North Carolina
Bipartisan Infrastructure Law
Clean Water State Revolving Fund
Emerging Contaminants Funds
Intended Use Plan
Fiscal Years 2022 and 2023

Draft for Public Review

Division of Water Infrastructure

North Carolina Department of Environmental Quality

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1. Introduction

This Intended Use Plan (IUP) addresses the FY2022 and FY2023 Clean Water State Revolving Fund Emerging Contaminants (CWSRF-EC) 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 local government units (LGUs) and non-profit water/wastewater utilities[1] in constructing projects that both benefit water quality and improve the human environment.

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

Specific to this document, the Division administers the federal-state CWSRF program as established by Title VI of the Federal Water Pollution Control Act (a.k.a. Clean Water Act) as amended in 1987. The CWSRF program offers loans to LGUs at interest rates lower than market rates for clean water infrastructure. As a LGU repays the loan, the monies are again loaned out, hence the revolving nature of the program. All loan repayments must go back into the CWSRF. The CWSRF-EC funds will, however, be offered entirely as principal forgiveness loans, meaning that the eligible recipients of the funds would not need to repay these loans. This Intended Use Plan explains how the FY2022 and FY2023 Bipartisan Infrastructure Law CWSRF Emerging Contaminants capitalization grants will be used and how the CWSRF-EC will operate.

The IUP is incorporated into the capitalization grant agreement and becomes the grant work plan. Combined, the operating agreement, grant agreement, IUP, Clean Water Act, Code of Federal Regulations, and state statutes set the program requirements for the BIL CWSRF-EC funds. The IUP identifies anticipated projects scheduled for funding commitments from the CWSRF-EC. It also explains how the BIL CWSRF-EC funds will utilize a priority rating system to identify those projects that will address the greatest need and/or provide the greatest positive environmental impact on the water resources in North Carolina.

2. Financial History

Congress appropriated funds to the CWSRF 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) to address Emerging Contaminants (BIL CWSRF-EC Funds). The BIL also appropriated funds specifically to supplement the CWSRF funds, which is described in a separate IUP. This IUP will discuss the workplan for the BIL CWSRF-EC funds for the Fiscal Years 2022 and 2023.

3. Programmatic Goals

Pursuant to the Clean Water Act, the State must identify the goals and objectives of its water

[1] For brevity, "LGUs" in this IUP refers to eligible entities, including local government units and non-profit utilities.

pollution control revolving fund (i.e., the CWSRF). The State has the following goals for its CWSRF program:

3.1. Overall CWSRF Program Goal

Provide funding for clean 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 water quality goals of the Clean Water Act while targeting the systems with greatest needs.

3.2. Emerging Contaminants Funding Program Short-Term Goals

Goal #1: Inform local governments and non-profit wastewater utilities of the availability of funds, benefits of the CWSRF-EC program, and funding process.

Goal #2: Work closely with local governments and non-profit wastewater utilities to address contamination of waters with PFAS (per- and poly fluoroalkyl substances) and other emerging contaminants.

3.3. Long -Term Goals

Goal #1: Support North Carolina Department of Environmental Quality's Strategic Goal to strengthen North Carolina's infrastructure through thoughtful, strategic, and equitable investments in communities.

Goal #2: Support North Carolina Department of Environmental Quality's Strategic Goal to protect North Carolinians from exposures to emerging compounds using a transparent and science-based decision-making process, with special emphasis on reducing health risks associated with PFAS.

Goal #3: Support North Carolina Department of Environmental Quality's Strategic Objective to ensure funding processes include equitable access for underserved communities.

Goal #4: Support U.S. Environmental Protection Agency's Strategic Goal 5 of ensuring clean and safe water for all communities.

Goal #5: Integrate the funding process with other CWSRF funding processes and continue to streamline them to ensure the funds are used in an expeditious and timely manner in accordance with §602(b)(4) of the Clean Water Act.

Goal #6: Ensure the technical integrity of CWSRF projects through diligent and effective planning, design, and construction management.

Goal #7: Ensure the Priority Rating System reflects NCDEQ's and the Authority's goals.

Goal #8: Aid compliance with state and federal water quality standards by all funded publicly-owned wastewater treatment works.

4. Information on Activities to be Supported

North Carolina's CWSRF program will continue to be one of low-interest loans, supplemented with principal forgiveness as allowed by §603(i)(3) of the Clean Water Act. The CWSRF-EC funds will be entirely funded as principal forgiveness loans. The State intends to access 4% of the capitalization grants ($67,520 for FY2022 and $153,520 for FY2023) for the administrative costs associated with running the program. These costs include application preparations and outreach, application review, engineering report and environmental document review, design review, loan processing, construction inspection, and disbursement processing and accounting for funded projects.

In addition to funding infrastructure projects, the CWSRF also allows the use of 2% of the capitalization grant funds for technical assistance. The Division does not intend to use technical assistance set-asides from the BIL CWSRF-EC funds. Funding for technical assistance on emerging contaminants will be covered by set-asides from the base CWSF and BIL CWSRF General Supplemental capitalization grants, as described in a separate Intended Use Plan. The Division reserves the right to use unused portions of the technical assistance set aside at a later date.

The Division reserves the authority to transfer BIL Emerging Contaminants funds between the DWSRF-EC and CWSRF-EC from these years' capitalization grants at a later date and apply it to a future year's capitalization grant.

The following table provides a summary of the projected funds available as a result of the Federal capitalization grant.

BIL CWSRF-Emerging Contaminants Funding Sources and Uses for the Life of the Program

Projected Sources and Uses for FY2023	(From DWNIMS)						
	Revenues				**Expenditures**			
FY	Federal Cap	State Match	Repayments Principal	Repayments Interest	Interest Earned	Project Disbursements	Set Asides	**Net For FY**	**Cumulative Net**
2022	$1,688,000	$0	N/A	N/A	N/A		$67,520		
2023	$3,838,000	$0	N/A	N/A	N/A		$153,520		
Totals	**$5,526,000**	**$0**	**$0**	**$0**	**$0**		**$221,040**	**$5,304,960**	
Projected Uses beyond FY2023				(Based on Availability Model)					
						$5,304,960		$0	

Values in RED as approximate values.

5. Criteria and Methods for Distributing Funds

5.1. Eligible Projects

For FY2022 and FY2023 CWSRF-EC capitalization grants, eligible projects must address emerging contaminants as defined in Appendix B of the March 8, 2022 Environmental Protection Agency's Memorandum: Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law. The Memorandum defines emerging contaminants for the CWSRF-EC funding as follows:

Emerging contaminants refer to substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment. These substances, microorganisms or materials can include many different types of natural or manufactured chemicals and substances – such as those in some compounds of personal care products, pharmaceuticals, industrial chemicals, pesticides, and microplastics.

The main categories of emerging contaminants include but are not limited to:

- **Perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other persistent organic pollutants (POPs)** such as polybrominated diphenyl ethers (PBDEs; used in flame retardants, furniture foam, plastics, etc.) and other persistent organic contaminants such as perfluorinated organic acids, PFAS free foam flame retardants;
- **Biological contaminants and microorganisms**, such as antimicrobial resistant bacteria, biological materials, and pathogens;
- **Some compounds of pharmaceuticals and personal care products (PPCPs)**, including a wide suite of human prescribed drugs (e.g., antidepressants, blood pressure medications, hormones), over-the-counter medications (e.g., ibuprofen), bactericides, fragrances, UV filters (sunscreen agents), detergents, preservatives, and repellents;
    - Insect Repellents, Cosmetics and UV filters: DEET, Methylparabens, Benzophenone
    - Fragrances: HHCB and AHTN (7-acetyl-1,1,3,4,4,6-hexamethyl-1,2,3,4-tetrahydronaphthalene; CAS 21145-77-7; Tonalide)
    - Cosmetic and food preservatives: BHA (butylated hydroxyanisole) and BHT (butylated hydroxytoluene)
    - Veterinary medicines such as antimicrobials, antibiotics, anti-fungals, growth promoters, investigational new animal drugs, and hormones;
    - Substances that illicit endocrine-disrupting chemicals (EDCs), including synthetic estrogens (e.g.,17αethynylestradiol, which also is a PCPP) and androgens (e.g., trenbolone, a veterinary drug), naturally occurring estrogens (e.g.,17ß-estradiol, testosterone), as well as many others (e.g., organochlorine pesticides, alkylphenols)
- **Nanomaterials** such as carbon nanotubes or nano-scale particulate titanium dioxide, of which little is known about either their environmental fate or effects.

- **Microplastics/Nanoplastics:** synthetic solid particle or polymeric matrix, with regular or irregular shape and with size smaller than 5 mm, of either primary or secondary manufacturing origin, or larger plastic materials that degrade into smaller pieces, including from tire wear (such as 6PPD), which are insoluble in water. Primary microplastics include particles produced intentionally of this very small dimension, like pre-production pellets used as intermediate in plastic production, microbeads for abrasive functions or microfibers that form from synthetic textiles.

Priority will be given to eligible projects that address PFOA and PFOS exceeding proposed Maximum Contaminant Levels (MCLs) or address a combination of GenX, PFBS, PFNA and PFHxS exceeding Hazard Index of 1.0.

Projects that address contaminants with water quality criteria established by EPA under CWA section 304(a), except for PFAS are not eligible for CWSRF Emerging Contaminants funds.

5.2. Project List and Prioritization

The Intended Use Plan Project Priority List may be supplemented or replaced based on applications received as a part of future funding cycles (see 5.3 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.

Projects eligible for CWSRF-EC funds will be prioritized using the same Priority Rating System as approved by the State Water Infrastructure Authority for the base and BIL General Supplemental CWSRF funds (see Appendix C). Using the same Priority Rating System will allow for projects addressing emerging contaminants the ability to compete for supplemental funding through the base CWSRF and BIL General Supplemental CWSRF funds as needed.

The Priority Rating System considers four elements of a project: (1) project purpose, (2) project benefit, (3) system management, and (4) affordability.

For project purpose, the Division places higher priority on projects that will consolidate nonviable systems, address emerging contaminants, resolve issues associated with failed or failing infrastructure, will rehabilitate or replace infrastructure, or serve disadvantaged areas.

In terms of project benefits, the Division seeks to prioritize projects where replacement, repair, resiliency, regionalization, partnerships, or merger will provide an environmental benefit. For example, the Priority Rating System more highly prioritizes projects that benefit impaired waters and/or replaces failing septic tanks.

In addition to correcting water quality issues, the Priority Rating System supports those LGU systems that seek to be proactive in their system management, including prioritization points for having implemented asset management plans and appropriate operating ratios.

The Priority Rating System also takes into account the ability of the applicant to afford projects. For example, those applicants who have a high poverty rate, high utility bills, lower population growth, lower median household incomes, and higher unemployment receive higher priority. Projects that primarily benefit disadvantaged areas also receive additional priority points.

Items in the Priority Rating System relating specifically to emerging contaminants include:

- Project benefits:
    - Projects removing any PFAS compounds to below 10 ppt.
    - Projects resulting in waters meeting EPA's proposed MCLs for PFOA and PFOS
    - Projects resulting in waters meeting EPA's proposed Hazard Index for PFBS, PFNA, GenX and PFHxS

The State Water Infrastructure Authority may adjust the rank of any application based on its analysis of a proposed project's value that is consistent with, but not evident in, the Priority Rating System, provided it is consistent with federal law.

5.3. Application and Project Deadlines

The CWSRF program operates on a priority basis and accepts funding applications semi-annually. Projects are allocated funding in priority order (as noted above) and within special reserve requirements (e.g. Emerging Contaminants, etc. as described herein) until available funds are exhausted. Funding availability is determined based on the capitalization grants. Results will be posted on the Division's website.

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

5.3.1. Funding application and supporting information must be received by the application deadline to be considered for any given funding cycle.

5.3.2. After the Authority provides final project rank eligibilities, the CWSRF program will issue Letters of Intent to Fund (LOIF) based on the projects' prioritization and the amount of funds being made available in the cycle.

5.3.3. Within four months of the issuance of the LOIF, a complete Engineering Report / Environmental Information Document must be submitted to the CWSRF program.

5.3.4. Within nine months, the Engineering Report / Environmental Information Document must be approved.

5.3.5. Within 15 months, complete plans and specifications must be submitted with copies of all required permits, encroachments, etc., or evidence that applications for

remaining required permits have been submitted to the respective permitting agency.

5.3.6. Within 19 months, the plans/specifications and all required permits must be approved/issued.

5.3.7. Within 23 months, the following events/items must be completed/received:

5.3.7.1. Advertise the project for bids

5.3.7.2. Receive bids

5.3.7.3. Submit bid information to CWSRF staff

5.3.7.4. Obtain the Division's Authority to Award Construction Contracts.

5.3.8. Within 24 months, construction contracts must be executed.

The milestones in the timeline above are absolute for all projects in a particular cycle and will not be extended except based 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 CWSRF staff may be suspended and all documents returned to the Applicant until the proposed project is resubmitted for consideration during a future cycle.

If an Applicant desires CWSRF funding and the Applicant's project requires an Environmental Impact Statement (EIS), Division staff will manage the environmental review process. However, a funding application for the project will not be accepted in any funding cycle until a draft EIS has been sent to the State Clearinghouse (SCH). In the event that a fundable project is in process and the environmental review completed within the timeline results in the conclusion that an EIS is required, then the milestone deadlines for the project will be suspended until a draft EIS has been sent to the SCH. After the draft EIS is sent to the SCH, the project must adhere to the same time frames specified above.

5.4. Detailed Project Funding Criteria

5.4.1. General

5.4.1.1. To be eligible for CWSRF-EC funding, a project must be on the Intended Use Plan Project List.

5.4.1.2. Funding can be provided for any eligible projects (that address emerging contaminants) as provided for in the Clean Water Act and NCGS 159G, including wastewater treatment facilities, collection systems, stream restorations, stormwater SCMs, etc. that improve water quality.

5.4.1.3. Funding will be provided in priority order based on project score, Authority determination, and the amount of funds made available. Projects cannot be substantively changed once funding is allocated.

5.4.1.4. CWSRF-EC funds will be offered as 100% principal forgiveness.

5.4.2. Principal Forgiveness

CWSRF-EC funding will be provided with 100% principal forgiveness for the entire FY2022 and FY2023 capitalization grants, less the amounts used for set-asides and administrative costs. Total amounts available for principal forgiveness is estimated to be $1,620,480 for FY2022 and $3,684,480 for FY2023.

5.4.3. Green Projects

5.4.3.1. Not less than 10% of the CWSRF capitalization grants ($168,800 of FY2022 and $383,800 of FY2023) will be provided for green projects, provided there are sufficient applications to utilize this reserve. Funding may bypass a higher priority project to satisfy the Green Project Reserve. Any such bypassing will be shown in the Intended Use Plan Project Priority List. If sufficient applications are not received to utilize this reserve after two cycles of funding applications, funds may be utilized for non-green projects. However, the State will continue to conduct outreach to promote green project funding opportunities. Green projects funded through the Green Project Reserve will receive targeted interest rates.

5.4.3.2. Notwithstanding the above paragraph, the State will offer targeted interest rates to green projects beyond the requirements of the capitalization grant consistent with the Priority Rating System.

5.4.3.3. A green project will be eligible for a one-percentage point reduction from the targeted interest rate (but not less than zero percent).

5.4.3.4. Principal forgiveness is not available for green projects.

5.4.4. Miscellaneous Criteria/Provisions:

5.4.4.1. Davis-Bacon prevailing wage rates apply to loans as required by funding agreements/conditions.

5.4.4.2. American Iron and Steel provisions will apply to loans as required by Federal mandates.

5.4.4.3. Build America, Buy America requirements will apply to loans as required by US EPA and by Federal mandates.

5.4.4.4. Brooks Act requirements will be applied to projects in a dollar amount equal to or exceeding the capitalization grant.

5.4.4.5. Approval of a CWSRF repayable loan (not principal forgiveness) is contingent on approval by the Local Government Commission (LGC).

5.4.4.6. A 2% fee is required. The fee cannot be financed by the CWSRF-EC fund.

6. Programmatic Conditions

6.1. Assurances and Specific Proposals

Pursuant to §606(c)(4) of the Clean Water Act, the State of North Carolina certifies that:

6.1.1. The State will enter into binding commitments for 100% 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 CWSRF-EC in an expeditious and timely manner.

6.1.3. The State will conduct environmental reviews of treatment works projects according to procedures set forth in its Operating Agreement between the State and US Environmental Protection Agency.

6.2. Federal Requirements

6.2.1. The State will ensure that all federal requirements are met as noted in the CWSRF 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, CWSRF National Information Management System (NIMS), and the CWSRF Benefits Reporting (CBR) system.

6.2.3. The State will ensure that all applicants to the CWSRF 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 CWSRF-EC and Drinking Water State Revolving Fund-EC

Transfer of funds between the CWSRF-EC and the BIL Drinking Water State Revolving Fund Emerging Contaminants funding are authorized by federal statutes. This IUP does not propose any such transfer of funds. However, the Division reserves the ability to make transfers in managing cash flow. If such transfer takes place, a subsequent transfer will be made by transferring that amount back from the receiving fund to the providing fund (i.e., no permanent transfers) as soon as possible.

7. Public Review and Comment

This section will be completed after the public review period is concluded. Public comments are sought for the draft IUP, including the draft Priority Rating System established in April 2023 by the State Water Infrastructure Authority.

8. Budget and Project Periods

8.1. The budget and project periods being requested for the capitalization grants is shown in Appendix B and on EPA Form SF 424.

8.2. Loan fees (2% of loan) on loans from the grant will be deposited into separate account centers. Fees will be used to administer the 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 positions.

Appendix A

Draft - Intended Use Plan Project Priority List for BIL CWSRF-EC Funds

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

Fall 2022 Application Round – Demand for Wastewater Project addressing Emerging Contaminants (PFAS) – Not Funded Using Other Sources - These are not funded projects. The Authority will make its selection in July 2023.

Applicant Name	Project Name	NPDES Permit Number	County	Total Funding Request	Notes	CWSRF-EC Funding	Priority Points	Estimated Binding Commitment
Cumberland County	Landfill Leachate Treatment and PFAS Removal	N/A	Cumberland	$15,303,886		TBD	52	
Total				**$15,303,886**				

TOTALS

	FY2022 CWSRF-EC	FY2023 CWSRF-EC	Total Over Two Cap Grants
Total	TBD	TBD	Demand ($15,303,886) exceeds availability
Availability (excl. set-asides)	$1,620,480	$3,684,480	$5,304,960

Appendix B
2022 CWSRF Proposed Payment Schedule

(Dependent on timing of state match and award of federal grant)

Payment Quarter	**2022 EC Payment Amount**	**2023 EC Payment Amount**
April 1, 2023 – June 30, 2023		
July 1, 2023 - September 30, 2023		
October 1, 2023 - December 31, 2023	$1,688,000	$3,838,000
January 1, 2024 - March 31, 2024		
April 1, 2024 - June 30, 2024		
July 1, 2024 - September 30, 2024		
October 1, 2024 - December 31, 2024		
Total	**$1,688,000**	**$3,838,000**

Appendix C

PRIORITY RATING SYSTEM for Wastewater Projects

2023 PRIORITY RATING SYSTEM for Wastewater Projects			
Instructions: 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 allowed points that may be less than the total of individual line items.			
Line Item #	**Category 1 – Project Purpose (Points will be awarded for only one Project Purpose)**	**Claimed Yes/No**	**Points**
1.A	Project will consolidate a nonviable drinking water or wastewater utility		25
1.B	Project will resolve failed or failing infrastructure issues		20
1.C	Project will rehabilitate or replace infrastructure, including replacement by a regionalization projects		12
1.C.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, **OR** lines, or tanks to be rehabilitated or replaced are greater than 40 years old		8
1.D	Project will expand infrastructure		2
1.D.1	Treatment units, pumps and/or pump stations to be rehabilitated or replaced are greater than 20 years old, **OR** lines, storage tanks, drinking water wells or intake structures to be rehabilitated or replaced are greater than 40 years old		8
1.E	Project will provide service to disadvantaged areas		20
1.F	Reserved for other programs		
1.G	Project will provide stream/wetland/buffer restoration		10

2023 PRIORITY RATING SYSTEM for Wastewater Projects			
1.G.1	Restoration project that includes restoration of a first order stream and includes stormwater infiltration SCMs		5
1.G.2	Restoration project that includes restoration and/or protection of riparian buffers to at least 30 feet on both sides of the stream		5
1.H	Project will provide SCMs to treat existing sources of pollution		10
1.H.1	Project that includes SCMs in series that achieve at least 35% nutrient reduction (both TN and TP) and 85% TSS reduction		10
1.I	Project will provide reclaimed water/usage or rainwater harvesting/usage		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 – 2.B	Reserved for other programs		
2.C	Project provides a specific environmental benefit		
2.C.1	Project replaces or repairs certain sewer lines, eliminates failed onsite wastewater system or non-discharge system, or resolves managerial, technical & financial issues		15
2.C.2	Project eliminates malfunctioning onsite wastewater systems		10
2.D	Project addresses promulgated but not yet effective regulations		10
2.E	Project directly addresses enforcement documents		

2023 PRIORITY RATING SYSTEM for Wastewater Projects			
2.E.1	Project directly addresses an EPA Administrative Order for a local government Applicant located in a Tier 1 county, or addresses an existing or pending SOC, or a DEQ Administrative Order, **OR**		5
2.E.2	Project directly resolves a Notice of Violation or Notice of Deficiency		3
2.F	Project includes system merger or regionalization		
2.F.1	Project includes system merger **OR**		10
2.F.2	Project includes system regionalization and/or system partnerships		5
2.G – 2.H.2	Reserved for other programs		
2.H.3	Project addresses an emerging contaminant without an MCL		10
2.I	Project improves treated water quality by adding or upgrading a unit process		3
2.J – 2.M	Reserved for other programs		
2.N	Project provides resiliency for critical system functions		
2.N.1	Project relocates infrastructure from inside 100-year floodplain to outside 500-year floodplain **OR**		8
2.N.2	Project relocates infrastructure out of a 100-year floodplain **OR**		5
2.N.3	Project relocates infrastructure from between the 100-year and 500-year floodplains to outside the 500-year floodplain **OR**		3
2.N.4	Project fortifies or elevates infrastructure		4

2023 PRIORITY RATING SYSTEM for Wastewater Projects			
	within floodplain **OR**		
2.N.5	Project improves ability to assure continued operation during flood events **OR**		4
2.N.6	Project reduces the size of infrastructure as a result of a buyout or other abrupt loss of population **OR**		4
2.N.7	Project provides redundancy/resiliency for critical treatment and/or transmission/distribution system functions including cybersecurity and/or backup electrical power source		3
2.O	Project directly benefits subwatersheds that are impaired as noted on the most recent version of the Integrated Report		20
2.P	Project directly benefits specific classified waters		10
2.Q	Project will result in elimination of an NPDES discharge		3
2.R	Primary purpose of the project is to achieve at least 20% reduction in energy use		5
2.S	Reserved for other programs		
	Maximum points for Category 2 – Project Benefits		35
	Subtotal claimed for Category 2 – Project Benefits		
Line Item #	**Category 3 – System Management**	**Claimed Yes/No**	**Points**
3.A	Capital Planning Activities		
3.A.1	Applicant has implemented an Asset Management Plan as of the date of application **OR**		10
3.A.2	Applicant has a current Capital Improvement Plan (CIP) that spans at least 10 years and		2

2023 PRIORITY RATING SYSTEM for Wastewater Projects			
	proposed project is included in the plan		
3.B	System Operating Ratio is greater than or equal to 1.00 based on a current audit, or is less than 1.00 and unit cost is greater than 2.5% of MHI		5
3.C – 3.E	Reserved for other programs		
	Maximum points for Category 3 – System Management		15
	Subtotal claimed for Category 3 – System Management		
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 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

2023 PRIORITY RATING SYSTEM for Wastewater Projects			
4.C.3	5 out of 5 LGU indicators worse than state benchmark **OR**		7
4.C.4	Project benefits disadvantaged areas		5
4.D – 4.G	Reserved for other programs		
		Maximum points for Category 4 – Affordability	25
		Subtotal claimed for Category 4 – Affordability	
		Total of Points for All Categories	

Appendix D
Grant Percentage Matrix

Table 4. Proposed Step 4 (Affordability Matrix)				
Percentile Ranges for grant eligibility categories	**Combined Monthly Bills[1] based on 2020 data ($/5000 gallons)**	**% Grant or PF**	**Combined Monthly Bills + Project cost per customer per month[2] based on 2020 data ($/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%

[1] Single utility providers may divide by 0.4 for water or 0.6 for sewer applicant for calculating a combined monthly bill.

[2] Project cost per customer per month calculated assuming 0% interest financing for 20 years.