

**North Carolina
Bipartisan Infrastructure Law
Drinking Water State Revolving Fund-
Lead Service Line Replacement
Draft Intended Use Plan
(Federal Fiscal Year 2022 Appropriations)**

Draft for Public Review

Division of Water Infrastructure

North Carolina Department of Environmental Quality

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1. Introduction

This Intended Use Plan addresses the 2022 Drinking Water State Revolving Fund Lead Service Line Replacement (DWSRF-LSLR) funding made available through the Bipartisan Infrastructure Law (BIL).

The Division of Water Infrastructure (Division) is part of the North Carolina Department of Environmental Quality (NCDEQ). The Division administers financial assistance programs to assist eligible public water supply systems in constructing projects that both benefit public health and improve the human environment. Eligible public water supply systems¹ are local government units (LGUs), non-profit water utilities, and investor-owned drinking water companies. Most of the customers of public water supply systems across North Carolina are served by local government units.

In 2013, the North Carolina General Assembly created the State Water Infrastructure Authority (Authority) to determine projects eligible for certain water infrastructure funding programs, including the Drinking Water State Revolving Fund (DWSRF), consistent with federal law. The priorities reflected in this document have been approved by the Authority.

Specific to this document, the Division administers the DWSRF program as established by the 1996 Amendments to the Safe Drinking Water Act (SDWA), (P.L. 104-182), Section 1452. The DWSRF program offers loans to public water supply systems for drinking water infrastructure at interest rates lower than market rates. As a public water supply system repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments must go back into the general DWSRF program.

This Intended Use Plan (IUP) explains how the 2022 Bipartisan Infrastructure Law DWSRF-Lead Service Line Replacement capitalization grant will be used and how the fund will operate in accordance with Section 1452(b) of the SDWA.

The IUP is incorporated into the capitalization grant agreement and becomes the grant work plan. Combined, the operating agreement, grant agreement, IUP, SDWA, and state statutes set the program requirements for the DWSRF and its components, such as the BIL DWSRF-LSLR funds. The IUP identifies anticipated projects scheduled for loan commitments from the BIL DWSRF-LSLR. It also explains how the BIL DWSRF-LSLR will utilize a priority rating system to identify those projects that will address the greatest need and/or provide the greatest positive public health impact in North Carolina.

2. Financial History

Congress appropriated funds to the DWSRF in the Infrastructure Investment and Jobs Act of 2021, commonly referred to as the Bipartisan Infrastructure Law (BIL). The BIL appropriated additional funds for five fiscal years (FY2022-FY2026) specifically for lead service line replacements, referred to as the BIL DWSRF-Lead Service Line Replacement (BIL DWSRF-LSLR) Fund. The BIL also appropriated funds specifically to supplement the DWSRF funds and to address emerging contaminants issues, plans for which will be described in separate IUPs.

¹ For brevity, "LGUs" in this Intended Use Plan refers to all eligible entities, including local government units, non-profit water utilities, and investor-owned drinking water utilities.

3. Programmatic Goals

Pursuant to the SDWA, the State must identify the goals and objectives of the state loan fund (i.e., the BIL DWSRF-Lead Service Line Replacement). The State has the following goals for its BIL DWSRF-LSLR program:

3.1. Overall DWSRF Program Goal

Provide funding for drinking water infrastructure while advancing the NCDEQ's mission to provide science-based environmental stewardship for the health and prosperity of ALL North Carolinians and to advance the public health goals of SDWA while targeting the neediest systems.

3.2. Lead Service Line Replacement Short-Term Goals

- Continue efforts to inform local government units of the availability of funds, benefits of the DWSRF program, and funding process improvements.
- Work closely with local water agencies to rapidly complete lead service line (LSL) inventories. Under the Lead and Copper Rule Revisions, all water systems must have initial lead service line inventories by October 2024. Technical assistance set-aside funds will be used to help water systems develop inventories. Preparing the inventory will allow systems to assess the magnitude of their LSLs, better identify sampling locations, and begin planning for LSL removal actions.

3.3. Long-Term Goals

- Support water agencies in full LSL replacement. A service line connects the water main to the building inlet. A lead service line may be owned by the water system, the property owner, or both. A galvanized service line is considered a lead service line if it ever was or currently is downstream of any lead service line or service line of unknown material. The replacement of lead goosenecks, pigtails, and connectors are eligible expenses for BIL DWSRF_LSLR funds, whether stand-alone or connected to a lead service line. For brevity, "lead service line replacement" in this IUP refers to the replacement of all of the above, including the replacement of lead goosenecks, pigtails, and connectors.

4. Information on Activities to be Supported

North Carolina's program will continue to be one of low-interest loans, supplemented with principal forgiveness as allowed by federal law. The State intends to access up to 4% (up to \$3,482,480) of the FY2022 capitalization grant for the administrative costs associated with running the program. These activities include application review, engineering report and environmental document review, design review, loan processing, construction inspection, and loan repayment processing and accounting for funded projects.

In addition to funding lead service line inventorying and replacement projects by eligible entities, the State intends to use set-asides from the BIL DWSRF-LSLR capitalization grant for non-construction project activities related to identifying, inventorying and replacing lead service lines. Non-construction project activities may be conducted directly by the Division, by the Public Water Supply (PWS) Section of the Division of Water Resources in the North Carolina Department of Environment Quality, and through contracts with other agencies and organizations. See Appendix A for more information about set-aside activities. The administrative set-aside is administered by the Division of Water Infrastructure. The Division reserves the right to use unused portions of set-asides at a later date.

The following table provides a summary of the projected funds available as a result of the 2022 federal capitalization grant for BIL DWSRF-LSLR, which is the first year of capitalization in the five-year program.

BIL DWSRF-Lead Service Line Replacement Sources and Uses for the Life of the Program

Historic Sources and Uses			<small>(From DWNIMS)</small>						
Revenues						Expenditures			
FY	Federal Cap	State Match	Repayments Principal	Repayments Interest	Interest Earned	Project Disbursements	Set Asides	Net For FY	Cumulative Net
2022	\$87,062,000	\$0	\$0	\$0	\$0				
Totals	\$87,062,000	\$0	\$0	\$0	\$0			\$87,062,000	
Projected Sources and Uses for FY 2022				<small>(Based on Availability Model)</small>					
				\$0	\$0	\$67,037,740	\$20,024,260	\$0	

Values in RED as approximate values.

5. Criteria and Methods for Distributing Funds

5.1. Project List and Prioritization

The Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as part of future funding cycles (see 5.2. below). Applications that are received in one funding cycle and are not selected for funding will be reconsidered in one more cycle (the next one) for funding. The State's ranking system for lead service line replacement projects will be based on the BIL DWSRF-Lead Service Line Replacement Priority Rating System (see Appendix D).

BIL DWSRF-LSLR funds will only be awarded to projects when the entire project is eligible for BIL DWSRF-LSLR funds and receives Project Purpose priority points in the priority rating system.

- Eligible costs include the following:
 - Replacement of curb stops, curb stop boxes, and other service line appurtenances that are removed as part of full LSLR.
 - Site restoration, including landscaping, sidewalks, driveways, curbs, etc., if the removal is necessary to replace the lead service line.
 - Permit fees if the fees are normal, required, and specific to the LSLR. It is recommended that LGUs waive these fees.
 - Temporary pitcher filters or point-of-use (POU) devices certified to reduce lead during or for a short time period after LSLR projects by an American National Standards Institute-accredited certifier.
 - Non-routine (i.e., not for compliance purposes) lead sampling as part of a LSLR project.

The Priority Rating Systems considers three elements: project purpose, project benefit, and affordability.

- Project purpose priority points are available for projects to accomplish the following:
 - Complete removal of lead service lines (both public and privately owned portion) or service lines made of galvanized iron or galvanized steel that are currently or have previously been downstream of lead components and replacement with pipe that meets the requirements established under 40 CFR 143 and complies with state and local plumbing codes and/or building codes.
 - Removal of lead or galvanized goosenecks, pigtails, and connectors and replacement with an acceptable material that meets the requirements established under 40 CFR 143 and complies with state and local plumbing codes and or building codes.
 - Establish and implement a program to find and replace lead service lines in areas suspected to have lead service lines or connectors.

- Develop or update lead service line inventories, including locating and mapping lead service lines. Methods of investigation to develop inventories may include visual observation, water quality sampling (non-compliance), excavation, vacuum or hydro-excavation, statistical analysis, or other emerging technologies.
- In terms of project benefits, priority is given for applicants that have a documented exceedance of the lead action level, and additional prioritization for projects that will address the documented exceedance of the lead action level.
- The Division also considers the ability of the applicant to afford projects. For example, those applicants that have a high poverty rate, high utility bills, lower population growth, lower median household incomes, higher unemployment, or projects that benefit disadvantaged areas receive higher priority points.

5.2. Application and Project Deadlines

The BIL DWSRF-Lead Service Line Replacement program operates on a priority basis. Funding is allocated to projects in priority order (as noted above) and within special reserve requirements (e.g., Principal Forgiveness Reserve, etc. as described herein) until available funds for a funding round are exhausted. Funding availability for each funding round is determined based on LSLR funds remaining and number of funding rounds remaining in the Capitalization Grant cycle. Results will be posted on the program's website. Funding applications will be accepted throughout the year. Only projects with a scope entirely eligible for LSLR funds will be eligible for funding from the BIL DWSRF-LSLR by the State Water Infrastructure Authority.

Awards will be made by the Authority at meetings scheduled and advertised on the Division's website. After the Authority approves awards of funds to eligible projects during a funding cycle, the DWSRF program will issue Letters of Intent to Fund (LOIF) based on the projects' prioritization and the amount of funds available in the cycle.

Project funding is contingent on adherence to the schedule below in accordance with §159G-41 (times listed are measured from the date of the Letter of Intent to Fund unless noted otherwise):

- Within four months, a complete Engineering Report for construction projects or a project scope for inventorying work must be submitted to the Division.
- Within six months, the Engineering Report or scope of work must be approved by the Division.
- Within nine months, plans and specifications or bid and design documents must be submitted to the Division for construction projects.
- Within 12 months, plans and specifications or bid and design documents must be approved by the Division.
- Within 16 months, the following events must be completed:
 - Advertise the project for bids
 - Receive bids
 - Submit bid information to Division
 - Obtain the Division's Authority to Award construction contracts.
- Within 18 months, construction contracts must be executed

Per G.S.159G-41, a letter of intent to offer (LOIF) an award is withdrawn if the applicant fails to enter into a construction contract for the project within two years after the LOIF. An award for a project is withdrawn if the applicant fails to enter into a construction contract for the project within one year after the date of the award. Both milestones may be extended if the Department finds that the applicant has good cause for the failure and the Department sets a date by which the applicant must take action or forfeit the loan or grant.

The milestones in the timeline above are absolute for all projects in a particular cycle and will not be extended except upon a demonstrated need for extension by the LGU. Projects may be able to meet these milestones ahead of schedule. However, in the event that any milestone noted above is not met, work by the Division staff may be suspended and all documents returned to the Applicant until the proposed project is resubmitted for consideration during a future funding round.

5.3. Detailed Loan and Project Funding Criteria

5.3.1. General

- 5.3.1.1. To be eligible for BIL DWSRF-Lead Service Line Replacement funding, a project must be on the Intended Use Plan Project List.
- 5.3.1.2. Funding can be provided for any eligible projects as provided for in the Safe Drinking Water Act and NCGS 159G. A project or activity is eligible for funding when it is both DWSRF-eligible and either a lead service line replacement (LSLR) project or associated activity directly connected to the identification, inventorying, planning, design, and replacement of lead service lines. Any project involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced or is concurrently being replaced with another funding source.
- 5.3.1.3. Funding will be provided in priority order based on project score, Authority determination, and the amount of funds made available with consideration of the principal forgiveness reserve detailed below.
- 5.3.1.4. The maximum BIL DWSRF-LSLR funding loan amount (including principal forgiveness) per applicant for each funding round are as follows:
 - \$4,000,000 for projects replacing known lead service lines.
 - \$2,000,000 for projects finding and replacing lead service lines in areas suspected to have lead service lines.
 - \$500,000 for projects to determine service line material and inventory lead service lines in areas where the service line materials are unknown.
- 5.3.1.5. The maximum DWSRF loan availability per applicant is no more than \$200,000,000 in outstanding debt to the DWSRF program.
- 5.3.1.6. Projects receiving project purpose priority points will receive loans with a targeted interest rate of 0%.

5.3.2. Principal Forgiveness

- 5.3.2.1. Communities that are eligible to receive principal forgiveness are defined as disadvantaged communities. A total of 49% (\$42,660,380) of the BIL DWSRF-LSLR Capitalization Grant will be used to provide additional subsidization in the form of principal forgiveness to disadvantaged communities.
- 5.3.2.2. The Division will provide additional subsidization to projects in the categories provided in 5.3.2.2.1 – 5.3.2.2.2 in project priority order. The

Division will provide principal forgiveness to a project based on only one of the categories provided in 5.3.2.2.1 – 5.3.2.2.2.

- 5.3.2.2.1. Affordability: Projects will receive principal forgiveness, if available, following the affordability criteria grant percentage matrix found in Appendix E when the applicant has:
- less than 20,000 residential water connections;
 - at least three (3) of five (5) LGU economic indicators (“LGU indicators”) worse than the state benchmark;
 - an operating ratio (future) of less than 1.3; and
 - utility rates greater than the state median or a project cost per connection that is projected to increase the utility rates above the 70th percentile of state-wide utility rates.

Projects will receive principal forgiveness, if available, following the affordability criteria grant percentage matrix found in Appendix E when the benefiting system has:

- been designated as distressed per NCGS § 159G-45; and
- utility rates greater than the state median or a project cost per connection that is projected to increase the utility rates above the 70th percentile of state-wide utility rates.

Principal forgiveness will range from 25% to 100% of the award, in increments of 25%, up to \$500,000 per project per round at the targeted interest rate, as described under 5.3.1.6, applied to the remaining portion of the loan.

- 5.3.2.2.2. Disadvantaged Area: Projects for which at least 50% of the project costs are to benefit disadvantaged areas will receive principal forgiveness for 25% of the award, up to \$500,000.

“Disadvantaged areas” are subsections or pockets of a local government unit area or utility service area, not the entire local government unit area or entire utility service area. Disadvantaged areas are limited to the lesser of 1,000 service connections or half the number of connections served by the applicant at the time of application. A targeted project area will be determined a “disadvantaged area” if it meets the size specification above and criteria based on factors that shall include:

- affordability of water and sewer service rates relative to the income levels of residents of the targeted project area;
- median household income of the targeted project area;

- poverty rates of the targeted project area;
- property values of the targeted project area; and/or
- employment rates of the targeted project area.

Additional factors that may qualify the targeted project area as disadvantaged, such as (but not limited to) demographic, historical, cultural, linguistic, socio-economic stressors, cost-of-living stressors, or existing contamination factors, may also be considered for targeted project areas that meet the size specification above. Applicants must provide a narrative in the application to justify the targeted project area as disadvantaged using the factors above, and may use maps or other existing sources to document their justification. For example, applicants can demonstrate a targeted project area as a disadvantaged area if it meets the size specifications above and falls within a Potentially Underserved Block Group or Tribal boundary layer in the North Carolina Department of Environmental Quality's Community Mapping System, or similar state or federal maps.

5.3.2.3. Notwithstanding the above limits in 5.3.2.2.1 and 5.3.2.2.2, if available principal forgiveness funds in a funding round exceed the limits in 5.3.2.2.1 and 5.3.2.2.2, those limits may be exceeded to ensure that all available principal forgiveness funds in the funding round are used in the following order:

5.3.2.3.1. Principal Forgiveness limit of \$500,000 may be exceeded by \$500,000 (not to exceed the applicant's grant percentage eligibility) for eligible projects in priority order. If principal forgiveness funds remain for that funding cycle, additional increments of up to \$500,000 principal forgiveness can be awarded (not to exceed applicants' grant percentage eligibility) for eligible projects in priority order.

5.3.2.3.2. Principal Forgiveness percentages determined in 5.3.2.2.1 and 5.3.2.2.2 may be exceeded by 10% (not to exceed 100%) for eligible projects in priority order. If funds remain after all eligible projects receive the first percentage increase, principal forgiveness percentages can be increased for eligible projects by additional 10-percent increments (not to exceed 100%) until all Principal Forgiveness funds are used.

5.3.3. Small System Reserve

- 5.3.3.1. 40 CFR 35.3525(a)(5) requires that a minimum of 15% of the FY2022 base DWSRF and the BIL General Supplemental DWSRF loan assistance be awarded to small systems. This requirement and the Small System Reserve do not apply to the BIL DWSRF-Lead Service line Replacement Funds.

5.3.4. Miscellaneous Criteria/Provisions:

- 5.3.4.1. Davis-Bacon prevailing wage rates apply to all State Revolving Fund loans.
- 5.3.4.2. American Iron and Steel provisions apply to loans as required by federal mandates.
- 5.3.4.3. Build America, Buy America Act (BABA) requirements apply to loans as required by US EPA and federal mandates.
- 5.3.4.4. The DWSRF loan interest rate is based on half of The Bond Buyer's 20-Bond Index except as specifically allowed herein. The maximum interest rate for each loan will be set at the time of the application, while a lower interest rate, if available, will be set at the time of the award offer. An interest rate of 0% will be used for all BIL DWSRF-LSLR loans.
- 5.3.4.5. Approval of a DWSRF loan is contingent on approval by the Local Government Commission (LGC).
- 5.3.4.6. DWSRF loan terms are set by the LGC.
- 5.3.4.7. The maximum DWSRF loan term is determined by state statute and federal requirements. The loan term for LSLR inventories-only (with no construction) will be no more than five (5) years.
- 5.3.4.8. A 2% loan fee is required. The loan fee cannot be financed by the DWSRF fund.
- 5.3.4.9. Loan repayments are due in May (principal and interest) and November (interest only) of each year.
- 5.3.4.10. Interest begins accruing on the date of completion established in the Notice to Proceed.
- 5.3.4.11. The first loan repayment is due no sooner than six months after the completion date as established in the Notice to Proceed.

6. Programmatic Conditions

6.1. Assurances and Specific Proposals

Pursuant to SDWA, the State of North Carolina certifies that:

6.1.1. The State will enter into binding commitments for 120% of the amount of each payment received under the capitalization grant within one year after receipt of each payment.

6.1.2. The State will expend all funds in the DWSRF in an expeditious and timely manner.

6.2. Federal Requirements

6.2.1. The State will ensure that all federal requirements are met as noted in the DWSRF Operating Agreement between the State and US Environmental Protection Agency and the Grant Agreement, including Single Audit, Disadvantaged Business Enterprise compliance, federal environmental crosscutters, and Federal Funding Accountability and Transparency Act (FFATA) reporting requirements.

6.2.2. The State will enter all required reporting information at least quarterly into respective federal databases including FFATA, DWSRF National Information Management System (NIMS), and the DWSRF Benefits Reporting (CBR) system.

6.2.3. The State will ensure that all applicants to the DWSRF program certify that they meet the fiscal sustainability planning requirements. Such certifications will be received by the time of loan offer.

6.3. Transfer between DWSRF and Clean Water State Revolving Fund

Transfer of funds between the DWSRF and the Clean Water State Revolving Fund are authorized by federal statutes, however no such provisions are applicable to the BIL DWSRF-LSLR funds. This IUP does not propose any such transfer of funds.

7. Public Review and Comment

Section pending completion of Public Comment period.

8. Budget and Project Periods

- 8.1. The budget and project period being requested for the capitalization grant is shown in Appendix B and on EPA Form SF 424.
- 8.2. The anticipated cash draw ratio will be 100% federal for disbursements made from the capitalization grant.
- 8.3. No State match is required for the BIL DWSRF-LSLR Funds.
- 8.4. Loan fees (2% of loan amount) on loans from the grant and fees from loans from repayment funds will be deposited into separate account centers. Fees will be used to administer the DWSRF program. In addition, fees considered non-program income will also be used for other water quality purposes within the Divisions of Water Resources and Water Infrastructure, including funding for staff positions.

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Appendix A

Set-Aside Activity Description

A. Program Administration

Up to 4% (\$3,482,480 in 2022) of the capitalization grant will be used for program administration. Administration includes management of the program; financial management; development of yearly comprehensive project priority lists; project engineering document review; construction inspections for funded projects; supporting inventorying lead service lines; data management; data analysis; reporting; records keeping; public engagement; etc. These funds will also be used to procure all equipment and training necessary for the adequate performance of staff on related duties.

B. Technical Assistance to Small Systems:

The State will allocate up to 2% (\$1,741,240 for 2022) of the capitalization grant to provide technical assistance to small water systems. The Division of Water Resources' Public Water Supply (PWS) Section will provide funding support for staff in NC DEQ headquarters and in regional offices. In addition, the Division of Water Infrastructure or the PWS Section may contract with organizations to assist small systems with inventorying lead service lines, non-routine lead sampling, funding applications, and/or public engagement. Assistance provided with these funds must be directed to benefit public water supply systems that service a population of less than 10,000.

C. Administration of the Public Water Supply Supervision Program (State Program Management)

The State will allocate up to 2% (up to \$1,741,240) of the 2022 Capitalization Grant to supplement the Public Water System Supervision Grant from EPA for salary and support for the Lead and Copper Rule program implementation of the SDWA. The set-aside provides funding for staff plus any additional permanent, time-limited, or temporary positions, as resources allow, or contracts, as well as additional staff to cover additional resource needs due to new tasks or reduced state budgets. Adjustments to the set-asides will be made as the project priority list is established for the 2022 grant.

D. Local Assistance and Other State Programs

E. The State will allocate up to 15% (\$13,059,300) of the 2022 Capitalization Grant for Local Assistance and Other State Programs to support lead service line inventory, replacement, and funding. The set aside funds will be reduced to make funds available for projects to inventory and replace lead service lines as needed. Adjustments to the set-asides will be made as the project priority list is established for the 2022 grant.

a. Lead Service Line Inventory

Support for lead service line inventory may be provided to help systems meet requirements established by the Lead and Copper Rule. Funding

may be used for contracts to provide communities technical support to conduct inventories, identify lead service lines in need of replacements to be potentially funded with BIL DWSRF Lead Service Line Replacement Funds, and/or to apply for BIL DWSRF-LSLR or DWSRF funding to address lead service line inventorying and replacement.

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Appendix B

Draft - Intended Use Plan Project Priority List for BIL DWSRF-LSLR

The draft Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as a part of future funding cycles.

Calendar Year 2023 Rounds – The Division is soliciting projects throughout 2023 and will populate this Project Priority List prior to submitting the capitalization grant application.

Applicant Name	Project Name	PWSID	Service Population	County	Total Funding Request	Notes	BIL DWSRF-LSLR Principal Forgiveness	BIL DWSRF-LSLR Loans	Priority Points	Estimated Binding Commitment

Appendix C
2022 BIL DWSRF-LSLR Proposed Payment Schedule
 (Dependent on timing of award of federal grant)

<u>Payment Quarter</u>	<u>2022 BIL DWSRF- LSLR Payment Amount</u>
April 1, 2023 – June 30, 2023	
July 1, 2023 - September 30, 2023	
October 1, 2023 - December 31, 2023	\$87,062,000
January 1, 2024 - March 31, 2024	
April 1, 2024 - June 30, 2024	
July 1, 2024 - September 30, 2024	
October 1, 2024 - December 31, 2024	
January 1, 2025 - March 31, 2025	
April 1, 2025 - June 30, 2025	
Total	\$87,062,000

Appendix D

PRIORITY RATING SYSTEM for Lead Service Line Replacement Projects

The following PRS applies to projects where the entire project scope is eligible for LSLR funds.

2023 PRIORITY RATING SYSTEM for Lead Service Line Replacement Projects Eligible for BIL DWSRF-LSLR Funds			
<p><u>Instructions:</u> For each line item, mark "X" to claim the points for that line item. Be sure that your narrative includes justification for every line item claimed. At the end of each Category, provide the total points claimed for each program in the subtotal row for that Category. Then add the subtotals from each category and enter the Total of Points for All Categories in the last line. Note that some Categories have a maximum number of points allowed that may be less than the total sum of individual line items.</p>			
Line Item #	Category 1 – Project Purpose (Points will be awarded for <u>only one</u> Project Purpose)	Claimed Yes/No	Points
1.A	Project eliminates lead service lines (100% of project is to replace known lead service lines) OR		25
1.B	Project establishes and implements a program to find and replace lead service lines in areas suspected to have lead service lines OR		15
1.C	Project inventories lead service lines (no replacement)		10
Maximum points for Category 1 – Project Purpose			25
Subtotal claimed for Category 1 – Project Purpose			
Line Item #	Category 2 – Project Benefits	Claimed Yes/No	Points
2.A	Project addresses/resolves documented Lead Action Level Exceedance OR		5
2.B	Project area has documented Lead Action Level Exceedance		2
Maximum points for Category 2 – Project Benefits			5
Subtotal claimed for Category 2 – Project Benefits			
Line Item #	Category 3 – System Management	Claimed Yes/No	Points
	Reserved for future consideration		
Maximum points for Category 3 – System Management			0
Subtotal claimed for Category 3 – System Management			N/A

2023 PRIORITY RATING SYSTEM for Lead Service Line Replacement Projects Eligible for BIL DWSRF-LSLR Funds			
Line Item #	Category 4 – Affordability	Claimed Yes/No	Points
4.A	Residential Connections		
4.A.1	Less than 10,000 residential connections OR		2
4.A.2	Less than 5,000 residential connections OR		4
4.A.3	Less than 1,000 residential connections		8
4.B	Current Monthly Combined Utility Rates at 5,000-gallon Usage		
4.B.1	Greater than \$79 OR		4
4.B.2	Greater than \$90 OR		6
4.B.3	Greater than \$107 OR		8
4.B.4	Greater than \$129		10
4.C	Local Government Unit (LGU) Indicators		
4.C.1	3 out of 5 LGU indicators worse than state benchmark OR		3
4.C.2	4 out of 5 LGU indicators worse than state benchmark OR		5
4.C.3	5 out of 5 LGU indicators worse than state benchmark		7
4.D	Project benefits disadvantaged areas		5
Maximum points for Category 4 – Affordability			25
Subtotal claimed for Category 4 – Affordability			
Total of Points for All Categories			

Appendix E Grant Percentage Matrix

Table 4. Proposed Step 4 (Affordability Matrix)				
Percentile Ranges for grant eligibility categories	Combined Monthly Bills¹ based on 2020 data (\$/5000 gallons)	% Grant or PF	Combined Monthly Bills + Project cost per customer per month² based on 2020 data (\$/5000 gallons)	% Grant or PF
> 99 Percentile	> \$148	100%	> \$148	100%
95 - 99 Percentile	\$129 - \$148	100%	\$129 - \$148	75%
85 - 95 Percentile	\$107 - \$129	75%	\$107 - \$129	50%
70 - 85 Percentile	\$90 - \$107	50%	\$90 - \$107	25%
50 - 70 Percentile	\$79 - \$90	25%	\$79 - \$90	0%
0 - 50 Percentile	\$0 - \$79	0%	\$0 - \$79	0%
<p>¹ Single utility providers may divide water bill by 0.4 or sewer bill by 0.6 for calculating a combined monthly bill.</p> <p>² Project cost per customer per month calculated assuming 0% interest financing for 20 years.</p>				