pts
   e) Transmission main ..... 10 pts
   f) Finished water or distribution storage ..... 10 pts
   g) Other water treatment systems (or replacement of source instead of treatment ..... 10 pts
3) Aged mains and appurtenances ..... 5 pts
4) Redundancy of critical components (pumps, valves chemical feed-systems, etc ..... 5 pts
5) Asbestos main replacement ..... 5 pts

6) Control/automation for operational efficiency (computerization, control valves, metering Laboratory upgrading) ..... 5 pts
7) Inadequate source capacity, which is not a public health hazard. (can only receive points for Criteria B1 or C7) ..... 5 pts

D. Governmental Needs (more than one may apply)

Additional points will be assigned to a project based on state or local governmental needs, policies, and/or requirements.

1) Development of a water system or extending existing system to service contaminated or insufficient yielding private wells at existing residential housing (new systems are not eligible for points under Criteria A, B or C2 ..... 25 pts
2) Consolidation of water systems (can include improving technical, managerial, and financial capacity development ..... 25 pts
3) System depends on a Sole Source Aquifer for its source. (These points can only be obtained if system scores points from Criterion A, B or C) ..... 10 pts
4) A project that has received written commitment of funding from another source (eg co-funded with Clean Water SRF, Rural Development, HUD, etc.) ..... 10 pts
5) Proposes operational changes that improve and insure adequate technical, managerial and financial capacity of the system in order to ensure compliance (guidelines to be developed) ..... 5 pts

E. Other Factors

As a tie breaker, projects will be assigned points based on the population of the water system service area. Priority points will be calculated as the population served by the water system divided by 100,000, expressed as a decimal and added to the total accumulated.

F. Special Priorities – Within this criterion, the following is taken in consideration where:

1) Any project identified as a result of the Strategy identified above and/or Comprehensive Performance Evaluation (CPE) will receive additional priority points that will be added to the total accumulated by the Project, as indicated below. Projects identified under the Consent Decree between DOH and PRASA will automatically receive the highest priority awarded to the ranked projects for the corresponding fiscal year list, plus one (1) point, except for emergency projects as determined by DOH.
    a. Strategy 35 pts
    b. Comprehensive Performance Evaluation (CPE) 20 pts
    c. Consent Decree(X+1 where *X=highest priority*) ___pts

2) Emergencies - An emergency is a catastrophic situation that results in an imminent threat to public health. The determination of when an emergency exists will be made by the DOH. Projects designed to address emergencies will receive the highest priority ranking. Imminent threats to public health include:
    - situations that result in the unavailability of potable drinking water for an extended period of time or
    - evidence of a high incidence of water transmissible diseases
    - evidence of presence of Regulated Contaminants in Drinking Water

G. Affordability

This Criterion is based on The Community Resilience Estimates (CRE) for Puerto Rico Viewer which shows the social vulnerability in Puerto Rico in the event of a disaster. Using restricted microdata from the 2024 Puerto Rico Community Survey (PRCS) and small area modeling, the CRE creates population estimates based on ten individual/household-level components of social vulnerability, including: poverty status, number of caregivers in the households, unit-level crowding, educational attainment, employment, disability status, health insurance coverage, age (65+), vehicle access, and broadband internet access. Users should know that zero components is considered "low social vulnerability," one or two components is considered "moderate social vulnerability," and three or more components is considered "high social vulnerability."

The points awarded for this Category are based on percentage of population universe with three or more components of social vulnerability, by census tract:

Social vulnerability %	Points
• above 53.00%	30
• from 43.00% to 52.99%	15
• from 32.00% to 42.99%	10
• less than 32.00%	0

The information required for hardship determination includes:

- Existing population of the project service area.
- Number of Dwelling to be served, institutional users, and the basis on which they were calculated.
- Existing annual debt service for the system.
- Existing annual operation and maintenance (O&M) costs.
- Estimated project costs.
- Estimated O&M costs based upon completion of this project.
- Any other sources of funding anticipated for this project, including the amount, type of funding (loan or grant), and if a loan, its interest rate, term and annual debt payment.

Projects must meet the definition of hardship under this criterion. The determination will be made as follows:

- Projects may not be segmented in order to qualify for hardship assistance.
- Refinancing is eligible through the regular subsidized DWSRF Program if qualified or eligible as required and stated in the DWSRF. However, hardship financial assistance is only available for new drinking water projects for which the notice for construction to proceed was given on or after July 1, 1993.
- The applicant for a DWSRF hardship loan must demonstrate that it can repay its debt obligation, has a satisfactory O&M procedure and can comply with DOH/DWSRF Capacity Development Program.
- Projects that are determined eligible for hardship assistance, will receive a written confirmation of eligibility.

- Confirmation of funding availability will be valid for two consecutive annual federal funding cycles, provided that the projected service charge does not change significantly.
- Confirmation of funding availability may be withdrawn if: the applicant fails to demonstrate satisfactory progress towards project Implementation; the information on which the determination was made changes prior to loan closing; or the applicant fails to demonstrate that it can repay the loan.

For the application of this criterion, DOH will proceed as follows:

- Unless otherwise directed by law, the initial range will be established with a minimum of 12 per cent and a maximum of 35 per cent. For the corresponding fiscal year, the minimum and the maximum dollar amounts will be established, or as otherwise applicable by law.
- The funds will be distributed among the projects that satisfies the hardship criteria. Funds will be distributed starting with the project with the highest priority and until funds or the corresponding percentage is totally assigned.
- The priority points under this criterion will be those awarded based on the CRE (i.e.: 30, 15, 5, 0 points awarded) to the qualifying projects.
- Additional points will be awarded the project based on population to the points obtained:
  - ❖ one (1) point will be added to the priority obtained by project with the lesser population; and
  - ❖ subsequently the number will increase by one (1) point and added to the project as they increase in population.

Unless otherwise directed by law, to the extent that there are sufficient applications for loans to disadvantaged communities this per cent will be no less than 12 but not greater than 35. If there are no loan applications for disadvantaged communities, the minimum 12 per cent will not be established, unless otherwise directed by law.

H. Green Portion (only for Green Projects)

The fiscal year (FY) 2010 Appropriation Law (P.L. 111-88) includes specific goals and eligibilities for green infrastructure, water and energy efficient improvements, and environmentally innovative activities. Green projects could enable utilities to take savings derived from reducing water losses and energy consumption and use them for public health and environmental enhancement projects. Additionally, green projects will help the water sector improve the quality of water services without putting additional strain on the energy grid, and by reducing the volume of water loss every year.

The following process was established for the selection for funding of those eligible GPR projects based on the technical aspects of the DWSRF green projects:

1) Water efficiency
   a) Replacement or rehabilitation of distribution lines to reduce water loss and prevent water main breaks (Business Case (BC) required)..... 10 pts.
   b) Retrofit, replace, purchase and/or install water efficient fixtures, fittings,

equipment ..... 5 pts.

c) Purchase or install water meters, automatic meter reading equipment and systems, and pipe ..... 5 pts.
d) Storage tank replacement/rehabilitation to reduce water loss (Business Case (BC) required) (Per 1MG) ..... 5 pts.
e) Installing Pressure Reduced Valves (PRV) ..... 5 pts.

2) Energy efficiency
   a) Replacement or rehabilitation of distribution lines (Business Case (BC) required) ..... 15 pts.
   b) Energy efficient retrofits, upgrades or new pumping systems and treatment processes (including variable frequency drives (Business Case (BC) required) ..... 5 pts.
   c) Works that cost effectively eliminate pumps, pump stations, filtrations plants, well. (Business Case (Business Case (BC) required) ..... 10pts.
   d) Producing clean power for treatment systems on site (wind, solar, hydroelectric, geothermal, biogas power) ..... 5 pts.
   e) Automated and remote-control systems (SCADA) that achieve substantial energy savings (Business Case (BC) required) ..... 5 pts.
3) Environmental Innovative Activities
   a) Enables utility to adapt to impacts of global climate change ..... 5 pts.
   b) Total Water Management project where life cycle costs are minimized ..... 10 pts.
   a) Green Infrastructure- to manage water resources in a sustainable way Implementation of wet weather management systems for utilities building and parking areas (porous pavement, bio-retention, trees, green roofs, other practices that mimic natural hydrology) ..... 5 pts.

For the application of this criterion, DOH will request qualified projects. If there is not sufficient qualified projects or components already in the IUP that total the per cent of the fiscal year funds available, DOH agrees to conduct additional solicitation, in order to satisfy the per cent requirement. Amendment to the project list will be undertaken to include any such qualified projects identified and thus provide not less than the percentage of such funds available to such projects on its amended project list. In accordance with the Procedures, DOH will proceed, if necessary, to submit a waiver request to EPA if there are no sufficiently qualified projects or components on the amended project list after such additional solicitation is undertaken. Notwithstanding GPR projects are identified as GPR and are ranked along with all eligible projects on the priority list, these will be selected for funding until the per cent requirement is met but in a separate process for the GPR projects only which was established by DOH taking into consideration the green technical nature of the project.

I. Eligibility Criteria for "Mandatory" Additional Subsidy[2]

There are two additional subsidies that DOH will be considering/establishing: "Mandatory Congressional", and "Limited 35% or Subsidy/Disadvantaged Community". Under this criterion only the projects that comply with the requirements of the Mandatory Congressional Subsidy will receive points.

The recipient of the grant must identify projects within at least one of the following qualifying categories in order to receive points under the additional mandatory congressional subsidy criterion:

1) projects that will eliminate or consolidate small system ..... 3 pts
2) projects that support sustainable systems and help build or maintain the technical, financial and managerial capacity of the recipient ..... 2 pts
3) systems related to communities or serving directly a community that could not otherwise afford the DWSRF loan including disadvantaged communities as defined by the Commonwealth ..... 1 pt

When applicable, if the Act provides for a range in the per cent to be established, and if there are more projects that could be identified under one or more of the above-mentioned categories, for each additional remaining category the percent will increase by 5%.

The subsidy will be distributed until the subsidized amount is completely used and among the eligible projects, as follows:

- to project(s) by priority order and the qualifying category and until the subsidized amount is completely used.

Please note that, notwithstanding the distributed amount by the above priorities, the subsidized amount could be re-awarded due to unforeseen circumstances (i.e. projects delayed, among others).

The re-award may be in any of the following manners and until the subsidized amount is used:

- to project(s) by priority order and the qualifying category,
- directly to the project(s) identified within the qualifying categories,
- the project(s) first received and ready to go,
- the most expensive project(s).

J. Asset management considerations to improve the system's general performance.

1) What is the current state of the system assets?

a)	less than ten years	New	1 pt
b)	more than 10	old	2 pts
c)	More than 20	very old	3 pts
d)	More than 40	obsolete	4 pts

2) Does the system have an inventory of assets?
   a) Yes 10 points
   b) No 0 points

3) Does the system have an asset management plan?
   a) Yes 50 points
   b) No 0 points

What and where are your assets (infrastructure particularly) define				
How many they are?	name them	which are critical for the operation	rank them (a,b,c,d,e)	Value them

K. Lead service lines (LSL) - project or associated activities directly connected to the identification, planning, design, and replacement of lead service lines.

1) Complete removal of LSL (LSLR)- complete removal of LSL (public and privately owned) or service lines made of galvanized iron or galvanized steel and replacement with a pipe which complies with plumbing codes ..... 30 pts
2) Removal of lead or galvanized goosenecks, pigtails and connectors, and replace with material which complies with plumbing codes 20 pts
3) LSL Inventories- development or updating LSL inventories, including locating and mapping ..... 15 pts
4) Non-routine lead sampling (as part of an LSLR project) ..... 10 pts
5) Other LSL activities ..... 5 pts

L. Emerging contaminants - projects or associated activities directly connected to address emerging contaminants in drinking water.

1) PFAS Focus
    a) Construction of a new treatment facility or upgrade to existing treatment facility that addresses PFAS contaminants ..... 40 pts
    b) Development of new source that addresses PFAS Contaminants ..... 30 pts
    c) Consolidation with another water system that does not have a PFAS contaminant present or has removal capability. ..... 20 pts
    d) Pilot testing- infrastructure related to pilot testing for PFAS treatment alternative ..... 40 pts
    e) Creation of a new community water system to address unsafe drinking water provided by wells or surface water sources ..... 40 pts
    f) Conducting initial, special non-routine/compliance monitoring to establish a baseline of a PFAS concern or new technology ..... 10 pts

2) Other non-regulated contaminants
    a) Construction of a new treatment facility or upgrade to existing treatment facility that addressed emerging contaminants ..... 30 pts
    b) Development of new source that addresses emerging contaminants ..... 20 pts
    c) Consolidation with another water system that does not have an emerging contaminant present or has removal capability ..... 15 pts

d) Pilot testing- infrastructure related to pilot testing for emerging contaminant treatment alternative ..... 30 pts
e) Creation of a new community water system to address unsafe drinking water provided by wells or surface water sources ..... 30 pts
f) Monitoring sampling- Conducting initial, special non-routine/compliance monitoring to establish a baseline of an emerging concern or new technology ..... 5 pts

M. Projects or associated activities directly connected to reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster[3].

1) Projects that prevent interruption of water distribution system operation:
a) Installation of back-up generators ..... 25 pts
b) Purchase of mobile laboratory equipment ..... 5 pts
c) Replacement of damaged equipment with more efficient one. ..... 10 pts
d) Physical "hardening" or waterproofing of pumps and electrical equipment ..... 10 pts
e) Relocation of pump stations to less flood prone areas ..... 20 pts
f) Installation of physical barriers around pump stations or facilities ..... 10 pts
g) Installation/construction of redundant distribution system components ..... 10 pts
h) interconnections with neighboring water systems ..... 20 pts
i) Installation of SCADA systems ..... 5 pts
j) installation of flood attenuation, diversion, and retention infrastructure ..... 10 pts
k) Green infrastructure that reduces the risk of flooding ..... 5 pts
l) Natural systems capable of mitigating a storm surge ..... 10 pts

2) Projects that prevent floodwaters from entering a treatment plant or well house:
a) Installation of physical barriers around a facility ..... 10 pts
b) Relocation of facilities to less flood prone areas ..... 20 pts
c) installation of flood attenuation, diversion, and retention infrastructure ..... 10 pts
d) Green infrastructure that reduces the risk of flooding ..... 5 pts
e) Natural systems capable of mitigating a storm surge ..... 10 pts

3) Projects that maintain the operation of a drinking water treatment plant, intake or well:
a) Installation of back-up generators ..... 25 pts
b) Replacement of damaged equipment with more efficient one. ..... 10 pts
c) Physical "hardening" or waterproofing of pumps and electrical equipment ..... 10 pts
d) Relocation of pump stations to less flood prone areas ..... 20 pts
e) Installation of physical barriers around pump stations or facilities ..... 10 pts
f) Installation/construction of redundant distribution system components ..... 10 pts

g) Installation of SCADA systems ..... 5 pts
h) Installation of larger capacity storage tanks
(i) chemical storage tanks ..... 5 pts
(ii) fuel storage tanks ..... 5 pts
(iii) water storage tanks ..... 5 pts

4) Projects that preserve and protect water system equipment:
a) Relocation of critical equipment to less flood prone areas ..... 20 pts
b) Prevention of saltwater damage to materials and equipment
(i) chemical storage tanks ..... 5 pts
(ii) fuel storage tanks ..... 5 pts
(iii) water storage tanks ..... 5 pts

5) Planning projects provided the planning work is reasonably expected to result in a capital project:
a) Risk/vulnerability assessments ..... 5 pts
b) Alternatives analysis ..... 5 pts
c) Asset management plans ..... 5 pts
d) Emergency Preparedness, Response, and Recovery Plans ..... 5 pts

1 An income survey, Census Designated Place (CDP), or other acceptable demonstration of a more accurate social vulnerability for the service area may be used in lieu of the CRE.

2 Under SAHFI, the Disadvantaged Communities Subsidy minimum and maximum percents were overridden to a 100% of the Allotment (net any set asides taken).

3 For more details see EPA's Memorandum dated Sept. 7, 2023 Award and Implementation of the 2023 State Revolving Fund Supplemental Appropriation for Hurricanes Fiona and Ian (SAHFI).

Appendix A. Glossary of Terms

BC – A business case is a due diligence document for those projects, or portions of projects, which are not included in the categorical projects' lists provided; a business case will be required to demonstrate that an assistance recipient has thoroughly researched anticipated 'green' benefits of a project.

CPE – Comprehensive Performance Evaluation - for purpose of compliance with subparts P and T of 40 CFR 141, the comprehensive performance evaluation must consist of at least the following components: assessment of plant performance; evaluation of major unit processes; identification and prioritization of performance limiting factors; assessment of the applicability of comprehensive technical assistance; and preparation of a CPE report.

CT - The product of the free residual disinfectant concentration (C) in milligrams per liter determined before or at the first customer, and corresponding disinfectant contact time (T) in minutes, expressed by the formula (C) x (T) = CT. (40 CFR 141.74(b)(3))

DWSRF - Drinking Water State Revolving Fund. A fund for financing, planning, design and construction of drinking water projects.

E. coli - *Escherichia coli*. A microscopic organism of fecal origin.

HUD - United States Department of Housing and Urban Development.

MCL - Maximum Contaminant Level. The highest level of a contaminant that is allowed in drinking water. MCLs are enforceable standards by regulations (40 CFR Part 141 Subpart B).

MHI - Median Household Income.

NTU - Nephelometric Turbidity Unit. The system under which measured turbidity is reported.

PFAS- Per- and Polyfluoroalkyl Substances

SOC – Synthetic Organic Chemicals

Surface Water Treatment Rule - A regulation that requires that all surface water be treated in accordance with EPA rules.

SDWA- Safe Drinking Water Act

VOC - Volatile Organic Compounds

ATTACHMENT II

CHECK LIST FOR PRIORITY RATING/ PROJECT FACT SHEET

for the PR Drinking Water State Revolving Fund (DWSRF)

Revised August 2017-Hardship Disadvantaged,
Revised May 2019, Americas Water Infrastructure Act of 2018 (AWIA)
Revised January 2023, Disadvantaged Communities and Asset Management
Revised April 2023, Bipartisan Infrastructure Law, 2021 (BIL) - LSLR & EC
Revised April 2024, SAHFI
Revised July 2026, Affordability

CHECK LIST FOR PRIORITY RATING/PROJECT FACT SHEET

I. General Information must be provided:

1. The prospective applicant that may be applying for a loan.
2. Identify the appropriate contact person who will represent the drinking water system.
3. Describe the proposed project and the need for the proposed project.
4. Construction cost estimate.
5. Deficiency report and/or Comprehensive Performance Evaluation (CPE).
6. Preliminary Engineering Report.
7. Indicate the Median Family Income Level that is applicable to the service area of the water system.

II. System Criteria Information:

Compliance with Safe Drinking Water Act (SDWA) Indicate if:

___ 1. The project is related to systems and/or systems which utilize surface water or ground water under the direct influence of surface water that are not in compliance with the surface water treatment requirements.

___ 2. Or have had any acute violations (e.g., fecal coliform or nitrates) and have been issued an administrative order, directive or recommendation by DOH requiring the correction of any noncompliance of its treatment facilities to address an immediate public health threat for one or more of the following:

A. **Maximum Contaminant Level (MCL)/Treatment Technique Violations** (more than one item may apply):

____1). Microbiological
____a). Surface Water Treatment Rule
____i. Filtration and/or groundwater wells, interconnection and or consolidation of water systems to comply with the SDWA.
____ii Filtration Performance (NTU compliance)
____iii CT Disinfection
____b). *E. Coli*
____c). Total Coliform
____d). Cryptosporidium

____2). Organics
____a). Organics chemical (SOC/VOC) and disinfection by-products

____3). Maximum Contaminant Level (MCL) violations (except acute violations)

or exceedance of action levels Lead and Copper/Corrosion (mandated
____4). Radiological)
____5). Inorganic/Physical
____a). Nitrates
____b). Other health-related inorganic

B. Public Health Risk – indicate if:
____1). Projects which eliminate critical or chronic or potential health hazard
____2). Provide protection against significant health hazard (Documentation must be provided by the applicant to determine if the public health problem exist)
____3). Indicate if the appurtenance is a:
___ a). rehabilitation
___ b). replacement
___ c). repair for:
___ 1. Inadequate Source Capacity
___ 2. Existing transmission or distribution mains to prevent contamination caused by leaks/breaks in the pipe
___ 3. Improve water measures to maintain safe levels
___ 4. Existing pump stations
___ 5. Finished water storage (uncovered if applicable)
___ 6. New finished water storage facilities needed to maintain pressure in the system and/or prevent contamination

C. System in needs (Reliability Dependability) - – Indicate if the projects are related to the existing treatment facilities or systems components to meet the design standards sanitary code:

Indicate the action to be undertaken for:
1) Complete Replacement
2). Major rehabilitation

of the existing surface water filtration facility that has exceeded design life and/or does not meet the design standards in the current edition of current Design Standards.

____3). upgrade
____4). replacement
____5). installation for major vulnerable system

The following may apply:
____ a). A principal component integral to an existing filtration process such as sedimentation, flocculation, filtration, chemical feed, of backwashing (select one of the indicated above).
____ b). Pump stations
____ c). Existing wells
____ d). Existing disinfection system for a groundwater/surface water supply

____ e). Transmission main
____ f). Finished water or distribution storage
____ g). Other water treatment systems (or replacement of source instead of Treatment
____ 6). Aged mains and appurtenances
____ 7). Redundancy of critical components (pumps, valves chemical feed-systems, etc
____ 8). Asbestos main replacement
____ 9). Control/automation for operational efficiency (computerization, control valves, metering Laboratory upgrading) (select one of the indicated above)
____ 10). Inadequate source capacity, which is not a public health hazard.

D. Governmental Needs (more than one may apply)

Indicate if project is to service contaminated or insufficient yielding private wells at existing residential housing:
____ 1). Development of a water systems
____ 2). Extending existing system
____ 3). Indicate if the system is to:

____ a). Consolidation of water systems (can include improving technical, managerial, and financial capacity development

____ 4). System depends on a Sole Source Aquifer for its source. (These points can only be obtained if system scores points from Criterion A, B or C)
____ 5). A project that has received written commitment of funding from another source (eg co-funded with Clean Water SRF, Rural Development, HUD, etc.)
____ 6). Proposes operational changes that improve and insure adequate technical, managerial and financial capacity of the system in order to ensure compliance (guidelines to be developed)

E. Other Factors

Indicate the population of the water system service area.

F. Special Priorities

____ 1). Strategy
____ a). Strategy
____ b). Comprehensive Performance Evaluation (CPE)
____ c). Consent Decree

Emergencies
- situations that result in the unavailability of potable drinking water for an extended period of time or
- evidence of a high incidence of water transmissible diseases

- evidence of presence of Regulated Contaminants in Drinking Water

G. Affordability

For those systems described or identified as disadvantaged systems the following priority points will be awarded based on the The Community Resilience Estimates (CRE) for Puerto Rico Viewer which shows the social vulnerability in Puerto Rico. The points awarded for this Category are based on percentage of population universe with three or more components of social vulnerability, by census tract[1]:

Social vulnerability %	Points
___above 53.00%	___
___from 43.00% to 52.99%	___
___from 32.00% to 42.99%	___
___less than 32.00%	___

Provide information required for hardship determination including but not limited to:

- Existing population of the project service area.
- Number of Dwelling to be served, institutional users, and the basis on which they were calculated.
- Existing annual debt service for the system.
- Existing annual operation and maintenance (O&M) costs.
- Estimated project costs.
- Estimated O&M costs based upon completion of this project.
- Any other sources of funding anticipated for this project, including the amount, type of funding (loan or grant), and if a loan, its interest rate, term and annual debt payment.

Projects must meet the definition of hardship under this criterion. The determination will be made as follows:

- Projects may not be segmented in order to qualify for hardship assistance.
- Refinancing is eligible through the regular subsidized DWSRF Program if qualified or eligible as required and stated in the DWSRF. However, hardship financial assistance is only available for new drinking water projects for which the notice for construction to proceed was given on or after July 1, 1993.
- The applicant for a DWSRF hardship loan must demonstrate that it can repay its debt obligation, has a satisfactory O&M procedure and can comply with DOH/DWSRF Capacity Development Program.
- Projects that are determined eligible for hardship assistance, will receive a written confirmation of eligibility.
- Confirmation of funding availability will be valid for two consecutive annual federal funding cycles, provided that the projected service charge does not change significantly.

- Confirmation of funding availability may be withdrawn if: the applicant fails to demonstrate satisfactory progress towards project Implementation; the information on which the determination was made changes prior to loan closing; or the applicant fails to demonstrate that it can repay the loan.

For the application of this criterion, DOH will proceed as follows:

- an initial range will be established with a minimum of 12 per cent and a maximum of 35 per cent. For the corresponding fiscal year, the minimum and the maximum dollar amounts will be established.
- The funds will be distributed among the projects that satisfies the hardship criteria. Funds will be distributed starting with the project with the highest priority and until funds or the corresponding percentage is totally assigned.
- The priority points under this criterion will be those awarded based on the CRE (i.e.: 30, 15, 5, 0 points awarded) to the qualifying projects.
- Additional points will be awarded the project based on population to the points obtained:
  - ❖ one (1) point will be added to the priority obtained by project with the greatest population; and
  - ❖ subsequently the number will increase by one (1) point and added to the project as they decrease in population.

To the extent that there are sufficient applications for loans to disadvantaged communities this per cent will be no less than 12 but not greater than 35. If there are no loan applications for disadvantaged communities, the minimum 12 per cent will not be established.

H. Green Portion (only for Green Projects)

The fiscal year (FY) 2010 Appropriation Law (P.L. 111-88) includes specific goals and eligibilities for green infrastructure, water and energy efficient improvements, and environmentally innovative activities. Green projects could enable utilities to take savings derived from reducing water losses and energy consumption and use them for public health and environmental enhancement projects. Additionally, green projects will help the water sector improve the quality of water services without putting additional strain on the energy grid, and by reducing the volume of water loss every year.

The following process was established for the selection for funding of those eligible GPR projects based on the technical aspects of the DWSRF green projects:

1) Water efficiency
   - ____ a. Replacement or rehabilitation of distribution lines to reduce water loss and prevent water main breaks (Business Case (BC) required).
   - ____ b. Retrofit, replace, purchase and/or install water efficient fixtures,

fittings, equipment.
____ c. Purchase or install water meters, automatic meter reading equipment and systems, and pipe.
____ d. Storage tank replacement/rehabilitation to reduce water loss (Business Case (BC) required) (Per 1MG).
____ e. Installing Pressure Reduced Valves (PRV).

2) Energy efficiency
____ a. Replacement or rehabilitation of distribution lines (Business Case (BC) required).
____ b. Energy efficient retrofits, upgrades or new pumping systems and treatment processes (including variable frequency drives (Business Case (BC) required).
____ c. Works that cost effectively eliminate pumps, pump stations, filtrations plants, well. (Business Case (Business Case (BC) required).
____ d. Producing clean power for treatment systems on site (wind, solar, hydroelectric, geothermal, biogas power).
____ e. Automated and remote-control systems (SCADA) that achieve substantial energy savings (Business Case (BC) required).

3) Environmental Innovative Activities
____ a. Enables utility to adapt to impacts of global climate change.
____ b. Total Water Management project where life cycle costs are minimized.
____ c. Green Infrastructure- to manage water resources in a sustainable way Implementation of wet weather management systems for utilities building and parking areas (porous pavement, bio-retention, trees, green roofs, other practices that mimic natural hydrology).

I. Eligibility Criteria for "Mandatory Congressional" Additional Subsidy[2]

There are two additional subsidies that DOH will be considering/establishing: "Mandatory Congressional", and "Limited 35% or Subsidy/Disadvantaged Community". Under this criterion only the projects that comply with the requirements of the Mandatory Congressional Subsidy will receive points.

The recipient of the grant must identify projects within at least one of the following qualifying categories in order to receive points under the additional mandatory congressional subsidy criterion:

____ a). projects that will eliminate or consolidate small system
____ b).projects that support sustainable systems and help build or maintain the technical, financial and managerial capacity of the recipient
____ c). systems related to communities or serving directly a community that could not otherwise afford the DWSRF loan including disadvantaged communities as defined by the Commonwealth.

When applicable, if the Act provides for a range in the per cent to be established, and if there are more projects that could be identified under one or more of the above-mentioned categories, for each additional remaining category the percent will increase by 5%.

Please note that, notwithstanding the distributed amount by the above priorities the subsidized amount could be re-awarded due to unforeseen circumstances (i.e. projects delayed, among others). The re-award may be in any of the following manners and until the subsidized amount is used.

Please indicate the project(s):

____ a). priority order and qualifying category,
____ b). identified within the qualifying categories,
____ c). first received and ready to go,
____ d). most expensive.

J. Asset management considerations to improve the system's general performance.

1) What is the current state of the system assets?

a). less than ten years	New ____
b). more than 10	old ____
c). More than 20	very old ____
d). More than 40	obsolete ____

2) Does the system have an inventory of assets?
a) Yes ____
b) No ____

3) Does the system have an asset management plan?
a) Yes ____
b) No ____

What and where are your assets (infrastructure particularly) define				
How many they are?	name them	which are critical for the operation	rank them (a,b,c,d,e)	Value them

K. Lead service lines (LSL)

____1) project or associated activities directly connected to the identification, planning, design, and replacement of lead service lines.
____2) Complete removal of LSL (LSLR)- complete removal of LSL (public and privately owned) or service lines made of galvanized iron or galvanized

steel and replacement with a pipe which complies with plumbing codes
____3) Removal of lead or galvanized goosenecks, pigtails and connectors, and replace with material which complies with plumbing codes
____4) LSL Inventories- development or updating LSL inventories, including locating and mapping
____5) Non-routine lead sampling (as part of an LSLR project)
____6) Other LSL activities

L. Emerging contaminants - projects or associated activities directly connected to address emerging contaminants in drinking water.

____ 1) PFAS Focus
___a) Construction of a new treatment facility or upgrade to existing treatment facility that addresses PFAS contaminants
___b) Development of new source that addresses PFAS Contaminants
___c) Consolidation with another water system that does not have a PFAS contaminant present or has removal capability.
___d) Pilot testing- infrastructure related to pilot testing for PFAS treatment alternative
___e) Creation of a new community water system to address unsafe drinking water provided by wells or surface water sources
___f) Conducting initial, special non-routine/compliance monitoring to establish a baseline of a PFAS concern or new technology

____ 2) Other non-regulated contaminants
___a) Construction of a new treatment facility or upgrade to existing treatment facility that addressed emerging contaminants
___b) Development of new source that addresses emerging contaminants
___c) Consolidation with another water system that does not have an emerging contaminant present or has removal capability
___d) Pilot testing- infrastructure related to pilot testing for emerging contaminant treatment alternative
___e) Creation of a new community water system to address unsafe drinking water provided by wells or surface water sources
___f) Monitoring sampling-
___g) Conducting initial, special non-routine/compliance monitoring to establish a baseline of an emerging concern or new technology

M. Projects or associated activities directly connected to reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster[3].

Identify if projects address any of the following:

____ 1) Projects that <u>prevent interruption</u> of <u>water distribution system</u> operation:
___a) Installation of back-up generators

___b) Purchase of mobile laboratory equipment
___c) Replacement of damaged equipment with more efficient one.
___d) Physical "hardening" or waterproofing of pumps and electrical equipment
___e) Relocation of pump stations to less flood prone areas
___f) Installation of physical barriers around pump stations or facilities
___g) Installation/construction of redundant distribution system components
___h) interconnections with neighboring water systems
___i) Installation of SCADA systems
___j) installation of flood attenuation, diversion, and retention infrastructure
___k) Green infrastructure that reduces the risk of flooding
___l) Natural systems capable of mitigating a storm surge

____ 2) Projects that <u>prevent floodwaters</u> from entering a <u>treatment plant or well</u> house:
___a) Installation of physical barriers around a facility
___b) Relocation of facilities to less flood prone areas
___c) installation of flood attenuation, diversion, and retention infrastructure
___d) Green infrastructure that reduces the risk of flooding
___e) Natural systems capable of mitigating a storm surge

____ 3) Projects that <u>maintain</u> the <u>operation</u> of a drinking <u>water treatment plant, intake</u> or <u>well</u> :
___a) Installation of back-up generators
___b) Replacement of damaged equipment with more efficient one.
___c) Physical "hardening" or waterproofing of pumps and electrical equipment
___d) Relocation of pump stations to less flood prone areas
___e) Installation of physical barriers around pump stations or facilities
___f) Installation/construction of redundant distribution system components
___g) Installation of SCADA systems
___h) Installation of larger capacity storage tanks
___(i) chemical storage tanks
___(ii) fuel storage tanks
___(iii) water storage tanks

____ 4) Projects that <u>preserve and protect water system equipment:</u>
___a) Relocation of critical equipment to less flood prone areas
___b) Prevention of saltwater damage to materials and equipment
___(i) chemical storage tanks
___(ii) fuel storage tanks
___(iii) water storage tanks

____ 5) <u>Planning</u> projects provided the planning work is reasonably expected to result in a capital project:

___a) Risk/vulnerability assessments
___b) Alternatives analysis
___c) Asset management plans
___d) Emergency Preparedness, Response, and Recovery Plans

1 An income survey, Census Designated Place (CDP), or other acceptable demonstration of a more accurate social vulnerability for the service area may be used in lieu of the CRE.

2 Under SAHFI, the Disadvantaged Communities Subsidy minimum and maximum percents were overridden to a 100% of the Allotment (net any set asides taken).

3 For more details see EPA's Memorandum dated Sept. 7, 2023 Award and Implementation of the 2023 State Revolving Fund Supplemental Appropriation for Hurricanes Fiona and Ian

ATTACHMENT III

ANTICIPATED DISBURSEMENT SCHEDULE

OCTOBER 1, 2026 – SEPTEMBER 30, 2028

FFY DWSRF Capitalization Grant/Accounts	Undisbursed[1] Obligations/Assistance	FY2026				FY2027				FY2028				Totals	Remaining Balance @Sept. 2028
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4		
Project Funds															
Open Grants (Federal portion)[2,3]:															
FY2019 Reg Base	$ 484,757	$ (484,757)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ (484,757)**	**$ -**
FY2020 Reg Base	$ 5,584,447	$ (5,000,000)	$ (584,447)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ (5,584,447)**	**$ (0)**
FY2021 Reg Base	$ 8,302,581	$ -	$ (4,000,000)	$ (4,000,000)	$ (302,581)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ (8,302,581)**	**$ 0**
FY2022 Reg Base	$ 5,886,720	$ -	$ -	$ -	$ (4,000,000)	$ (1,886,720)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ (5,886,720)**	**$ -**
FY2023 Reg Base	$ 4,641,720	$ -	$ -	$ -	$ -	$ (3,000,000)	$ (1,641,720)	$ -	$ -	$ -	$ -	$ -	$ -	**$ (4,641,720)**	**$ -**
FY2024 Reg Base	$ 3,915,240	$ -	$ -	$ -	$ -	$ -	$ (2,000,000)	$ (1,915,240)	$ -	$ -	$ -	$ -	$ -	**$ (3,915,240)**	**$ -**
FY2022 BIL GS	$ 1,568,361	$ (1,568,361)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ (1,568,361)**	**$ (0)**
FY2023 BIL GS	$ 15,014,275	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (1,014,275)	$ -	$ -	$ -	$ -	**$ (15,014,275)**	**$ 0**
FY2024 BIL GS	$ 19,307,400	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	**$ (10,000,000)**	
FY2022 BIL LSLR	$ 4,575,235	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (575,235)	$ -	$ -	$ -	**$ (4,575,235)**	**$ 0**
FY2023 BIL LSLR	$ 28,650,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,000,000)	$ (1,000,000)	$ (1,000,000)	**$ (3,000,000)**	**$ 25,650,000**
FY2024 BIL LSLR	$ 17,799,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**	
FY2022 BIL EC	$ 7,555,000	$ (1,000,000)	$ (1,000,000)	$ (1,000,000)	$ (1,000,000)	$ (3,000,000)	$ (555,000)	$ -	$ -	$ -	$ -	$ -	$ -	**$ (7,555,000)**	**$ -**
FY2023 BIL EC	$ 7,640,000	$ -	$ -	$ -	$ -	$ -	$ (2,000,000)	$ (3,000,000)	$ (2,640,000)	$ -	$ -	$ -	$ -	**$ (7,640,000)**	**$ -**
FY2024 BIL EC	$ 7,640,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (500,000)	$ (3,000,000)	$ (3,000,000)	$ (1,000,000)	$ -	**$ (7,500,000)**	
FY2023 SAHFI	$ 212,970,883	$ (2,500,000)	$ (3,000,000)	$ (4,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	$ (5,000,000)	**$ (54,500,000)**	**$ 158,470,883**
Future Grants FY2025 & 2026[2,3] (Federal portion):															
FY2025 BIL GS	$ 22,774,724.18	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**	**$ 22,774,724**
FY2025 BIL LSLR	$ 23,493,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**	**$ 23,493,000**
FY2026 BIL LSLR	$ 23,063,040.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**	**$ 23,063,040**
FY2025 BIL EC	$ 7,640,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**	**$ 7,640,000**
FY2026 BIL EC	$ 7,640,000.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	**$ -**	**$ 7,640,000**
FY2025 Reg Base	$ 10,251,640.00				$ -	$ -	$ -	$ -	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	$ (2,000,000)	**$ (10,000,000)**	**$ 251,640**
State Match/Repayment Accounts															
State Match	$ 18,625,710	$ -	$ -	$ -	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	**$ (4,500,000)**	**$ 14,125,710**
Repayment funds	$ 63,637,330	$ (1,000,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	$ (500,000)	**$ (6,500,000)**	**$ 57,137,330**
SUBTOTALS	**$ 528,661,063**	**$ (14,053,117.73)**	**$ (11,584,447.00)**	**$ (12,000,000.00)**	**$ (13,802,581.00)**	**$ (16,386,720.00)**	**$ (14,696,720.00)**	**$ (13,415,240.00)**	**$ (14,654,275.00)**	**$ (13,575,235.00)**	**$ (14,000,000.00)**	**$ (12,000,000.00)**	**$ (11,000,000.00)**	**$ (161,168,335.73)**	**$ 340,246,327**

[1] Undisbursed obligations is as of Aug 25, 2026. Balance does not include invoiced requests under transaction for disbursement.

[2] Estimated amounts until final IUPs are released.

ATTACHMENT IV

OUTPUT AND OUTCOME MEASURES

Environmental Results Grant Requirements

As required by US EPA Order 5700.7, Environmental Results under US EPA Assistance Agreements, Puerto Rico will provide the following output and outcome measures as applicable in its DWSRF Biennial/Annual Reports, NIMS, PBR and the IUP for both the Fund and Set-Asides:

NATIONAL REPORTABLE OUTPUTS/OUTCOMES FOR DWSRF:

1. The annual percentage of assistance agreements to bring entities into compliance.
2. Pace or Fund Utilization Rate (cumulative financing agreement dollars obligated to the cumulative funds available for projects) for the DWSRF improving compliance for systems receiving DWSRF assistance.
3. Disbursement Rate (cumulative dollar amount of assistance disbursements to projects divided by cumulative financing agreement dollars obligated) and thus increase the speed at which projects are proceeding towards completion.
4. Improve compliance with SDWA by increasing the number of projects initiating operations.

ANTICIPATED OUTPUTS ESTIMATES FOR DWSRF:

1. Number of financing agreements (2).
2. Number of projects financed and dollar amounts (10 / $61.8M).
3. Pace or Fund Utilization Rate (95%).
4. Disbursement Rate at which projects progressed as measured by disbursements as a percent of assistance provided (53%).
5. Number of projects initiating operation resulting in improved compliance (4).

ATTACHMENT V

PUBLIC COMMENTS,

RESPONSES,and

REVISIONS

Public Comments, Responses & Revisions
Federal Fiscal Year 2025 DWSRF
Final Intended Use Plan- BIL Supplemental and Regular Capitalization Grants

When seeking public review, DOH will include a diverse set of potential interested parties, including community groups, neighborhood associations, environmental organizations, environmental justice organizations, and public health groups, that represent a broad spectrum of community interests and extend beyond those on existing mailing lists and traditional participants in the SRF process.

The Public Notice of Availability of the Federal Fiscal Year 2025 Drinking Water State Revolving Fund (DWSRF) Draft Intended Use Plan (IUP) for BIL Supplemental and Regular Base funds was published in the PRDOH website https://www.salud.pr.gov/CMS/615 on August 5, 2026. Comments will be received through shared email addresses, office telephone numbers and/or visits to the office of DWSRF offices located on:

State Road No. 8838, Km. 6.3,
Departamento de Salud
Rio Piedras Sector, Monacillos Ward
San Juan, Puerto Rico 00918

The public comment period for the Federal Fiscal Year 2025 DWSRF Draft IUP for BIL Supplemental and Regular Base funds will run from August 5, 2026 through September 4, 2026, a period of 30 days. The public participation process will be consistent with the federal civil rights laws.

Program Specific Public Comments:
No comments.

Project Specific Revisions: *(marked in red in the document)*

- A new project, *Rehabilitation of Naranjito WDS and Transmission Systems*, was added to the PPL and assigned $2,000,000.00. The same amount of $2M was reduced to the project *Cerro Marquez WDS Improvements*.
- A new project, *Arecibo Superqueduct WDS*, was added to the Multiyear List.

General Revisions: *(marked in red in the document)*
The Project Priority Ranking System was modified to converge equally throughout the document and Checklist the Affordability criteria based on the Community Resiliency Estimate.

ATTACHMENT VI

PRDOH
DWSRF CONTACTS

Contacts

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