

Delaware Health and Social Services

Intended Use Plan

2018 Federal Allocation

Highlighted amendments per EPA email on July 24

Highlighted amendments per 2nd project solicitation on 10/18/18

Background

The Intended Use Plan (IUP) is a document that Delaware Health and Social Services (DHSS) submits annually as part of the grant application to US EPA to request the Drinking Water State Revolving Fund (DWSRF) capitalization grant under the Safe Drinking Water Act (SDWA).

DHSS is eligible for \$11,107,000 in federal capitalization grant funds. DHSS will allocate \$7,663,830 in federal funds plus \$2,221,400 in state funds (20% required state match) for infrastructure improvement projects. Of the \$11M, \$3,443,170 will be used for Set-Aside activities.

Long Term Goals

- Maintain the Drinking Water State Revolving Funds (DWSRF) in perpetuity by judicious use and management of the assets by utilizing an adequate rate of return
- Target resources and funds to address the most significant public health and compliance problems facing the State's drinking water resources
- Assist public water systems with achieving affordable compliance and public health protection through DHSS personnel and Set-Aside contracts

Short Term Goals

Provide funding to upgrade infrastructure for 10 public water systems in Delaware

Decrease public health risks in drinking water in 2018-2019 for 169,665 Delaware residents

Meet Program Activity Measure of 93% of fund utilization rate, as negotiated with EPA by continuing to encourage expeditious spending with loan recipients and sub-grantees

Continue to contract with Delaware Rural Water Association (DRWA), to provide technical assistance, training, along with strategies to small and mid-size municipalities to maintain and return to compliance with state and federal regulations

Continue to provide operator education through contracts with Delaware Technical and Community College

Continue to offer financial training and 1:1 assessments through a contract with Kash Group LLC

Continue to hold quarterly meetings with Set-Aside recipients to monitor activity progress and evaluate expeditious spending

Ensure borrowers are following cross-cutter requirements on construction projects

Continue to track the Drinking Water to Clean Water Transfer with EPA assistance

Utilize Set-Aside funds as outlined in the Work Plan

Manage the Non-Fed Admin account judiciously

Provide improved evaluation and assistance on DWSRF applications to ensure that applicants meet technical, managerial, and financial capabilities in accordance with the SDWA

Provide Cover Crop funds, per EPA's Ag Strategy recommendations, to the Sussex County Conservation District

Explore funding chloride monitors (salt water intrusion indicators) in coastal community wells/community water systems

Implement two new technologies in the UIC program: EQUIS and 'Tracer'. See UIC Section in this document and the Set-Aside Work Plan for more information.

PER Action Items

Fund Lead Service Line Replacement projects with available unused 'Additional Subsidy' dollars as identified with EPA Region 3 assistance

Maintain open communication and assistance as needed to DNREC for timely and accurate DWNIMS reporting

Review the Operating Agreement between DHSS and DNREC to identify opportunities to improve PACE and close loans in a more timely fashion.

Project Selection and Loan Activities

In March 2018, Notice of Intents (NOIs) were ranked and placed in priority order, based on public health protection and SDWA compliance. All projects listed on the PPL are considered equivalency projects. Projects have not yet had financial reviews. Subsidies are based on historical data only and are subject to change. Full applications are due on June 15, 2018. Financial reviews can be performed at that time.

Listed below are projects that are ready to proceed as of June 1, 2018. The Comprehensive and Ready to Proceed Project Priority Lists (PPLs) are attached. *Note: small systems are defined as 10,000 in population or less.

DHSS chooses to use 28% of the grant for additional subsidies. Use of 20% of the grant is a requirement. The additional 8% allows the Lead Service Line Replacement project to happen, per EPA recommendations. The additional 8% or \$900,000 of subsidies does not majorly impact the fund's perpetuity.

Subsidies listed below are estimates only, based on historical affordability indicators.

1. Sussex County—Winding Creek Village

Total project cost: \$2,000,000

Population: 300

Description: installation of a public water system to remediate salt water and nitrate intrusion on private wells

Source: ground water

Subsidy: \$TBD

Small system status: Yes

Disadvantaged system status: TBD (new system, no historical financial data)

2. Tidewater Utilities—Town of Cheswold

Total project cost: \$325,000

Population: >200

Description: Installation of water distribution system to eliminate private wells

Source: ground water

Subsidy: \$TBD
Small system status: Yes
Disadvantaged system status: TBD (new system, no historical financial data)

3. Town of Blades—PFOA and PFOS removal

Total project cost: \$3,304,506
Population: 1,200
Description: installation of two carbon filters to remove PFOA and PFOS
Source: ground water
Subsidy: \$TBD
Small system status: Yes
Disadvantaged system status: Yes

4. City of Wilmington—Water distribution/main upgrades

Total project cost: \$5,000,000
Population: 99,000
Description: Upgrades to drinking water distribution system
Source: surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

5. Town of Smyrna—East Commerce Street

Total project cost: \$1,466,764
Population: 11,371
Description: Upgrades to drinking water distribution system
Source: ground water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

6. City of Newark—South Wellfield water treatment plant upgrades

Total project cost: \$3,000,000
Population: 30,897
Description: Upgrades to existing water treatment plant
Source: ground water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

7. City of Newark—Laird Tract Wellfield restoration

Total project cost: \$1,925,000
Population: 30,897
Description: Construction of new supply configuration to restore wells
Source: ground water
Subsidy: \$0

Small system status: No
Disadvantaged system status: No

8. City of Newark—Water main replacement

Total project cost: \$4,000,000
Population: 30,897
Description: Water main replacement throughout the City
Source: ground water/surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

9. Town of Magnolia—Lead service line replacement

Total project cost: \$1,400,000
Population: 235
Description: **Lead service line replacement** and distribution upgrades throughout Town
Source: ground water/surface water
Subsidy: undetermined
Small system status: Yes

Disadvantaged system status: Most likely, but will be confirmed after financial review is complete. EPA encourages use of subsidies to fund lead service line replacement projects * *see page 11 of this document for more information.*

8. City of Milford—Lead Service Line Replacement

Total project cost: \$900,000
Population: 11,394
Description: **Lead service line replacement** throughout the City
Source: ground water
Subsidy: **\$900,000**
Small system status: No

Disadvantaged system status: No, however, EPA encourages use of subsidies to fund lead service line replacement projects * *see page 11 of this document for more information.*

9. Town of Laurel – W 7th Street Upgrades (tie)

Total project cost: \$500,000
Population: 3,668
Description: distribution upgrades along W 7th Street
Source: ground water
Subsidy: \$0
Small system status: Yes
Disadvantaged system status: Yes

9. Town of Laurel – Phase 3 Transite Replacement (tie)

Total project cost: \$1,594,460
Population: 3,668

Description: replacement of transite (asbestos) water mains throughout Town
Source: ground water
Subsidy: \$0
Small system status: Yes
Disadvantaged system status: Yes

10. City of Newark—SCADA system

Total project cost: \$555,000
Population: 30,897
Description: installation of SCADA system
Source: ground water/surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

11. City of Newark—Water tank maintenance

Total project cost: \$2,250,000
Population: 30,897
Description: maintain elevated tanks throughout the City, including removal of lead paint
Source: ground water/surface water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No
Description: Installation of manganese removal at the Llangollen treatment plant
Source: ground water
Subsidy: \$0
Small system status: No
Disadvantaged system status: No

Subsidy Requirements

DHSS will meet the minimum of 20% subsidy requirements by providing principal forgiveness to:

- Communities identified as Disadvantaged
- The next most 'in need' communities as identified by the financial review and affordability criteria mentioned herein
- See note above in red.
- Per communication with DNREC (who manages DHSS 'loan portfolio) and EPA Region 3, the Town of Frankford, per legal action, will receive \$486,291 as a loan restructuring package. More information on the legalities and final agreements can be obtained upon request. The \$486,291 will be applied toward any subsidy requirements. Because the dollars are not for a construction project, but for a loan restructure, the funding was not required to be on the PPL.

State Match-update

The State Match will be made using DWSRF Non-Fed Administration Account funds.

Public Review of IUP/PPL

The Ready to Proceed PPL and IUP was presented to the Water Infrastructure Advisory Council, stakeholders, and members of the public on April 18, 2018. Documentation is enclosed.

Bypass Procedures

Upon written notice, DHSS can bypass a project on the fundable portion of the PPL based on the following:

- Project is withdrawn by the applicant
- Project is not ready to proceed
- System is unwilling to address any Significant Non-Compliance (SNC) issues
- System is lacking technical, managerial, or financial capacity
- System is out of compliance and demonstrates unwillingness to correct A133 Audit or Davis Bacon, or Buy American Iron and Steel issues
- System is not current on loan repayments from prior closed loans
- An emergency project is approved

DHSS will provide applicant written notice if their project(s) will be bypassed. DHSS will reinstate bypassed projects if funds become available and the project meets all criteria above. Funds that become available due to project bypass will be offered to the next project on the PPL.

Emergency Project Requirements

EPA allows States to establish procedures to identify and prioritize Emergency Projects under consideration for DWSRF funding. Projects necessary to alleviate emergency situations that result in an imminent threat to public health can be immediately elevated to the top of the PPL upon recommendation by DHSS and the concurrence of the Cabinet of State Planning Issues. As of June 1, 2018, DHSS has not received any emergency project applications.

Loan Guidelines

DHSS proposes to use a total of \$7,663,830 of federal and state funds in addition to other sources to provide low interest loans to public water systems for infrastructure improvement projects.

*Please refer to the Sources and Uses Chart for more details

Interest Rate Policy:

The criteria and interest rates apply to new public, private/public use, investor-owned, and private/private use WPCRF and DWSRF loan applications. Applicants may be able to obtain a lower interest rate based on projected residential user rates as a percentage of Median Household Income (MHI) above 1.5%, and 2.0% for wastewater and drinking water user rates combined.

Criteria:

* 30 Year Tax-Exempt Municipal Bond Benchmark (BVMB30Y) will be used to establish the interest rate for public and private/public use loans.

- * 30 Year Taxable Treasuries (GT30) will be used to establish the interest rate on investor-owned utility, and private/private use loans.
- * Interest rates shall be set at 85.0% of the BVMB30Y and GT30, respectively. The actual interest rate for projects shall be set 5 business days prior to when loan proposals are recommended for approval by the Water Infrastructure Advisory Council (WIAC).
- * Interest rates for the WPCRF Loan Conservation and Water Quality Improvement Sponsorship Loan Programs may not be set lower than 2.0%.
- * WPCRF Expanded Use Program loans (residential septic system replacements, and poultry and dairy best management practices) will have a fixed interest rate of 3.0%.
- * In the event that it is necessary to leverage the Funds, interest rates may be adjusted as needed to meet program and financial requirements.

Notes: Interest rates are publicly available at <https://www.bloomberg.com/markets/rates-bonds/government-bonds/>

- * BVMB30Y – Muni Benchmark 30 Year Tax-Exempt bonds with an average rating of AAA from Moody’s and Standard & Poor’s.
- * GT30 – US Generic Government 30 Year Taxable US Treasuries - bills/notes/bond indices 95% of following 10 year Interest Rate Market Benchmarks may be used for potential projects financed over 20 years or less
- * BVMB10Y – Muni Benchmark 10 Year Tax-Exempt bonds with an average rating of AAA from Moody’s and Standard & Poor’s.
- * GT10 – US Generic Government 10 Year Taxable US Treasuries - bills/notes/bond indices

Proposed US Tax Reform, if it passes, may have an impact on the pricing of tax-exempt bonds and their relative value to taxable bonds. An adjustment to the index or multiplier may be necessary should the passage of tax reform render the proposed pricing formulas or indices obsolete.

Additional loan subsidies in the form of lower interest rates, principal loan forgiveness, and/or longer loan repayment terms up to 30 years may be provide if a proposed project will increase existing drinking water user rates above 1.0% of a community’s Median Household Income (MHI), or 2.0% of MHI for combined drinking water and wastewater user rates.

Disadvantaged Community Program

A community considered for the DWSRF Disadvantaged Community Program may receive additional loan subsidies as outlined above.

Possible DWSRF Administrative Loan Fees

DWSRF Administrative Loan Fees have been waived for the 2018 PPL/applicants.

Other Project Information

Tie-breaking procedures

The project with the greatest number of points under the Quality Deficiencies will receive the higher ranking. If there is still tie, the system with the greater population will receive the higher ranking, or, if the tie occurs with the same borrower, the borrower will be consulted before any decisions are made.

Public Review

- The Public Workshop Review process developed and accepted by EPA as stated in the Operating Agreement establishes the process for soliciting funding applications, developing the project priority lists, and the public comment review process.
- Additionally, any amendments to the IUP will be posted to the DHSS/DWSRF website for public review and comment. Significant PPL or financial amendments will be presented to the Water Infrastructure Advisory Council for review, public comment, and approval.
- Changes will be noted in the Annual Report as well.
- As of July 25, 2018, no public comments were received.

Leveraging

DHSS does not anticipate the need to reserve the right to transfer Capitalization Grant and loan repayments monies between the State's Water Pollution Control Revolving Fund (WPCRF) and Safe Drinking Water Revolving Loan Fund programs as necessary to ensure the full utilization of the federal assistance during this grant year.

Cross Collateralization between SRF programs—Transfer Use

As of June 1, 2018, \$31,161,802 is available for drinking water project loans and current loan disbursement. This 'transfer back' to the DWSRF was permitted in calendar year 2017. DHSS will coordinate with DNREC to receive regular account summaries. Those summaries will be reported in the next corresponding Annual Report. *Please refer to the Sources and Uses attachment for details.*

Cross Collateralization between SRF programs

The DWSRF program transferred \$27,050,178 in Federal funds and \$5,410,035 in State funds to the CWSRF program. Of this, \$1,298,408 was used for administrative costs (4% from both Federal and State). This leaves \$31,161,802 available for project loans.

It is the understanding between both DNREC and DHSS that these funds will be made available back to DHSS for payments on existing loans and to make additional loans when needed by the DWSRF program on a cash flow basis.

Funds for both new and existing DWSRF loans will be used in the following order: first from the Federal capitalization grants, second from the DWSRF repayment & interest fund, then when these funds are exhausted, from the previously transferred funds to the CWSRF program.

An accounting of these funds will be included in the Sources and Uses table for both the IUP and Annual Report for both SRF programs.

To date, no funds have been transferred back to the DWSRF program.

DWSRF Coordination of funding priorities with State Drinking Water Enforcement Agency

The DWSRF program coordinates with the Office of Drinking Water by performing a Capacity Development review. In addition, offices collaborate throughout the year to offer technical assistance through DRWA systems that are on Public Notice.

Davis Bacon Compliance

DHSS agrees to comply with Davis Bacon requirements as outlined in guidance distributed by EPA. Additionally, DHSS performs site inspections during construction.

Green Project Reserve

DHSS is not participating in Green Project Reserve for 2018, as it is not in federal grant requirements.

Sustainability Policy Description

Fix It First

DHSS does not fund projects that are primarily for growth. Applicants are encouraged to study existing infrastructure to determine most critical needs, and then base their DWSRF applications on those needs.

Capacity Development for Loan Applicants

The DWSRF program requires the Capacity Development Program, housed in the Office of Drinking Water to review the Capacity Development portion of each full application, work with systems to increase technical, managerial, and financial capacity; and report any serious, outstanding problems to the DWSRF program so that they may be addressed before loan closing.

Asset Management

DHSS has been proactive in encouraging applicants to implement the Asset Management Grant program. To date 15 systems have started an Asset Management Plan. The Non-Fed Admin Account has funded those grants. The maximum grant amount is \$100,000.

Program Management

DHSS designates all loans to meet requirements of Single Audits, DBE, Crosscutters, Davis Bacon, FFATA, and Buy American Iron and Steel

DBE Participation

Loans using the capitalization grant and state match funds will conform to Disadvantaged Business Enterprise (DBE) steps as outlined by EPA. Borrowers must document and demonstrate good faith efforts consistent with federal regulations.

Davis Bacon Act Participation

All DWSRF-assisted projects capitalization grant and state match funds will conform to Davis Bacon wage determinations, wages, and activities as outlined by EPA. Borrowers must document and demonstrate efforts consistent with federal regulations. Davis Bacon Act Participation.

Efficient Expenditure

- Loans- the DWSRF program will use a “First in-First Out” approach when making loan payments
- Set-Asides- the DWSRF program will prepare one year set-aside budgets. During the second year of the grant, the program will review expenditures and re-budget set-aside funds for additional set-aside work or project loans per EPA approval. All funds will be expended by the end of the final year of the grant.

Policy to Assure Competency of Organizations Generating Environmental Measurement Data (pertaining to the 10% Set-Aside budget item of \$95,000 for laboratory analysis)

- Use of the \$95,000 for laboratory analysis is of similar nature of the scope of work for the use or generation of environmental data in previous grant awards.
- DHSS has a Quality Management Plan that has been approved by EPA through March 1, 2019.

Reporting

DHSS will make all efforts to report all applicable information to: FFATA, Projects Benefits, Report, and NIMs in accordance with applicable due dates set forth by EPA.

Non-Fed Admin Account Projected Use

Description	Amount
DW Asset Management Grants	\$500,000
DPHL Expenses	\$400,000
DW Matching Planning Grants	\$300,000
DNREC EF Salaries	\$356,000
Total	\$1,556,000

Set-Aside Activities

The SDWA allows states to use part of the Capitalization grant to support Set-Aside activities. DHSS proposes to use \$3,443,170 from the grant to fund the following Set-Asides.

*Please refer to the Set-Aside Work Plan for more details and allotments.

Small Systems Technical Assistance (2%)

Provide assistance to small systems through contractor personnel. Funds provide technical assistance to public water systems serving less than 10,000 people. Contracts with DRWA and DTCC continue to provide technical assistance and training.

DRWA contracts:

- Provide 80 on-site technical assistance visits to community water systems and municipal water systems; visits can include technical, financial, and managerial assistance along with promotion of the DWSRF program and 1:1 application/loan process help
- Coordinate with ODW, OE, and DWSRF to identify systems in need of priority technical assistance. Such as: community, non-transient non-community (NTNC), transient, and/or seasonal systems in need of assistance due to non-compliance or potential non-compliance
- Provide assistance to systems required to perform Public Notice, critical Sanitary Survey violations, systems with contamination exceedances and Emergency Response Planning
- Provide assistance and training for contamination prevention, compliance education, water operator training
- Provide five small water systems training or on-site assistance for contamination prevention from backsiphonage, backflow, and cross-connection control
- Provide three formal technical assistance training classes and provide basic facility surveys
- Provide three municipalities the foundation for an ongoing Cross-Connection Control Program
- Deploy, upon request, the mobile on-site training unit to demonstrate specific compliance needs to SRF systems

DTCC contracts:

- Certify and provide continuing education for approximately 100 Operators-In-Training and licensed water operators of small public water supply systems (non-profit) that include DTCC's 2018-11, 2019-12, 2019-13 and 2019-11 semesters
- Provide tuition assistance for Base Level Water Operators Course to approximately 30 new operators that include DTCC's 2018-11, 2019-12, 2019-13 and 2019-11 semesters
- Provide 15 Base Level Water Operators with a basic math course
- Recruit students through advertisement in the local press to enter the Drinking Water Training program
- Provide tuition assistance for up to two students per semester to cover the cost of selected courses for over a one-year period to include DTCC's 2018-11, 2019-12, 2019-13 and 2019-11 semesters. Unemployed, underemployed, and new hires for any system will be eligible for this program
- Administrative Support and Oversight - Administrative salary funding will be utilized for the following: to plan operations; recruit and interview prospective students; counsel students regarding course schedules; work with industry leaders to offer courses that meet the needs of operators; identify new courses needed; assist with tutoring needs; development of job building skills; assist with employment opportunities; and market program and courses to industry via varying methods. In addition, staff will assist with

registering students, and will report and track the funding for students enrolled in this program.

- During fiscal year 2018, DWSRF staff will work with the DPH Laboratory to coordinate, attend, and facilitate training on Legionella. Training will be performed in a Train-the-Trainer format. Please refer to the 10% Set-Aside information below and the Set-Aside Work Plan for more information.

Program Administration (4%)
Administration of DWSRF program

**Lead Service Line Replacement
and Additional Subsidies**

Grant	Minimum	Maximum	Committed	Available to Commit*
FS993914-10	\$4,071,900	\$5,252,310	\$5,252,310	\$0
FS993914-11	2,825,400	7,036,870	7,036,870	\$0
FS993914-12	1,795,000	2,692,500	2,689,500	\$3,000
FS993914-13	1,684,200	2,526,300	2,526,300	\$0
FS993914-14	1,769,000	2,653,500	1,769,000	\$884,500
FS993914-15	1,757,400	2,636,100	2,636,100	\$0
FS993914-16	1,662,400	2,493,600	1,883,786	\$609,814
FS993914-17	1,648,200	1,648,200	0	\$1,648,200
DE	\$17,213,500	\$26,939,380	\$23,793,866	\$3,145,514

On March 5, 2018, after discussion during the Annual Review, EPA Region 3 shared the chart above that lists available additional subsidies. Funds available in this chart can be used in the form of principal forgiveness towards DWSRF Lead Service Line Replacement projects. This information was confirmed by EPA Region 3 on June 7, 2018.

The City of Milford submitted a Notice of Intent for \$900,000 to replace Lead Service Lines targeting the most-in-need areas of the City’s distribution system.

DHSS will continue to solicit Lead Service Line Replacement projects during the next rounds of solicitations projected for Summer 2018 and Winter 2019. **Upon second solicitation, the Town of Magnolia applied for a lead service line replacement project. DHSS will continue to work through funds available listed on this chart to fund lead service line replacement projects.**

Ag Strategy

Please refer to the 15% Set-Aside for information on the Cover Crop Program to learn how DHSS DWSRF Administration is meeting EPA's Ag Strategy recommendations.

State Program Management (10%)

The PWSS, Operator Certification, and UIC programs will be funded through this Set-Aside as follows:

Operator Certification

Operator Certification expenses are absorbed by funding positions with the PWSS grant, with the exception of \$3,000 to proctor two sets of Operator Base Level tests. Should Operator Certification expenses become burdensome on the PWSS grant, DHSS has the ability to use the DWSRF grant as a source of funding. Proposed activities include:

- Monitor, track, and report water operator licensures
- Communicate with operators
- Provide water operator licenses renewals
- Coordinate with DTCC to provide provisions and proctoring for Drinking Water Operator examinations
- Enhance communication actions such as participating in state-wide conferences and alerting operators about educational opportunities through the ODW newsletter
- Ensure public water systems that are required to have an operator do so, either by directly employing an operator or by contracting with an operator
- Ensure all operators have the proper endorsements for the water systems they operate
- Maintain operator database

Public Water Supply Supervision (PWSS)

- Monitor, track, and report compliance for approximately 500 Public Water Systems
- Work with EPA towards finalizing the implementation of Lab-to-State software
- Continue to utilize the EPA reporting under Enforcement Response Policy and ETT
- Work with Bureau of Public Health Informatics to post all relevant lead and copper information and sample results per EPA guidance and Delaware law

Delaware Public Health Laboratory

- Purchase a GC/MS to analyze drinking water samples for the presence of pesticides
- Purchase a bench top lab hood and automated extractor for the extraction process for pesticide samples
- Purchase supplies and reagents to support testing for the presence of Legionella in water samples
- Purchase supplies and reagents to maintain higher levels of operational efficiencies and cost effectiveness
- Cross train for continuity of operations in the event of emergency situations including flooding and other weather related events
- Train staff on SDWIS utilization as required
- Complete the annual EPA inspection to maintain certification for drinking water testing

- Continue to provide oversight and certification of drinking water testing laboratories within Delaware

Underground Injection Control

- Review 20 Large OWTDS's permit applications
- Inspect 250 OWTDS's, and UIC facilities
- Perform 40 recon inspections to identify and close (if found) automotive floor drains, large capacity cesspools, and industrial discharges with direct discharges to ground water (if existing)
- Identify water treatment facilities that discharge brine backwash to the subsurface soils and determine their impact to ground water
- Promulgate Delaware's Underground Injection Control revised regulations
- Provide public outreach to educate the regulated community and public on the revised Underground Injection Control regulations once promulgated
- Participate in Public outreach and educational events
- Participate in the development of a pollution control strategy for the Chesapeake Basin Watershed
- Utilization of EQuIS (a data management system)
- Pilot a 'Tracer' Program; tracers use various forms of DNA, i.e.: poultry, human, cow, horse, associated with disposal methodologies. Existing monitoring well networks can be used for sampling to track movement, fate, and translocation of wastewater.

Local Assistance and Other State Programs (15%)

The Capacity Development and Source Water Protection Programs will be funded through this Set-Aside as follows:

Capacity Development

- Provide assistance to all new drinking water systems to ensure that before water is available for consumption, the water system owner/operator has demonstrated technical, managerial, financial capacity, and that the water meets all applicable SDWA requirements
- Monitor, assist, and track assistance to new public water systems in lead and copper rule compliance, schedules, and reporting
- Report the name of new water systems or applications evaluated for the Semi-Annual DWSRF Set-Aside reports
- Assist systems high on the ETT to compliance
- Provide assistance to public water systems that are in need
- Provide training for public water systems operators on Lead and Copper Rule compliance
- Evaluate and report the technical, managerial, and financial capacities of at least one third of Delaware's water systems
- Monitor and assist public water systems in lead and copper rule compliance, schedules, and reporting
- Track and report PWS appearing on ETT report with scores between five and 10 referred to DRWA for assistance to achieve compliance with SDWA

DRWA and DTCC Contracts through Capacity Development

- Provide two small municipalities (population under 500), five non-municipal communities, and at least three seasonal water systems with 1:1 GIS technical assistance
- Conduct four specialized fluoride training classes for operators
- Conduct four local officials training classes
- Provide four scholarships to attend the Utility Management Certification Course
- Solicit all municipalities in Delaware to offer scholarships towards Drinking Water education

Sustainability 1:1 Assistance and Cyber Security Programs

The DWSRF Program will continue to work with Kash Srinivasan Group, LLC to provide 1:1 assistance to small and medium municipal public water systems to engage in long range planning activities for their utilities. A total of eight municipalities will develop custom implementation of Financial Analysis tools developed by the University of North Carolina.

The DWSRF Program will continue to work with Kash Srinivasan Group, LLC to provide small municipalities cyber security assessments as it relates to SCADA systems in the water utility operations. Training and workshops will be provided to raise awareness and preparedness, and develop a customized program for staff. Support will be provided to modify the current sanitary survey to incorporate cyber security elements. Assist the DWSRF program with evaluations of grant and loan proposals involving new SCADA systems and upgrades.

Source Water Protection

- Provide assessments for any new system, revising and updating existing source water assessments (e.g. delineation, contaminant sources, susceptibility assessment), providing technical assistance to solve source water problems including recommendations for potential DWSRF funded monitoring network/systems development, and resource characterization activities
- Support local efforts to develop SWP ordinances and comprehensive plans or other local approaches, support to SWP-related UIC activities, and related needs
- Work with the federal, state agencies, private organizations, and local governments with regards to source identification, characterization, and prevention. Of particular note for this grant cycle is the continued support of the coordinated Delaware Geological Survey/U.S. Geological Survey / DNREC study on emerging contaminants and source water quality in surficial aquifers
- Provide technical assistance, committee representation, information dissemination; review of local development plans and comprehensive land use plans as part of the Preliminary Land Use Service (PLUS) process
- Manage data, including: develop GIS, web availability, state and federal data reporting capacity. Additionally, the SWAPP will work with systems to evaluate their needs for data management and operational enhancements (e.g. SCADA) that could benefit from potential DWSRF funding
- Cover Crop Program—Ag Strategy
DWSRF proposes, to meet EPA's recommended Ag Strategy, to fund \$ to the Cover Crop Program this grant cycle.

Ag Strategy Program

The DWSRF program, through EPA's Ag Strategy recommendations, has been asked by EPA Region 3 to assist in reaching the goal to reduce nitrogen and phosphorus loadings to surface waters and threats to public health from nitrates in sources of drinking water by working with partners to fund best management practices (BMP) in priority watersheds. There is an emphasis on working with the Ag sector to reach this goal.

The Sussex Conservation District (SCD) is proposing to work in partnership with the Delaware Rural Water Association (DRWA) to identify opportunities and implement Agricultural BMPs in the source water protection areas for public drinking water systems, excellent groundwater recharge areas, and any other agricultural areas that could impact the public drinking water supply or nearby surface waters. DRWA's role will be to identify the source water protection areas of all public drinking water systems with a focus on those systems with high levels of nitrates and/or vulnerable sources of drinking water. Since many of the source water protection areas and excellent recharge areas lie outside of the municipal or other public drinking water service territories, there is not always a strong understanding or relationship between the water system and the neighboring farmers when it comes to source water protection. DRWA would also assist in the identification of excellent recharge areas and other agricultural areas impacting drinking water supplies.

SCD would then bring its 70 plus year history as a trusted agricultural resource to the table to build a relationship between the farmer and the water system. DRWA and SCD would provide outreach and education to both the water system and the farmer on the importance of source water protection and proper nutrient management. SCD would then encourage the farmers to participate in its Conservation Cost Share program as described above that would result in an agricultural conservation practice that would reduce the impact of nitrogen and phosphorus on both the drinking water supply and nearby surface waters.

SCD's Conservation Cost Share program within Sussex County, Delaware promotes the voluntary implementation of Ag Best Management Practices (BMPs) that will maintain or improve soil and water resources throughout the County, State and Region. The most effective and efficient of these BMPs is the planting of cover crops. SCD provides cost share for cover crops in the amount of \$50.00 per acre. This amount is leveraged by an additional \$37.58 per acre that is provided by the landowner. In FY2018, SCD received applications for 161,292 acres of cover crops and was able to provide funding for only 35,870 acres. Funding from the DWSRF for this proposal would allow SCD and DRWA to target cover crops and other BMPs on lands impacting public drinking water supplies while also expanding the overall impact of SCD's Conservation Cost Share program as it relates to water quality in our area.

Funding mechanisms:

Once a funding line is established in First State Financials, after grant award on or about October 1, 2018, DHSS transfers funds to DNREC. In turn, DNREC relays funds to the Conservation Districts for Cost Share programs through Federal and State sources. The 'Federal' is various grants that EPA offers the State. The State funding comes from an allocation within the annual Bond Bill.

- Establish an agreement with individual Districts that details the level of service (e.g. how many acres of cover crop) and the proposed cost
- Once signed by the District representative (Coordinator of Board Chair), we have the Secretary or Division Director sign on our behalf
- Once all parties sign, our accounting office established a Purchase Order (PO)
- Provide notice to the District that funding is available
- Funding stays in our account and is reimbursable based on an invoice the District provides detailing the locations and acreage of cover crop
- The expenditures are tracked by our accounting system First State Financial
- Upon completion of the project, the District provides a report to the Department as to how much cover crop was planted

Public Workshop Information

April 20, 2018

See appendix.