



COMMONWEALTH OF PUERTO RICO
PUERTO RICO DEPARTMENT OF HEALTH

Draft
Intended Use Plan (IUP) for the
Puerto Rico
Drinking Water State Revolving
Fund (DWSRF)

October 1, 2024 - September 30, 2025

May 15, 2024

**Supplemental Appropriations for
Hurricanes Fiona and Ian
(SAHFI) FFY2023**

DRAFT

Intended Use
Plan for the

PUERTO RICO DRINKING WATER STATE REVOLVING FUND

Federal Fiscal Year 2023

Effective: October 1, 2024 – September 30, 2025

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
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
SRF	State Revolving Fund
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 market rate and below market rate financing for the construction of certain eligible public water system projects for the protection of public health. As financings are repaid, money is made available for new financings 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.

On December 29, 2022, the President signed P.L. 117-328, the Consolidated Appropriations Act, 2023, ("Consolidated 2023") into law. The funding in Division N of the Act for EPA includes approximately \$1.1 billion in disaster relief supplemental funding for the State Revolving Fund ("SRF") programs, of which \$402 million is for the DWSRF programs, available only to states or territories in EPA Regions 2 and 4 for drinking water facilities impacted by Hurricanes Fiona or Ian. Will refer to this supplemental appropriation as the "Supplemental Appropriation for Hurricanes Fiona and Ian" ("SAHFI"). Of those \$402 million for DWSRFs, \$222,288,000 are for Puerto Rico. For projects to be eligible under the SAHFI, they must be SRF eligible and have the purpose of reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster.

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 **Supplemental Appropriation for Hurricanes Fiona and Ian (SAHFI)** federal capitalization grant, submitted on **May 24, 2024**.

2.0 Program Changes & Ongoing Initiatives

Program Changes:

1. **SAHFI Funds:** In Division N of the Consolidated 2023, for the EPA it includes approximately \$1.1 billion in disaster relief supplemental funding for the SRF programs: \$665.2 million for the Clean Water State Revolving Fund (CWSRF) programs and \$402 million for the Drinking Water State Revolving Fund (DWSRF) programs, available only to states or territories in EPA Regions 2 and 4 for wastewater treatment works and drinking water facilities impacted by Hurricanes Fiona or Ian. Only the State of Florida and the Commonwealth of Puerto Rico are eligible to apply for these DWSRF and CWSRF supplemental funds. This IUP pertains to these supplemental funds.
2. **Build America, Buy America (BABA) Act:** The Safe Drinking Water Act 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 now 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). Projects that have submitted an acceptable engineering report to DOH, or have otherwise initiated design planning, prior to May 14, 2022, qualify under the September 2, 2022, limited EPA waiver of the manufactured products, and construction materials requirements of BABA. Nonetheless, this requirement does not apply to these SAHFI funds, but rather the AIS requirement.
3. **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.
4. **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. States are now required to use at least 12% (an increase from 6%), 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. However, for these SAHFI funds, the State must use one hundred (100%) percent of its capitalization grant to provide additional subsidization, net of any DWSRF set asides taken, to any eligible entity, prioritizing Disadvantaged Communities.

5. **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 the DWSRF's federal capacity development requirements, if otherwise DWSRF eligible, asset management plan costs are reimbursable as a part of any DWSRF financed project.
6. **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 SAHFI and points were also assigned. (See **Attachments I and II**)

Ongoing Program Initiatives:

1. **Extended Term Financing:** The SDWA, as amended, authorizes extended term financing with a final maturity date up to 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.
2. **Additional Subsidy:** As per the Consolidated 2023, for regular appropriation funds, the States are required to provide exactly 14% in additional subsidies, in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these) to any eligible recipients of DWSRF assistance. However, for these SAHFI funds, the Commonwealth must use one hundred (100%) percent of its capitalization grant to provide additional subsidization, net of any DWSRF set asides taken, to any eligible entity, while prioritizing Disadvantaged Communities.
3. **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 the DWSRF's federal capacity development requirements, if otherwise DWSRF eligible, asset management plan costs are reimbursable as a part of any DWSRF financed project.

4. **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](#))
5. **Davis-Bacon Act:** 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.
6. **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. The 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.

3.0 Short and Long-Term Program Goals

The SDWA Amendments of 1996 authorize DWSRF to assist public water systems with financing the costs of infrastructure needed to achieve or maintain compliance with SDWA requirements and to protect public health. 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

- Continue to implement the DWSRF program for the Commonwealth of Puerto Rico.
- Receive project lists, score and rank projects based on human health risk and compliance with the SDWA and EPA regulations.
- Establish and maintain a continuous technical assistance support process available to drinking water systems for availing compliance.
- Provide technical assistance to community water systems in their process of establishing asset management plan.
- Establish a technical and/or financial assistance mechanism to provide small systems that are in non-compliance, due to technical, financial and managerial reasons, with the necessary tools to foster compliance and access to funds and subsidies.
- Identify and determine feasible and affordable general compliance action plans available for systems' implementation.
- Coordinate a mechanism or process for consolidating and/or eliminating existing non-viable small public drinking water systems.
- Make available interest-free financing and additional subsidy (principal forgiveness/grants) to help small public water systems and disadvantaged communities finance needed projects.
- Continue to be current with all Federal Reporting requirements.

3.2 Long-Term Goals

- 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.
- 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).
- 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 continue to implement first-in-first-out (FIFO) basis and increasing the number of projects ready to proceed, among other things.
- Focus on providing assistance to systems that are in the process of attaining and maintaining capacity.
- 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.
- 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.

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 2023 DWSRF supplemental appropriation capitalization grant under Consolidated 2023 additional funds. The state match requirement of 20% was waived by the law for these supplemental SAHFI funds. 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](#). The proportionality or cash draw ration for these funds would be 100% to 0% since no state match is required.

Table 1: Sources and Uses of Funds	
Sources	Amount
FFY 2023 Disaster Relief Supplemental Appropriation for PR	\$ 222,288,000
State Match ¹	0
Repayment and Interest Earnings	0
Total Sources	\$ 222,288,000
Uses	Amount
Administrative Set-Aside (4%)	\$ 8,891,520
Technical Assistance Set-Aside (2%)	0
State Program Management Set-Aside	0
Total Set Asides²	\$ 8,891,520
Direct Financings (Loans) ³	0
Additional Subsidization (Princ. Forgive.+ 0% int. rate) ³	213,396,480
Total Uses	\$ 222,288,000
¹ State match requirements were waived by P.L. 117-328, the Consolidated Appropriations Act, 2023.	
² Refer to Section 5.0 for information related to set-asides.	
³ Of the capitalization grant amount, the State must use 100 percent to provide additional subsidization (net of any DWSRF set-asides taken) as per the P.L. 117-328, the Consolidated Appropriations Act, 2023.	

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 this current fiscal year funds (FY 2023) this fee won't be established.

4.3 Transfer of Funds

The SDWA Amendments of 1996 offered states the 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. Even though the authority expired on September 30, 2001, Congress extended this provision within US EPA's annual budgets. 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 and the testing and monitoring to ensure the integrity and quality of such 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 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](#).

Now, with the enactment of the Consolidated 2023, due to atmospheric events of hurricanes, projects that lead systems to be resilient by reducing flood or fire damage risk and vulnerability or enhancing resiliency to rapid hydrologic change or natural disaster like (for more information see ["Award and Implementation of the 2023 State Revolving Fund Supplemental Appropriation for Hurricanes Fiona and Ian \(SAHFI\)"](#)). For this, the System Criteria and Ranking Method Summary and the Checklist for Priority Rating found in [Attachments I](#) and [II](#) were revised to include the following activities with points assigned to them:

- Installation of back-up generators (including portable generators) or alternative energy sources (e.g., solar panels, wind turbines, batteries, switch boxes) that service pump stations or other distribution system facilities
- Purchase of mobile laboratory equipment for use during emergencies
- Replacement of damaged equipment with more energy efficient equipment
- Physical "hardening" or waterproofing of pumps and electrical equipment at pump stations and other components of distribution systems (including storage facilities and associated equipment) through upgrade or replacement

- Relocation of pump stations or other distribution system facilities to less flood prone areas
- Installation of physical barriers around pump stations or other distribution system facilities (e.g., levees or dykes)
- Installation/construction of redundant distribution system components and equipment
- Construction of interconnections with neighboring water systems which could provide an emergency water supply
- SCADA system projects to allow remote or multiple system operation locations
- Construction or installation of flood attenuation, diversion, and retention infrastructure associated with an otherwise eligible drinking water project that protects the distribution system
- Green infrastructure that reduces the risk of flooding by reducing stormwater runoff, including permeable pavement, green roofs and walls, bioretention infrastructure (e.g., constructed wetlands, detention basins, riparian buffers, or stormwater tree trenches/pits/boxes), stream daylighting, and downspout disconnection
- Natural systems, and features thereof, capable of mitigating a storm surge, such as barrier beach and dune systems, tidal wetlands, living shorelines, and natural berms/levees
- Projects that prevent floodwaters from entering a treatment plant or well house
- Projects that maintain the operation of a drinking water treatment plant, intake or well in the event of a flood or natural disaster
- Projects that preserve and protect water system equipment in the event of a flood or natural disaster
- Planning projects that assess a treatment works' vulnerability to flood damage or that analyze the best approach to integrate system and community sustainability/resiliency priorities in the face of a variety of uncertain futures including natural disasters and more frequent and intense extreme weather events, provided the planning work is reasonably expected to result in a capital project, including but not limited to:
 - Risk/vulnerability assessments considering recent floodplain maps and projected sea level rise
 - Alternatives analysis
 - Asset Management Plans
 - Emergency Preparedness, Response, and Recovery Plans

Ineligible projects include but are not limited to projects submitted by systems that lack technical, managerial or financial capacity or are classified as priority systems based on EPA's Enforcing Targeting Tool (ETT), unless the proposed project will ensure capacity or compliance. Ineligible projects also include projects whose primary purpose is fire protection or growth and/or development, dam projects, reservoir projects, operation and maintenance costs, and acquisition of land not integral to an eligible project or land integral to an eligible project that is obtained through eminent domain. Note that the EPA has approved a class exception that in certain circumstances may allow for the use of DWSRF funds for rehabilitation of dams and reservoirs, where such projects would improve public health protection for existing water system populations.

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 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 - 2022 Base/BIL	\$451,599,621 ¹	\$390,232,506 ¹	\$46,886,079 ¹	10.38%
SAHFI 2023	San Sebastian WTP	\$8,300,000		
	Sabana Grande WTP		\$8,300,000	
	Lajas WTP	\$8,300,000		
	Orocovis WTP	\$8,300,000		
	Yabuoca WTP	\$8,300,000		
	Pozas WTP		\$8,300,000	
	Guayabota WTP		\$8,300,000	
	Emerg. Gen -South	\$4,000,000		
	Patillas WTP	\$8,300,000		
	Minillas WTP	\$8,300,000		
	Guzman Arriba WTP		\$8,300,000	
	Almirante Sur WTP		\$8,300,000	
	Salinas Urbano WDS		\$15,000,000	
	Emerg. Gen -Metro	\$4,000,000		
	Emerg. Gen -North	\$4,000,000		
	Emerg. Gen -East	\$4,000,000		
	Emerg. Gen -West		\$4,000,000	
	Superacueducto	\$63,000,000		
	Barrio Nuevo WTP		\$8,300,000	
	SCADA islandwide	\$24,400,000		
SAHFI 2023	\$213,396,480	\$147,296,480	\$66,100,000	31%
TOTAL	\$664,996,101	\$537,528,986	\$112,986,079	16.99%

Note: ARRA 2009 funds are not 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 originated throughout the year. Concerning the grant payments schedule, it will be discussed/agreed with EPA.

4.6 Types of Assistance and Terms

Even though for this SAHFI funds States are required to provide subsidization of all funds available for projects, under the regular appropriation funds, 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 are executed with qualified borrowers, at a negotiated interest rate.
2. **Hardship Financing** - Direct or Hardship Financing is 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)** - The SAHFI funds contains the following provision: *"Provided further, That notwithstanding the requirements of section 603(i) of the Federal Water Pollution Control Act and section 1452(d) of the Safe Drinking Water Act, for the funds appropriated under this paragraph in this Act, each State shall use 100 percent of the amount of its capitalization grants to provide additional subsidization to eligible recipients in the form of forgiveness of principal, negative interest loans or grants, or any combination of these..."*

Therefore, for these SAHFI funds, each state must use 100 percent of its capitalization grant (for the DWSRF, net of any DWSRF set-asides taken) for the above purposes. 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 2023 (Dec. 29, 2022).

4.7 Program Financial Terms

1. **Direct Loans**- Under regular appropriation funds, AWIA's amendment to the SDWA provides for a change in the financing term up to 30 years (previously 20), 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. Since Consolidated 2023, requires that all SAHFI funds be given with subsidization, these type of financing and terms do not apply.
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. However, for these SAHFI funds, since all will be subsidized as 100% principal forgiveness and 0% interest rate, these terms don't apply.
3. **Additional Subsidization Financial Assistance (Principal Forgiveness/Grants)** - Even though for this SAHFI funds States are required to provide subsidization of all funds available for projects, under the regular appropriation funds, 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](#).

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.

Puerto Rico proposes to use 4% of the capitalization grant for Administrative set-aside purposes only for the current funding cycle. Descriptions and budgets of the set-aside monies for the current funding cycle will be included in the federal capitalization grant application set-aside workplans. The Commonwealth intends to maximize the use of capitalization grant monies for water supply projects as much as possible. Therefore, only those funds considered essential for the DWSRF, and the Public Water Supply Supervision program support have been allocated to set-aside activities. Unused set-aside funds can be re-budgeted to fund eligible activities under set-asides. Nevertheless, any unused set-aside monies can also be transferred to the project fund after receiving an approved amendment to the capitalization grant.

It is important to note that DOH will continue undertaking a series of activities and project that were previously funded with monies set apart under the set-asides that have been carried over from previous capitalization grants and which use is 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 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. The Commonwealth of Puerto Rico will be using the 4% or \$8,891,520 of the FY 2023 Capitalization Supplemental Appropriation for Hurricanes Fiona and Ian (SAHFI) corresponding to the Administrative Set-aside.

Administrative tasks are undertaken, mainly on an annual basis, and include, but are not limited to:

- implementing the Operating Agreement (OA) between DOH and the United States Environmental Protection Agency (EPA);
- developing and finalizing a Capitalization Grant application package to secure federal funds of projects included in this IUP;
- performing project technical reviews; ranking project proposals in priority order of projects included in this IUP;
- preparing an IUP which identifies available funding resources and expenditures and establishes a fundable project priority list (current year);

- implementing a State Environmental Review Process (SERP)¹ as required; reviewing and approving engineering reports, construction plans and specifications; conducting project inspections of projects included in this IUP;
- evaluating and determining project affordability (hardship); conducting public participation efforts and hearings of projects included in this IUP;
- tracking systems; directing the investment of DWSRF funds; preparing project financing and loan agreements (including cost summaries and project financing schedules) of projects included in this IUP;
- preparing necessary financial documents; originating loans; processing disbursement request and conducting associated document review; collecting and managing loan repayments, if applicable, for the projects in this IUP;
- establishing and collecting loan fees; ensuring that program and fiscal audits are conducted; preparing necessary cash draw requests of projects included in this IUP and preparing technical and financial reports to meet federal and state mandates;
- preparing reports for the compliance with program requirements and grant conditions;
- creation and administration of DWSRF Program webpage for information to stakeholders and public, to include Public Announcements, view of IUPs and other Reports, status of Program achievements, important links for more information, etc.
- initiate the implementation of the asset management promotion in community drinking water systems and assist them in their development of the asset management plan, among other activities.

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 aimed at providing technical assistance to small water systems (those with populations of 10,000 or fewer) by implementing DOH's existing Small Water Systems program (DOH Non-PRASA² Program). At the time, for this IUP, DOH will not

¹ Delegated by Law of the Commonwealth, the Office of Permits Management (OGPe) will be undertaking certain activities that were undertaken by the PR Environmental Quality Board (now part of the PR Dept. of Natural Resources). We have to point out that The Commonwealth of Puerto Rico through "Puerto Rico Permit Process Reform Act, Act No. 161 of December 01, 2009, as amended," the process included in REPED ("Environmental Quality Board Regulation for the Presentation, Evaluation and Transmittal Process of Environmental Documents" (REPED)) states that the Permit Management Office (PMO) will undertake the assessment of the environmental compliance process. This regulation as approved provides an assessment process pursuant to Environmental Policy Act (NEPA), performing substantially similar to Puerto Rico Regulation for Environmental Impact Statements. The process was design in accordance with the Environmental Public Policy Act of Puerto Rico, Act No. 416 of September 22, 2004, as amended.

² Non-PRASA systems are "private" independent public water systems that are neither connected nor administered by the Puerto Rico Aqueduct and Sewer Authority (PRASA), the public corporation that owns 90% of public water systems in Puerto Rico. These Non-PRASAs serve less than 10,000 people.

be establishing the 2% available for the Technical Assistance set-aside. Nonetheless, DOH will continue undertaking a series of activities that were previously funded with monies carried over from previous capitalization grants for priorities established in the PRDWSRF's Technical Assistance Support (TAS).

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 this IUP, DOH will not be establishing the State Program Management set-aside. Nonetheless, DOH will continue undertaking a series of activities with monies carried over from previous capitalization grants 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. At the time, for this IUP, Puerto Rico is not proposing to take or use any of the set-aside funds from this current FFY funding cycle's DWSRF capitalization grant for these programs.

TABLE 3- SET-ASIDES ALLOCATION INTENDED USE & DISTRIBUTION OF PR DWSRF FFY 2023 SET-ASIDE FUNDS- for SAHFI funds				
Set-Aside	% Allowed by SDWA	FFY 2022 Maximum Allocation ¹ Allowed by SDWA	PR %	PR's FFY 2023 Use
Administration DOH (2%)	4% or 1/5% fund valuation or \$400,000 (greatest)	\$8,891,520	4%	\$8,891,520 (\$8,891,520)
Technical Assistance DOH	2%	\$4,445,760	0%	\$0 0
State Program Management Administer PWSS Program DOH	10%	\$22,228,800	0%	\$0 0
Local Assistance & Other State Program Set-Asides ^{2 & 3}	15%	\$33,343,200	0%	\$0
Land Acquisition	(10%)	(\$3,334,320)		0
Capacity Development	(10%)	(\$3,334,320)		0
Wellhead Protection	(10%)	(\$3,334,320)		0
SW Petition Programs	(10%)	(\$3,334,320)		0
Total Set-Asides ⁴	31%	\$68,909,280	4%	\$8,891,520
¹ Based on an estimated Federal Capitalization Grant of \$222,288,000 and is subject to change. ² No more than 10% for any individual component and a total of 15% under Special Activity Set-Asides. ³ Future IUP amendment may be issued to use set-aside funds for these activities depending on program needs. ⁴ The US EPA Safe Drinking Water Act allows for States to use up to 31% of the federal Capitalization Grant for set-asides and DOH intends on using only 4% of the federal Capitalization Grant for total 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 grant closed with final FFR submitted is that of fiscal year 2015, submitted on March 31, 2023. Drawdowns will be directed towards the oldest grant open (2016) 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 2016 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 increase communications with loanees to increase disbursement requests submittal rate.
- 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.

The State Match will be disbursed within the same rate of the Federal share, simultaneously, according to the proportionality of the corresponding FFY Capitalization Grant cash draw ratio. Nonetheless, the Repayment funds will be disbursed as needed after liquidating the Loan portions with Federal share.

[Attachment III](#) represents the DWSRF's anticipated federal draw schedule for FFY 2024. The federal draw schedule assumes U.S. EPA's "first-in-first-out" policy for liquidating DWSRF capitalization grants. Therefore, the draw schedule includes the anticipated liquidation of the balances of the open 2017 through 2022 DWSRF Regular Base capitalization grants, **subject to PRIFA's execution of the set-asides cash-draws and disbursement on a timely basis.** [This information will be available in the final IUP].

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 2022 Regular Base	\$ 12,288,320	Aug. 2024
FFY 2022 BIL Supplemental	\$ 17,632,160	Aug. 2024
FFY 2022 BIL LSLR	\$ 28,350,000	Sept. 2024
FFY 2022 BIL EC	\$ 7,555,000	Sept. 2024
Future Grants (Estimated Amounts)		
FFY 2023 Regular Base	\$ 12,129,320	Feb. 2025
FFY 2023 SAHFI	\$ 213,396,480	Feb. 2025
FFY 2023 BIL Supplemental	\$ 19,791,700	April 2025
FFY 2023 BIL LSLR	\$ 28,650,000	April 2025
FFY 2023 BIL EC	\$ 7,640,000	April 2025
Totals	\$ 347,432,980*	

*Of this amount, \$277,326,950 will be provided as Subsidy.

7.0 Disadvantaged Community (Hardship) Program

7.1 Introduction

Even though for this SAHFI funds States are required to provide subsidization of 100% of the funds (net any set-asides taken), 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 is included 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.

As stated before, for this current SAHFI funds, PRDOH will use 100% (net of set-asides taken) of the SAHFI federal capitalization grant as subsidy, including identified disadvantaged communities (see [Appendix A](#)), in the form of principal forgiveness, grants, negative interest loans (or any combination of these). **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 ¹ Financial Assistance	Additional Subsidy Awarded to Disadvantaged Communities
1997 - 2022 Base/BIL	\$331,317,000	\$390,232,506	\$29,895,380 ²
SAHFI 2022 (Estimated)	\$222,288,000		\$66,100,000 ³
¹ Includes financial assistance awarded since program inception. 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 (for more information see Appendix A).			

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 subsidy. One is provided under the Disadvantaged Community Program and the other is a 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 7.3.1](#).

7.3 Hardship Financing and Principal Forgiveness/Grant Eligibility Criteria

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 Median Household Income Levels (MHIL) for the service area.

The DWSRF may provide additional subsidized financial assistance to water systems serving communities experiencing economic hardship. This additional financial assistance will be accomplished 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. For this SAHFI funds, since all subsidization will be given as 100% principal forgiveness and 0% interest rate, no additional hardship will be evaluated.

7.3.1 Affordability Criteria

This Criterion is based on a household basis. The points awarded for this Category are documented by the latest census information (Census 2022). For those systems to be identified as disadvantaged under the below table, additional priority points will be awarded based on the Median Household Income Levels (MHIL) (See [Attachment I](#)) as follows:

<u>Median Household Income (MHIL)</u>	<u>Points</u>
less than \$9,813	30
between \$9,813 and \$14,719	15
between \$14,720 and \$19,626	5
above \$19,626	0

7.3.2 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.

7.3.3 Hardship Eligibility Criteria

To be considered for hardship 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](#)). 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 Median Household Income (MHI) of the municipality, per the 2022 Census, must be less than \$19,626 MHI;
- Projects for communities with an MHI equal to or greater than \$19,626 MHI are not eligible;
- An income survey, Census Designated Place (CDP), or other acceptable demonstration of a more accurate MHI for the service area may be used in lieu of the 2022 Census published MHI.

7.3.4 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. Hardship determinations will be made as project

information becomes available. Eligible systems/projects must meet hardship criterion.

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

- For this fiscal year SAHFI funds, 100% of the funds (net any set-asides taken) is to be awarded as subsidy to any eligible entity.
- The priority points under this criterion will be those awarded based on the Median Household Income (MHIL) (i.e.: 30, 15, 5, 0 points awarded) to the qualifying projects. Projects that received these points are identified under note [3] in the Project Priority List in [Appendix A](#).
- Additional points will be awarded to the project based on population to the points obtained based on the MHIL:
 - ✓ one (1) point will be added to the priority obtained by project with the lowest population; and
 - ✓ subsequently the number will increase by one (1) point and added to the project as they increase in population.
- Even though for this SAHFI funds all projects will receive subsidization, these projects qualify to receive disadvantaged community subsidy under the regular annual appropriation Program funds, if additional funds are needed to complete the project.

DOH may modify the data being used to evaluate for hardship 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 and principal forgiveness/grant, if offered, to those municipalities or eligible systems whose census data change during the hardship offer period.

7.3.5 Co-funding

Confirmation that a project qualifies for hardship 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.

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:

- 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 projects are 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. 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 and 10.2 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 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.

10.3 Minority and Women Business Enterprise/Equal Employment Opportunity

All applicants must incorporate MWBE provisions and requirements into all contracts pursuing DWSRF financial assistance, including costs incurred prior to application. Failure to adequately incorporate and carry out MWBE provisions and requirements in any contract will result in the loss of DWSRF financial assistance for that particular contract.

10.4 Green Project Reserve (GPR)

As established in the Consolidated, 2023, *"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 SAHFI funds.

10.5 Reporting Requirements

- **Project Benefits Reporting (PBR)**- Puerto Rico will continue reporting quarterly in the DWSRF Project Benefits Reporting (PBR) system on the use of all SRF funds. Summary reports can be generated by PBR and may be included as an attachment to the Annual Report to meet this reporting requirement.
- **Annual/Biennial Performance Status Report**- Puerto Rico will continue reporting annually or biannually, as applicable, 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.
- **National Information Management Reporting System (NIMS)** - Puerto Rico will continue reporting in the National Information Management Reporting System (NIMS). Annual 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.
- **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 (www.ftrs.gov). DOH will continue reporting once subawards are executed.

10.6 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.

10.7 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.

Projects must appear on the Project Priority List to be eligible to apply for DWSRF financing. Even though for this SAHFI funds States are required to provide subsidization of 100% of the funds (net any set-asides taken), for regular appropriation funds, 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 funding line and hardship evaluation eligibility line on the Project Priority List. Projects below the subsidized funding line are eligible to apply for an interest rate financing and projects above that line are eligible to apply for subsidized 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 this SAHFI funds, Consolidated 2023, requires the States to provide 100% of the SAHFI Capitalization Grant (net of any set-asides taken) in additional subsidies, in the form of forgiveness of principal, negative interest loans, or grants (or any combination of these) to any eligible recipients of DWSRF assistance. This mandatory Additional

Subsidy may not be restricted to PWSs serving disadvantaged communities. Even though for this SAHFI funds States are required to provide subsidization of 100% of the funds (net any set-asides taken), the following criterion is implemented under regular annual appropriations Program funds in order to allocate subsidy, when it is limited to a percent 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 as follows:

- to project(s) by priority order

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. The priority ranking system 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 public health of the water users and will 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. The project ranking system also considers, as mandated by the SDWA, special allocations and restrictions on the use of DWSRF monies for disadvantaged and small systems. A detailed description of the Project Priority Ranking Systems is included as [Attachment I](#) (*Systems Criteria and Ranking Methodology (Summary)*) to this IUP. A checklist as to the information to be provided by the proponent is included as [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 from the DWSRF.

- 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 the applicant whose project is to be bypassed written notice.
3. Projects that have been bypassed may be funded at a later date when the project is ready to proceed.
4. Should a system on the funded list decline the loan, 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 will be posted on PRDOH's website <https://www.salud.pr.gov/CMS/615> and published in a widely circulated newspaper of Puerto Rico.

The estimated schedule for public comment and adoption of the FY 2023 DWSRF IUP for SAHFI funds, and the application, award, and acceptance of the 2023 DWSRF Capitalization Grant for SAHFI is as follows:

Draft IUP posted for public comment	June 2024
Submit FFY 2023 SAHFI Capitalization Grant application to EPA	June 2024
Deadline for Public Comments on Draft IUP	July 2024

Submit to EPA FFY2023 Final IUP (SAHFI)	August 2024
FFY 2023 SAHFI Capitalization Grant agreement with EPA	September 2024

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>.

APPENDICES

APPENDIX A

PROJECT PRIORITY LIST

The following 20 projects are ready to proceed under the SAHFI funds.

Project Priority List
PR Drinking Water State Revolving Funds
Federal Fiscal Year 2023- Draft IUP – SAHFI funds

Project ID	System Name/Borrower	Score	Rank	Project Description	Pop.	Unfunded Project Cost Estimate	GPR ^[1]	Funding Source	Type of Assist.
3303	San Sebastian WTP / PRASA	52.088	12	Complete rehabilitation of San Sebastian WTP major treatment plant components to make it resilient in atmospheric events.	25,664	\$8,300,000	---	SAHFI	[3]
3192	Sabana Grande WTP / PRASA	52.036	3	Complete rehabilitation of Sabana Grande WTP major treatment plant components to make it resilient in atmospheric events.	1,808	\$8,300,000	---	SAHFI	[3]
3343	Lajas WTP / PRASA	42.150	4	Complete rehabilitation of Lajas WTP major treatment plant components to make it resilient in atmospheric events.	500,797	\$8,300,000	---	SAHFI	[3]
4044	Orocovis WTP / PRASA	42.075	5	Complete rehabilitation of Orocovis WTP major treatment plant components to make it resilient in atmospheric events.	17,256	\$8,300,000	---	SAHFI	[3]
5196 a	Yabuoca WTP / PRASA	42.050	6	Complete rehabilitation of Yabuoca WTP major treatment plant components to make it resilient in atmospheric events.	15,681	\$8,300,000	---	SAHFI	[3]
3802	Pozas WTP / PRASA	42.038	7	Complete rehabilitation of Pozas WTP major treatment plant components to make it resilient in atmospheric events.	4,713	\$8,300,000	---	SAHFI	[3]
5186 b	Guayabota WTP / PRASA	42.001	8	Complete rehabilitation of Guayabota WTP major treatment plant components to make it resilient in atmospheric events.	1,036	\$8,300,000	---	SAHFI	[3]
3824 h	Emerg. Gen - South / PRASA	32.170	9	Installation of emergency power generators, automatic transfer switches (ATS), conduits, wiring and diesel tanks at Potable Water PS facilities in the South Region.	17,000	\$4,000,000	---	SAHFI	[3]
4545 e	Emerg. Gen -West / PRASA	26.165	10	Installation of emergency power generators, automatic transfer switches (ATS), conduits, wiring and diesel tanks at Potable Water PS facilities in the West Region.	16,500	\$4,000,000	---	SAHFI	[3]
Disadvantaged Community / Hardship Funding Line					600,455	\$66,100,000		29.74%	
4835	Patillas WTP / PRASA	36.150	1	Complete rehabilitation of Patillas WTP major treatment plant components to make it resilient in atmospheric events.	41,770	\$8,300,000	---	SAHFI	Add. Subsidy
5046	Minillas WTP / PRASA	36.050	2	Complete rehabilitation of Minillas WTP major treatment plant components to make it resilient in atmospheric events.	12,789	\$8,300,000	---	SAHFI	Add. Subsidy
5356	Guzman Arriba WTP / PRASA	36.025	3	Complete rehabilitation of Guzman Arriba WTP major treatment plant components to make it resilient in atmospheric events.	2,785	\$8,300,000	---	SAHFI	Add. Subsidy

Project Priority List
PR Drinking Water State Revolving Funds
Federal Fiscal Year 2023- Draft IUP – SAHFI funds

Project ID	System Name/Borrower	Score	Rank	Project Description	Pop.	Unfunded Project Cost Estimate	GPR	Funding Source	Type of Assist.
2982 b	Almirante Sur WTP / PRASA	36.025	4	Complete rehabilitation of Almirante Sur WTP major treatment plant components to make it resilient in atmospheric events.	2,908	\$8,300,000	---	SAHFI	Add. Subsidy
4885a	Salinas Urbano WDS / PRASA	31.375	5	Improvements to Salinas WDS to make it resilient in atmospheric events by construction of 3 PS and 1 tank.	9,513	\$15,000,000	---	SAHFI	Add. Subsidy
2591 i	Emerg. Gen – Metro / PRASA	26.250	6	Installation of emergency power generators, automatic transfer switches (ATS), conduits, wiring and diesel tanks at Potable Water PS facilities in the Metro Region.	25,000	\$4,000,000	---	SAHFI	Add. Subsidy
2652 d	Emerg. Gen – North / PRASA	26.180	7	Installation of emergency power generators, automatic transfer switches (ATS), conduits, wiring and diesel tanks at Potable Water PS facilities in the North Region.	18,000	\$4,000,000	---	SAHFI	Add. Subsidy
2672 c	Emerg. Gen – East / PRASA	26.165	8	Installation of emergency power generators, automatic transfer switches (ATS), conduits, wiring and diesel tanks at Potable Water PS facilities in the East Region.	18,000	\$4,000,000	---	SAHFI	Add. Subsidy
2000	Superacueducto / PRASA	21.625	9	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	---	SAHFI	Add. Subsidy
5557	Barrio Nuevo WTP / PRASA	21.002	10	Elimination of the Barrio Nuevo W-TP to make it a resilient system in atmospheric events, converting the plant into a pump station and tank to distribute its service area from the Enrique Ortega WTP.	5,407	\$8,300,000	---	SAHFI	Add. Subsidy
0001	SCADA / PRASA	6.000	11	Installation of islandwide level control systems for all drinking water facilities, such as pump stations, tanks and treatment plants.	250,000	\$24,400,000	---	SAHFI	Add. Subsidy
SubTotal						\$155,900,000			
Total						\$222,000,000 ^[2]			

[1] No projects were identified for the use of the Green Projects Reserve of fiscal year 2023 SAHFI funds

[2] Of this amount, \$213,396,480 is the only amount available for financing for FY 2023 SAHFI funds.

[3] These projects also qualified for Hardship under the Disadvantaged Program, and should they need more funds, they qualify for Disadvantaged Subsidy under regular funds of DWSRF.

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

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 to assist systems most in need on a household basis. The points awarded for this Category are documented by the latest census information attached. For those systems described or identified as disadvantaged systems the following priority points will be awarded based on the Median Household Income Levels (MHIL). Median household Income Levels (MHIL) will be used to assign points for affordability:

Median Household Income (MHI) ¹	Points
less than \$9,813	30
between \$9,813 and \$14,719	15
between \$14,720 and \$19,626	5
above \$19,626	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 Median Household Income (MHI) (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 based on the MHI,
 - ❖ one (1) point will be added to the priority obtained by project with the lowest 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 Subsidy²

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 disaster³.

1) Projects that prevent interruption of water distribution system operation:

- a) Installation of back-up generators25 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 areas20 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 systems5 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 generators25 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 areas20 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 The MHI of the community in which the water service area is located and the Statewide MHI will be determined from the 2022 U.S. Census Bureau's American Community Survey 5-year income data. If there is reason to believe that the census data is not an accurate representation of the MHI within the area to be served, the reasons will be documented and applicant will furnish, or the Department may obtain, additional information regarding the MHI. Information will consist of reliable data from local, regional, state or federal sources or from an income survey conducted by a reliable impartial source. Communities have the option of conducting an income survey to ensure the accuracy of the MHI used.
 - 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 $(C) \times (T) = CT$. (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

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 Median Household Income Levels (MHIL). Median household Income Levels (MHIL) will be used to assign points for affordability:

Median Household Income (MHI) ¹	Points
___less than \$9,813	___
___between \$9,813 and \$14,719	___
___between \$14,720 and \$19,626	___
___above \$19,626	___

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 Median Household Income (MHI) (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 based on the MHI,
 - ❖ one (1) point will be added to the priority obtained by project with the lowest population; and
 - ❖ subsequently the number will increase by one (1) point and added to the project as they increase 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 Subsidy²

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
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

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 disaster³.

Identify if projects address any of the following:

- ___ 1) Projects that prevent interruption of water distribution system 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 prevent floodwaters from entering a treatment plant or well 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 maintain the operation of a drinking water treatment plant, intake or well :
- ☐ 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 preserve and protect water system equipment:
- ☐ 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) Planning 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 The MHI of the community in which the water service area is located and the Statewide MHI will be determined from the 2022 U.S. Census Bureau's American Community Survey 5-year income data. If there is reason to believe that the census data is not an accurate representation of the MHI within the area to be served, the reasons will be documented and applicant will furnish, or the Department may obtain, additional information regarding the MHI. Information will consist of reliable data from local, regional, state or federal sources or from an income survey conducted by a reliable impartial source. Communities have the option of conducting an income survey to ensure the accuracy of the MHI used.
- 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, 2024 - SEPTEMBER 30, 2026

[This information will be
provided in the final IUP]

Capitalization Grant/Accounts	Undisbursed ¹ Obligations/Assistance	FY2025				FY2026				FY2027				Totals	Remaining Balance @Sept. 2027	
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4			
Project Funds																
Open Grants (Federal portion) ² :																
FY2017 Reg Base	\$ 2,324,395													0	\$ 2,324,395	
FY2018 Reg Base	\$ 7,793,139													0	\$ 7,793,139	
FY2019 Reg Base	\$ 10,436,820													0	\$ 10,436,820	
FY2020 Reg Base	\$ 7,431,316													0	\$ 7,431,316	
FY2021 Reg Base	\$ 8,373,177													0	\$ 8,373,177	
FY2022 Reg Base	\$ 5,886,720													0	\$ 5,886,720	
FY2022 BIL GS	\$ 15,832,960													0	\$ 15,832,960	
FY2022 BIL LSLR	\$ 28,350,000													0	\$ 28,350,000	
FY2022 BIL EC	\$ 7,555,000													0	\$ 7,555,000	
Future Grants FY2024 ³ (Federal portion):																
FY2023 Reg Base	\$ 4,641,720													0	\$ 4,641,720	
FY2023 BIL GS	\$ 19,791,700													0	\$ 19,791,700	
FY2023 BIL LSLR	\$ 28,650,000													0	\$ 28,650,000	
FY2023 BIL EC	\$ 7,640,000													0	\$ 7,640,000	
SAHFI FY2023	\$ 213,396,480													0	\$ 213,396,480	
State Match/Repayment Accounts																
State Match	\$ 10,995,558													0	\$ 10,995,558	
Repayment funds	\$ 51,742,287													0	\$ 51,742,287	
SUBTOTALS	\$ 430,841,272	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 430,841,272	
Set-Asides																
Open Grants (100 % Federal):																
FY2017 Reg Base	\$ -													0	\$ -	
FY2018 Reg Base	\$ 157,601													0	\$ 157,601	
FY2019 Reg Base	\$ 510,534													0	\$ 510,534	
FY2020 Reg Base	\$ 497,076													0	\$ 497,076	
FY2021 Reg Base	\$ 440,040													0	\$ 440,040	
FY2022 Reg Base	\$ 1,121,280													0	\$ 1,121,280	
FY2022 BIL GS	\$ 2,159,040													0	\$ 2,159,040	
FY2022 BIL LSLR	\$ -													0	\$ -	
FY2022 BIL EC	\$ -													0	\$ -	
Future Grants FY2024 ³ (100% Federal):																
FY2023 Reg Base	\$ 296,280													0	\$ 296,280	
FY2023 BIL GS	\$ 1,263,300													0	\$ 1,263,300	
FY2023 BIL LSLR	\$ -													0	\$ -	
FY2023 BIL EC	\$ -													0	\$ -	
SAHFI FY2023	\$ 8,891,520													0	\$ 8,891,520	
SUBTOTALS	\$ 15,336,671	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,336,671	
TOTALS	\$ 446,177,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 446,177,943	

¹Undisbursed obligations is as of May 1, 2024. Balance does not include invoiced requests under transaction for disbursement.

²Estimated amounts until final IUPs are released.

³The cash-draw proportionalities (ratio) are detailed in next page.

PROPORTIONALITIES

Funds	Proportionality	Comments
FY2017 Reg Base	100% - 0%	Bipartisan Budget Act state match waiver
FY2018 Reg Base	81.91% - 18.08%	
FY2019 Reg Base	82.46% - 17.54%	
FY2020 Reg Base	82.46% - 17.54%	
FY2021 Reg Base	82.76% - 17.24%	
FY2022 Reg Base	80.77% - 19.23%	
FY2022 BIL GS	95.26% - 4.74%	Credit match awarded
FY2022 BIL LSLR	100% - 0%	State match waiver per BIL
FY2022 BIL EC	100% - 0%	State match waiver per BIL
FY2023 Reg Base	82.46% - 17.54%	
FY2023 BIL GS	89.36% - 10.64%	10% state match per BIL
FY2023 BIL LSLR	100% - 0%	State match waiver per BIL
FY2023 BIL EC	100% - 0%	State match waiver per BIL
SAHFI FY2023	100% - 0%	State match waiver per Consolidated 2023
Notwithstanding, DOH will incorporate EPA's Memo dated Nov. 2022 allowing States to cash draw and disbursements made with 100% federal assistance initially as long as the state match is deposited.		

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 (5).
2. Number of projects financed and dollar amounts (53/\$279M).
3. Pace or Fund Utilization Rate (80%).*
4. Disbursement Rate at which projects progressed as measured by disbursements as a percent of assistance provided (50%).**
5. Number of projects initiating operation resulting in improved compliance (8).

Includes an approximate influx of \$62M of additional **appropriation funds to the regular base allotment due to BIL2023*

***Includes an approximate input of \$266M additional **obligation** funds to the regular base allotment due to BIL and SAHFI funds.*

ATTACHMENT V

PUBLIC COMMENTS,
RESPONSES, and
REVISIONS

Public Comments, Responses & Revisions
Federal Fiscal Year 2023 DWSRF
Draft **Intended Use Plan- SAHFI Capitalization Grant**

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 2023 Drinking Water State Revolving Fund (DWSRF) Draft Intended Use Plan (IUP) for SAHFI funds was published in the PRDOH website and *[Widely published newspaper in PR]* on **June 18, 2024**. Comments will be received through shared email addresses, office telephone numbers and/or visits to the office, or Public Hearing to be held on July 18, 2024, at the Conference Room 1 of DWSRF offices located on Ponce de Leon Ave. #431, Nacional Plaza, Suite 903, Hato Rey, Puerto Rico.

The public comment period for the Federal Fiscal Year 2023 DWSRF Draft IUP for SAHFI funds will run from **June 18, 2024** through **July 18, 2024**, a period of **30** days.

The public participation process will be consistent with the federal civil rights laws.

Program Specific Public Comments:

Project Specific Revisions:

General Revisions:

ATTACHMENT VI

PRDOH

DWSRF CONTACTS

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