

Commonwealth of Virginia
Drinking Water State Revolving Fund Program
Intended Use Plan
For the DWSRF FY2021 Capitalization Grant
June 2021
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Commonwealth of Virginia Drinking Water State Revolving Fund Program Intended Use Plan for FY 2021 Capitalization Grant

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I. Summary

In accordance with the federal Safe Drinking Water Act Amendments (SDWA) of 1996 (P.L.104 182), which established a Drinking Water State Revolving Fund (DWSRF) Program to eligible states through a capitalization grant, the Virginia Department of Health (VDH) Office of Drinking Water (ODW) is making application for federal funding under this program. VDH makes this funding application in accordance with and under the agreements established in the Operating Agreement executed between the EPA and the Commonwealth of Virginia that provides the framework for the DWSRF Program in Virginia. The Commonwealth of Virginia expects to have a total of approximately \$41,394,425 available for utilization under the FY 2021 DWSRF grant program. The amount for construction projects and program administration is approximately \$36,490,626. This amount includes EPA's capitalization grant of \$18,114,000 (including reallocated funds from FY2019 = \$17,949,000+\$165,000), Virginia's required 20% state match of \$3,622,800, and loan repayments from past recipients estimated to be \$19,657,625. VDH-ODW will utilize the remaining amount of \$4,903,799 with the three programmatic set-asides (2%, 10%, and 15%) and will provide EPA a separate work plan detailing the use of those funds.

The Intended Use Plan (IUP) is a draft preliminary funding list subject to change. We are monitoring the economic impact of COVID-19 closely, including the impact on state revenues and special funds. At this time, there have not been significant funding changes to affect the IUP. However, any future impact VDH-ODW identifies may result in changes to the IPU. Additionally, Virginia plans to apply for any additional stimulus funding that Congress may appropriate later this year. VDH-ODW may add projects to the IUP from the Project Priority List (PPL) in priority order, subject to readiness to proceed.

II. Introduction

The VDH has primary enforcement responsibility (primacy) for the Virginia's drinking water programs, and as such, is the designated agency to apply for and administer the capitalization grant for the DWSRF Program and related state funds.

This IUP includes the Project Priority List and the Construction Project Equivalency List. The most current version of the *Virginia Drinking Water State Revolving Fund Program - Program Design Manual*, (available on the VDH-ODW website) is part of the IUP and outlines the DWSRF Program's overall goals, the set-aside and construction aspects of the Program, entities eligible for funding, interest rates and terms, and criteria used to establish a Project Priority List.

In compliance with the requirement in SDWA § 1452(b)(1), the IUP undergoes public review and comment through a combination of internet postings and a public meeting held in Richmond, Virginia. The VDH-ODW placed the IUP announcement in the General Notices section of the Virginia Register, Virginia Town Hall and on the Program's website.

III. DWSRF Program Goals

VDH is committed to using the capitalization grant for which it is applying to provide assistance to waterworks through set-asides and for capital improvement projects that will further the public health protection objectives of the SDWA. VDH intends to award all assistance available under this

capitalization grant in full conformance with the DWSRF Program and the terms and conditions of the capitalization grant award.

The Virginia DWSRF Program activity incorporates the federal, state match, program revenue and repayments, and miscellaneous additional funds to implement the statewide programs to ensure adequate and safe drinking water to citizens. The construction loan and grant funds, in conjunction with the set-aside funds, provide funding sources for infrastructure projects, planning projects, sample testing, capacity development initiatives, state administrative costs, training, technical assistance, wellhead and source water protection, and other activities designed to enhance the state's water quality and water supply programs.

The PPL (Attachment 1) details the funded construction projects, in priority order, and other relevant project information. VDH-ODW gave applicants with project scores that fell below the funding line the option to roll their application over to the next funding cycle. Staff will re-evaluate and rank these projects along with the new applications received during the next solicitation period.

VDH-ODW uses the set-aside funds to maintain and advance waterworks support initiatives that contribute to the sustainability of safe drinking water. The set-asides funds assist waterworks owners in protecting water supplies, ensuring the reliable operation of water systems, preparing for future waterworks challenges, and developing their technical, financial, and managerial capacity (TMF - Capacity Development). Although the waterworks and their consumers are the direct benefactors of these funding efforts, the initiatives may originate with any number of concerned parties. Combined funding used in cooperation with other entities may maximize the desired outcome. This IUP outlines set-aside uses later in this document.

A. Long Term and Short Term Goals

VDH is committed to promoting and protecting the health of Virginians. VDH-ODW supports that mission using a number of critical functions including implemented activities. ODW also supports the mission through regulatory, technical, and financial programs designed to enhance the quality of water provided to the citizens of the Commonwealth. The DWSRF program provides VDH with the means to achieve these goals.

VDH-ODW has a goal to use the DWSRF resources to implement a long-term, sustainable program focused on providing technical, financial, and managerial resources to waterworks owners. VDH-ODW accomplishes this through an integrated assistance program to provide technical, managerial and financial resources targeted to waterworks that exhibit a specific need for assistance. VDH established the following priorities for the DWSRF program:

Long Term

- Protect the public health and welfare by supporting activities that ensure waterworks provide adequate water quantity and quality to their end users.
- Ensure the sustainability of the DWSRF program and related funding to benefit Virginians and establish best management practices to maintain the Fund in perpetuity.
- Assist waterworks owners in complying with federal and state mandated drinking water regulations through programmatic, technical, and construction assistance.
- Assist waterworks owners to develop long-term strategies for sustainable infrastructure (managerial, technical, and financial capability) to provide safe drinking water.

- Assist waterworks owners in the protection of their source waters by supporting source water protection programs.
- Provide technical, managerial and financial assistance to waterworks owners and educate consumers through effective outreach programs.

Short Term

- Allocate DWSRF Program funds efficiently so Virginians may realize a prompt benefit.
- Assist waterworks owners through innovative and effective technical assistance programs.
- Promote consolidation and regionalization of water supplies and waterworks through both programmatic and construction assistance.
- Provide a source of low cost financing for drinking water needs.
- Require that all new Community and Nontransient Noncommunity water systems beginning operation after October 1, 1999, demonstrate the technical, financial, and managerial capacity required to operate a waterworks.
- Ensure that state operator certification regulations meet EPA national requirements.
- Ensure training courses provided meet the needs of classifications of licensed operators at small waterworks.
- Demonstrate compliance with the capacity development authority, capacity development strategy and operator certification program provisions to avoid withholdings.
- Maintain unliquidated obligations (ULOs) at or below the national average. The ULO is the unexpended balance remaining from the amount of federal funds EPA obligated to an individual state/recipient which has not yet been “drawn down.”
- Program pace is a ratio of the dollar value of closed loans/binding commitments to the total dollars available for projects in the Fund. VDH will commit to no less than 90% for a pace target for this fiscal year.
- Enter into binding commitments for projects that will proceed to construction or award of construction contracts within twelve months of initial offers of assistance.

IV. Program Implementation

VDH manages the DWSRF Program to maximize benefits available to waterworks owners and Virginians. VDH frequently reviews the Program’s effectiveness and makes necessary revisions to ensure continued financial sustainability, integration with the Public Water System Supervision Program (PWSS), and successful operation.

A. Important Program Practices

VDH notes the following important changes or continuations implemented in the Program:

1. VDH requires **Asset Management Plans/Capital Improvement Plans** for all DWSRF applicants that have not completed one. This promotes responsible asset management and helps to address the issue of aging infrastructure. Depending on availability of funds, VDH may make principal forgiveness funds available to assist those waterworks in need of completing a plan. This supports the America’s Water Infrastructure Act (AWIA) requirement to support Asset Management (AM) planning. The VDH-ODW revised the Capacity Development Strategy to reflect the support VDH-ODW provides for AM planning.
2. VDH-ODW completed our preliminary review of **small projects** (project budgets less than \$300,000) and made the following determination based on project readiness: VDH would not

offer funding to any owner with more than two open/incomplete DWSRF projects to allow owners to focus efforts on completing open previously awarded DWSRF projects. As in prior years, VDH-ODW reserves the right to by-pass any open project that has not executed the assistance agreements/initiated construction within 12 months of the original award date. As evidenced by the multiple open projects, timely project loan closings and completions challenged some waterworks. Owners could expedite project closing or reprioritize their projects (and request withdrawal or bypass) to reduce active projects to less than three, where after, VDH-ODW will then reconsider making new offers. These bypassed projects will remain on the PPL with intended offer amounts in the event the owner can reduce the number of projects.

3. **Small projects** (less than \$300,000) special offers: The funding package under this special program is 100% principal forgiveness (PF) (grant funds) and is limited to Acute Problems. Chronic Problems can be considered and acceptance will be based on the circumstances. To qualify for this offer, VDH-ODW requires closure of the principal forgiveness loan within 12 months of the offer letter.
4. **Lead Service Line replacements special offers:** In an effort to accelerate the removal of lead exposure from drinking water, the DWSRF Program has made funding available for the complete removal of the public and/or private portion of the LSLs. The funding package under this special program (continued from last year) is 100% principal forgiveness (PF) (grant funds) and limited to \$500,000 per funding year. To qualify for this offer, VDH-ODW requires closure of the principal forgiveness loan within 12 months of this offer letter.
5. **Capacity Building Program or Expedited Closing Program.** Projects may be eligible for an additional interest reduction of **0.2%** under this special program. To qualify for the Capacity Building Program, VDH requires a commitment to adjust rates to ensure minimum compound revenue increases of 2%¹ each year for the next five years. To qualify for the Expedited Closing Program, VDH-ODW requires loan closings within 12 months of initial offer letters. Letters to waterworks owners instructed them to notify VDH-ODW of their interest in participating in either of these special programs in their offer response letters. The intent of these programs is to accelerate loan closings and encourage financial capacity building.
6. **Projects in the EVGMA only:** To conserve water in the Eastern Virginia Groundwater Management Area (EVGMA) created pursuant to the EVGMA of 1992, VDH-ODW reserves the right to give precedence to water projects that do not involve withdrawal of groundwater from the coastal plain aquifer over those projects that do withdraw groundwater in the EVGMA. VDH-ODW will only apply this evaluation to any equally ranked projects when both are located in the EVGMA.
7. **PER Requirement Revised:** In 2017, VDH-ODW revised the requirement to have a Preliminary Engineering Report (PER) drafted and submitted with the construction application. The submission (or waiver) of the PER may be made a condition of the award. VDH believes this allows greater flexibility in the Program and may allow the funding of the PER as part of the construction award. A Funding Application Discussion with the appropriate ODW Field Office is required.
8. **Design Build:** To serve our waterworks owners better, the DWSRF Program made revisions to accommodate Design Build and other alternative project delivery methods.

¹ Alternatively, owners may commit to using an inflationary linked index such as the Consumer Price Index (CPI) or the Personal Consumption Index (PCE).

B. Coordination with the Enforcement Division, Capacity Development Division and Field Offices

VDH coordinates efforts between the Capacity Development Program, the Financial and Construction Assistance Program (FCAP), the ODW Field Office staff, and the ODW Compliance and Enforcement Division using EPA's Enforcement Targeting Tool (ETT) to identify noncompliant waterworks with health-based violations. Owners with violations for monitoring, operator certification, or other non-construction related issues are typically not included. Staff contact waterworks owners or operators by letter or telephone to notify them of available DWSRF opportunities approximately one month before the application deadline and encourage them to apply. The scoring matrix awards additional points for those owners that apply for construction funds that will resolve ETT related issues. Projects with higher ETT scores get higher priority.

C. Demonstration Project/Coalfield Water Development Fund (CWDF) Program

A unique feature of the Virginia DWSRF Program is the federal statutory language allowing a pilot demonstration project in Southwest Virginia. The Commonwealth made loans to a regional endowment, with the loans repaid using terms and conditions in the same manner as all other project loans. VDH invests loan funds with proceeds used to assist communities in Southwest Virginia in correcting water infrastructure challenges. The SDWA authorizes Virginia to establish a special demonstration project to loan funds to a regional endowment for "...financing new drinking water facilities..." in an area of Southwest Virginia encompassing Planning Districts 1 and 2 (includes Lee, Scott, Wise, Dickenson, Buchanan, Russell, and Tazewell counties). The SDWA established this endowment to assist meeting the special needs of the Coalfields area of Southwest Virginia. In the funding years 1997 through 2000, VDH elected to provide a total of \$10 million from its capitalization grants as loans to the endowment. The endowment reached its goal and VDH can provide no additional funding to this demonstration project.

D. Financial Health

Both the active non-construction activities and funding opportunities reflect the DWSRF Program's financial health. These areas are integrated and affect the other's success, i.e. activities promoting or enhancing delivery of safe drinking water reduce the demand on the loan area by ensuring the long-term wellbeing of the waterworks. VDH will maintain the DWSRF (the Fund) in perpetuity for providing financial assistance as authorized and limited by the SDWA. The Fund includes state match, interest earnings, Federal grant dollars, and repayments of principal and interest on loans received.

E. Program Coordination

VDH's program coordination will maintain the two areas of non-construction and project loans with the overall long-term financial health of the program maximizing the benefits for Virginians. VDH-ODW uses strategic coupling of programmatic considerations with a planning model that examines the aggregate effects of modifying financial parameters of the program. VDH-ODW will revise or implement procedures, as needed, based on the results of the annual assessment.

F. Disadvantaged Program

VDH-ODW's *Program Design Manual* describes the Disadvantaged Program. Loan subsidies (in the form of below market rate loans and principal forgiveness loans) will decrease the loan funds available. However, principal forgiveness coupled with a Waterworks Business Operations Plan (WBOP) and a requirement to implement rate adjustments will reduce demand on principal forgiveness/grant funds by ensuring long-term financial well-being of the waterworks. The WBOP ensures a new (or struggling) owner has the managerial, technical, and financial capacity to provide for the long-term operation of the

waterworks. These initiatives allow waterworks to undertake projects they could not otherwise construct and, therefore, protect the public health. This strategy is one of the strong themes encouraged by Congress.

Disadvantaged waterworks: For simplicity, VDH-ODW eliminated the upper target rate tier of 1.25% of Median Household Income (MHI) in 2017. Since that time, VDH-ODW is only using the 1% of MHI as a determinant for target rates. Disadvantaged criteria is as follows: Disadvantaged waterworks are those who meet the following criteria - currently have or will have after project completion, user rates that meet or exceed the target rate or are willing to adjust/raise rates in accordance with a VDH-ODW approved schedule.

V. Sources and Uses of Funds

VDH is applying for \$18,114,000 in capitalization grant funding. This amount includes Virginia's allotment of \$17,949,000 and reallocated FY2019 funds in the amount of \$165,000.00. In March 2021, EPA notified VDH of the amount Virginia would be eligible to apply for under the DWSRF capitalization grant.

VDH evaluated the need to issue leverage bonds to meet program demand and is taking a multi-year perspective. Under Virginia's leveraging structure, the Virginia Resources Authority (VRA) can sell bonds to provide the necessary funds to fully meet the requests approved by VDH for drinking water loan assistance - see Attachment 3. Further, the \$3,622,800 needed to match the Safe Drinking Water Act appropriation will be a combination of state appropriations and state match bonds. The leveraging structure and cash flow analyses will be available to the U.S. EPA prior to any bond issuance.

As permitted by Congress in legislation approved in 1997, Virginia intends to cross-collateralize bonds sold for the Clean Water Revolving Loan Fund and the Drinking Water State Revolving Fund. The purpose is to enhance the security of bonds sold for both programs, thereby improving the credit rating and reducing the cost of funds. This allows both programs to meet program capacity demand and pass on the best possible interest rates to its borrowers. The revenues from loan repayments in each program are pledged first to the allocated portion of bonds for that program. After program revenues pay debt service on its portion funds, excess funds may cover a revenue deficiency in the other program. Given the loan portfolio quality, robust coverage in each program, and established financial management practices, implementation of this provision is highly unlikely. The cross-collateralization of the two programs provides an efficient mechanism to initiate a leverage program for the Drinking Water State Revolving Fund.

A. Sources of Funds

The Commonwealth of Virginia expects to have a total of approximately \$41,394,425 available for utilization under the FY 2021 DWSRF grant program. The amount for construction projects and program administration is approximately \$36,490,626. This amount includes EPA's capitalization grant of \$18,114,000 (including reallocated funds from FY2019 = \$17,949,000+\$165,000), Virginia's required 20% state match of \$3,622,800, and loan repayments from past recipients estimated to be \$19,657,625. VDH-ODW will utilize the remaining amount of \$4,903,799 with the three programmatic set-asides (2%, 10%, and 15%) and provide EPA a separate work plan detailing the use of these funds. The IUP is a draft preliminary funding list subject to change. We are monitoring the economic impact of COVID-19 closely, including the impact on state revenues and special funds. At this point, there have not been significant funding changes to affect the IUP. However, any future impacts identified may result in

changes to the IUP. Additionally, Virginia plans to apply for any additional stimulus funding appropriated by Congress later this year. VDH-ODW may add projects to the IUP from the PPL in priority order, subject to readiness to proceed. The IUP Funding Summary (Attachment 4) details the cumulative funding expected for the fiscal year and the projected distribution between construction and set-aside funds.

Virginia's required 20% state match for the capitalization grant is deposited into a dedicated state loan fund, the *Virginia Water Supply Revolving Fund* (§62.1-233 et seq.), established under the *Code of Virginia*. Also specified in the *Code of Virginia*, and in conjunction a VDH Memorandum of Understanding, are roles and responsibilities for the Virginia Resources Authority (VRA) pertaining to individual construction loans and processes.

EPA allows states to charge a reasonable fee in order to administer the DWSRF Program in perpetuity as required by the SDWA. VDH-ODW's administration fee is up to 150 basis points or 1.5% on each eligible interest-bearing loan. VDH-ODW deposits fees collected in a separate, non-project account. These fees are only for DWSRF program administrative expenditures.

B. Construction Projects

VDH intends to provide approximately \$35,762,775 in DWSRF construction funds (from the capitalization grant, state match and repaid interest and principal – see Attachment 4). The PPL (Attachment 1) identifies the VDH construction projects to receive dollars for funding in priority order, with funding breakdowns and other relevant project information. The \$34,979,253 in funding currently represents priority projects. The current amended PPL reflects \$32,490,969 originally approved plus and additional \$2,488,284 for projects by the Wise County PSA and Campbell County USA in funding assistance offered; however, VDH will adjust this total based on EPA funding, applicant responses, project readiness in accordance with DWSRF criteria, changes in project scope, and/or actual construction bid results. Any non-allocated funds currently available could be used to bridge the difference between when the project was designed and the current cost of materials. VDH-ODW will utilize available SRF funds from prior year grant awards, repayment funds, and make phased awards should any additional funds be required.

EPA established certain requirements and goals for use of the DWSRF funds for water infrastructure construction. VDH-ODW has captured the funds provided in support of these requirements and goals in Attachment 2.

1. Loan Terms and Fees

Under the DWSRF Program, the repayment period for loans is up to 30 years or the life of the asset financed (whichever is less). The interest rate is set to equal to one percent below the prevailing "AA" market rate at loan closing. Recent loan closings have been between 1.5% and 2.3% interest.

Terms may include principal forgiveness, lower interest rates, and 40-year term loans for those recipients whose projects qualify as "disadvantaged". See the DWSRF Program Design Manual for details.

2. Additional Subsidization

The DWSRF requires VDH-ODW provide no less than 20% and no more than an optional additional 30% of the capitalization grant amount as subsidies. These may be negative interest

rates, principal forgiveness, grants, or any combination of these. The VDH-ODW does not intend to provide any funding as negative interest rates or grants; however, VDH-ODW will provide principal forgiveness for eligible projects. The PPL, shown in Attachment 2, identifies the amount and percent of the capitalization grant provided as principal forgiveness loans, to the projects that ranked high enough to fund. Any subsequent revision to this PPL will likewise demonstrate that between 20% and 50% of the capitalization grant is principal forgiveness loans. See Attachment 2.

3. Green Infrastructure

Water efficiency, energy efficiency, green infrastructure, and/or other environmentally innovative activities are optional to receive funds under the DWSRF. VDH-ODW will attempt to meet EPA's goal of 20%. Attachment 2 shows the efficiency projects VDH-ODW expects to fund.

4. Assistance to Small Communities

All states are required to provide, to the extent possible, a minimum of fifteen percent (15%) of funds available annually for loans to small systems. Small systems are those that serve fewer than 10,000 persons. Attachment 2 shows the amount of funds VDH expects to be able to provide to small systems.

5. Emergency Projects

VDH may bypass one or more projects identified in this IUP to provide funding for an emergency project where an imminent and severe public health or water quality problem exists, that requires the immediate construction of facilities to eliminate an existing potentially hazardous condition. The DWSRF Program Design Manual describes emergency projects.

VDH may fund a project not on the current PPL only if it meets the emergency criteria. VDH-ODW expects emergency projects to meet requirements for technical, financial, and managerial capacity, environmental review, and other crosscutting Federal authorities as applicable prior to funds being disbursed.

6. Project Requirements

All projects must meet requirements for adequate technical, financial, and managerial (TMF) capacity, federal super cross-cutting authorities (i.e. Davis-Bacon Wage Act, American Iron and Steel provisions and Disadvantage Business Enterprises), and DWSRF program requirements. Projects designated by VDH as "equivalency" will be required to meet additional federal cross cutters such as Single Audit and other reviews prior to fund disbursement. VDH-ODW reviews each project to ensure meeting requirements prior to loan closing. Staff will review phased projects or those identified as design-build to ensure meeting all requirements before disbursement of funds.

7. Project By-passes

In order to meet the established goals, conditions, and requirements of the DWSRF capitalization grant, VDH reserves the right to bypass higher ranked projects identified in the PPL. Projects may be by-passed in accordance with the DWSRF Program Design Manual and in compliance with EPA requirements due to the owner's inability to meet Program requirements in a timely manner. VDH-ODW gives previously bypassed projects identified on an IUP consideration for future SRF loan funding.

8. Revisions to the Project Priority List

During any subsequent revisions to the PPL, VDH will meet all EPA requirements including overall grant award conditions.

C. Program Administration

VDH-ODW will request the entire 4% available and allowed for the current year - \$724,560, plus an additional \$3,292 from banked funds, for a total of \$727,852.00.

Administration – These funds will support the administrative functions of five (5) DWSRF staff members: the Financial and Construction Assistance Program (FCAP) Division Director; the Project Team Leader; one Project Officer; and two Project Managers. The State Program Management (10%) section identifies the three remaining DWSRF field staff – two Project Managers and one Project Engineer. Finally, the Local Assistance and Other State Programs (15%) section identifies the last FCAP staff member, one Environmental Review Technician. Other administrative costs pertain to the review of applications and selected projects, environmental reviews, project site visits, SRF database upgrades, and VDH travel to meetings sponsored by EPA, CIFA, and others.

VDH-ODW provides funding to Virginia Resources Authority (VRA) for credit analysis summaries for each project, project loan closings, funding disbursements, accounting tasks, compliance review of closed loans, and annual audit of the construction loan fund. VDH-ODW funds VRA costs with administration fees charged to DWSRF loan recipients. If the administration fees are insufficient to fund VRA, VDH-ODW may use a portion of this set aside to cover any additional costs.

VI. Public Review and Comment

In compliance with the requirement in SDWA sec. 1452(b)(1) to provide for public review and comment, the IUP undergoes public comment via mailings, internet, and a public meeting. VDH-ODW also places the IUP cover letter in the General Notices section of the Virginia Register. VDH considers all meaningful public input and comments, revising the IUP and project priority lists as necessary.

The VDH posted this Intended Use Plan under the Financial & Construction Assistance Programs at <http://www.vdh.virginia.gov/drinking-water/> and under the Virginia Regulatory Town Hall at <https://townhall.virginia.gov/L/ViewNotice.cfm?gnid=1239> for a 30-day public comment period beginning May 7, 2021. The amended IUP and PPL were posted in the same locations for a public comment period beginning August 23, 2021.

Due to existing COVID-19 restrictions, VDH did not hold a public meeting, but solicited comments and recommendations regarding this IUP until Wednesday, June 9, 2021 at 5:00 p.m. VDH-ODW received no public comments nor recommendations. The amended IUP and PPL will be available for comment and recommendations until Monday, September 20, 2021.



2021 PROJECT PRIORITY LIST
Amended



Priority	Project #	Owner Information	Project Name	Project Description	Service Connections	Point Total	Designation	Program Type Code	Principal Forgiveness	Project Cost	SRF Amount for this IUP	Cumulative SRF Amount	Notes
1	001-21	Hurt, Town	DBP Remediation and Water Improvements	Phase 1: install a new waterline to serve as a new interconnection between the Town of Altavista and the Town of Hurt water systems including modifications of the control system a the existing Town of Hurt Pump Station to accommodate this. Phase 2: these additional improvements will be evaluated after Phase 1 is complete and sampling/testing confirm if they are needed. They include: new pump station; water storage tank improvements (tank aeration system); installation of additional water line (for looping of the system) and new water meters.	568	60	H-C	VWSRF	\$400,000	\$1,626,000	\$1,626,000	\$1,626,000	1
2	002-21	Richlands, Town	System DBP Improvements & WTP Upgrades	Replace filter media and underdrains; replace filter gallery valves & actuators; sedimentation basin sludge removal system; sedimentation basin crack repair; relocate RPZ at Plant; pump station rehabs; tank rehabs and mixing systems; and Water Treatment Plant upgrades.	2,452	48	H-P	VWSRF	\$415,000	\$3,889,000	\$3,889,000	\$5,515,000	1
3	003-21	Appalachia, Town	New Bottom Waterline Replacement	Phase 1: replacing approximately 3,400 lf of waterline; addition of valves for system isolation; reconnection of approx. 66 in-town customers & associated appurtenance.	1,055	44	H-P	VWSRF	\$0	\$0	\$0	\$5,515,000	
4	004-21	Arlington Plantation POA	APPOA Water Plant Rehabilitation	Relocate 10,000 gallon tank and 2 transfer pumps to above ground, recoat 3,000 gallon pressure tank & add chlorination capability. Two small buildings will be added.	19	33	H-P	VWSRF	\$69,058	\$69,058	\$69,058	\$5,584,058	PF
5	005-21	Norton, City of	Southside Neighborhood Waterline Replacement Project, Phase 1	Replacement of: approx. 1,950 lf of 6-inch line, approx. 480 lf of 2-inch line, approx. 810 lf of 3/4-inch service line; reconnect 27 residential connections, installation of six fire hydrant assemblies and associated appurtenances.	1,837	56	H-P	VWSRF	\$109,676	\$365,588	\$365,588	\$5,949,646	2
6	006-21	Marion, Town	Phase 6 Water Line Replacement Project	Construction of 2,240 lf of 8" line, 6,850 lf of 6" line, 40 lf of 2" line and related water line appurtenances.	3,605	52	H-P	VWSRF	\$174,380	\$871,900	\$871,900	\$6,821,546	1
7	007-21	Gate City, Town	Gate City Water System Upgrades	Installation of 6 generators at the Water Treatment Plant, four (4) pump stations and one (1) new pump station. Installation of five (5) new master meters and demolishing and filling in the old reclaim tank at the WTP.	1,209	39	H-P	VWSRF	\$384,452	\$1,245,190	\$1,245,190	\$8,066,736	2
9	009-21	Wise County PSA	Town of Pound Water Treatment Plant Improvement Project, Phase 1	Substantial upgrades to this water treatment plant, including, but not limited to: upgrades to the chemical feed system, filter improvements, clarifier improvements, a new storage tank, new pump station, SCADA upgrade, and security fencing.	1,004	41	H-P	VWSRF	\$874,142	\$1,748,284	\$1,748,284	\$9,815,020	
10	010-21	WCSA	WCSA Water Line Extensions (Price's Bridge Rd, Green Spring Rd, Hobb's Rd & Fleenor's Memorial Rd, Abram's Falls Rd, Taylors Valley Rd, Monroe Rd)	These 6 projects consist of installing 2,829 lf of 4" line; 4,240 lf 4" line; 8,500 lf of 4" & 2" line with a small booster pump station; 4,320 lf of 4" & 2" line; 2,729 of 4" & 2" line and 3,129 lf of 8", 4" & 2" line along with all necessary appurtenances.	37	28	H-P	VWSRF	\$1,014,519	\$1,832,307	\$1,832,307	\$11,647,327	2
11	011-21	Dayton, Town	Water Treatment Plant Improvement	Replace current Memcor membrane filtration system with a new Pall microfiltration system. Includes two (2) independent skid and rack units and will be located in newly constructed filter building adjacent to current plant. New system will be rated for 3.064 MGD with ability to expand to 4.0 MGD.	647	20	H-P	VWSRF	\$15,000	\$1,991,000	\$1,991,000	\$13,638,327	2
12	012-21	Bristol Virginia Utilities Authority	System Wide District Meter and PRV Improvements Project	Installation of four 8-inch PRV stations, two 6-inch PRV stations, 400 l.f. of 8-inch water, 15 magnetic meters, associated appurtenances and the demolition of one 1,000,000 gallon storage tank.	1,766	39	H-P	VWSRF	\$0	\$711,780	\$711,780	\$14,350,107	2
13	013-21	Dublin, Town of	Town of Dublin Water Meter Replacement	Three-year plan to replace 1,823 meters and update 590 touch read meters with radio read capacity using Force Account labor.	2,504	38	H-P	VWSRF	\$188,322	\$592,741	\$592,741	\$14,942,848	2
14	014-21	Coeburn, Town	Town-wide Water Meter Replacement Project - Phase II	Phase 2: replace approx. 450 3/4" meters, five (5) 2" meters, one (1) 3" meter, one (1) 4" meter, and three (3) 6" meters.	1,427	51	H-P	VWSRF	\$0	\$0	\$0	\$14,942,848	
15	015-21	Tazewell, Town	Rt. 460 Waterline Replacement	Install 5,900 lf of 12" PVC; 10,700" PVC; and 710 lf of 8" PVC water lines; 12", 10" and 8" gate valves; 23 fire hydrants; air and vacuum release valves; service line replacement to existing meters; pressure reducing station and all related associated appurtenances.	1,967	25	H-P	VWSRF	\$1,215,000	\$2,515,000	\$2,515,000	\$17,457,848	1

Priority	Project #	Owner Information	Project Name	Project Description	Service Connections	Point Total	Designation	Program Type Code	Principal Forgiveness	Project Cost	SRF Amount for this IUP	Cumulative SRF Amount	Notes
16	016-21	St. Paul, Town	4th Street Waterline Replacement Project	Replacement of approx. 2,645 lf of 6" waterline and smaller; replacement of approx. 540 lf of 3/4" and 1" service line; reconnect 13 residential connections; installation of five (5) fire hydrant assemblies and associated appurtenances.	550	35	H-P	VWSRF	\$198,819	\$662,730	\$662,730	\$18,120,578	1
17	017-21	Lee County PSA	Maple Hill Waterline Extension Project	Construction of 10,605 lf of 6-inch waterline, 6,000 lf of 4-inch waterline, one hydropneumatic pump station, one pressure tank concrete vault and associated appurtenances.	25	34	H-P	VWSRF	\$750,000	\$1,346,675	\$1,346,675	\$19,467,253	
21	021-21	New Market, Town of	Water System Improvements	Construction of 0.5 million gallon elevated tank, several thousand feet of interconnected piping, ranging in size from 8" to 16".	852	23	H-P	VWSRF	\$30,000	\$4,030,000	\$4,030,000	\$23,497,253	2
22	022-21	Round Hill, Town	South Zone Water Storage Tank	Construct a 500,000 gallon water storage tank, and installation of new water line to tie this tank into the existing system.	1,700	13	H-P	VWSRF	15,000	\$3,008,000	\$3,008,000	\$26,505,253	2
23	023-21	Emporia, City of	Manganese Control Contactors	Adding manganese contactors after the membrane filtration system, with associated appurtenances. The contactors will be housed in a new structure. Additional pumping capacity may be needed to provide sufficient hydraulic head.	2,164	29	H-P	VWSRF	430,000	\$7,100,000	\$7,100,000	\$33,605,253	1
24	024-21	Cedar Bluff, Town	Cedar Bluff Water System Metering Project	Replace 70 3/4" service meters; purchase and attachment of 350 single-port meter radios and 65 double-port meter radios.	654	32	H-P	VWSRF	50,700	\$134,000	\$134,000	\$33,739,253	2
25	025-20	Chesapeake, City	City of Chesapeake Private Side Lead Service Line Replacements	Replacing the privately owned portion of lead service lines. Approximately 100 homes are anticipated to have the lines replaced.	100	LSL	LSL	VWSRF	500,000	\$500,000	\$500,000	\$34,239,253	PF
26	026-21	Campbell County Utilities and Service Authority	Castle Craig Water System Replacement Project	Installation of approximately 3,250 linear feet (LF) of 8-inch diameter ductile iron water line to complete an 8-inch water line loop along Castle Craig Drive and approximately 800 LF of 8-inch water line along Nickland Drive. The water line installation also involves the installation of all associated appurtenances including, but not limited to, fire hydrants. The existing 27 residential connections will receive new water services and water meters.	27	21	H-P	VWSRF	370,000	\$740,000	\$740,000	\$34,979,253	3

NOTES:

Priority Projects 8, 14, 18, 19, and 20 offers were declined or project was withdrawn from consideration at the owner's request (or due to no response to the offer) Priority Project 3 was not made offers due to the status of the funding recipient's annual audits creating Technical, Managerial and Financial (TMF) Capacity and readiness to proceed concerns. Once the issue(s) is/are resolved, the owner can re-apply for funding for those projects.

1. The loan portion of the project will be funded with a 30 year loan (or the design life of the assets) at 2.5% interest.
2. The loan portion of the project will be funded with a 20 year loan (or the design life of the assets) with the interest rate set at closing (historically between 1.5% and 2%).
3. The loan portion of the project will be funded with a 30 year loan (or the design life of the assets) with an affective 0% interest.

Designation Codes:

H - Health (A-Acute, C-Chronic, P-Public)
O - Other Eligible Project
I - Incomplete Application
N - Not Eligible, N/A - Not Applicable
PF - Principal Forgiveness LSL

Construction Projects Equivalency List and Other Grant Requirements

DWSRF Project Number	CTY/CNTY	OWNER	Project	SRF Funding Amount	GPR	Assistance to Small Systems	SRF Loan Amount	SRF Principal Forgiveness	Required min. 14% Subsidy	Optional 6-35% Additional Subsidy
WSL 023-21	Emporia	Emporia, City of	Manganese Control Contactors	\$ 7,100,000						
WSL 021-21	Shenandoah	New Market, Town of	Water System Improvements	\$ 4,030,000						
WSL 002-21	Tazewell	Richlands, Town	System DBP Improvements & WTP Upgrades	\$ 3,889,000						
WSL 022-21	Loudoun	Round Hill, Town	South Zone Water Storage Tank	\$ 3,008,000						

Total ---->				\$18,027,000			\$0	\$0		
Estimated-> SRF Cap Grant Amount = \$ 17,654,000				102%	0%	0%			0.0%	0.0%
In the event the first project drops out there are sufficient dollars in other projects to meet equivalency requirements. Other projects will be added if necessary.										
EVALUATION OF OTHER GRANT REQUIREMENTS AND GOALS										

DWSRF Project Number	CTY/CNTY	OWNER	Project	SRF Funding Amount	GPR	Assistance to Small Systems	SRF Loan Amount	SRF Principal Forgiveness	Required min. 14% Subsidy	Optional 6-35% Additional Subsidy
001	Pittsylvania	Hurt, Town	DBP Remediation and Water Improvements	\$ 1,626,000	\$ 237,011	\$ 1,626,000	\$ 1,226,000	\$ 400,000	\$ 400,000	\$ -
002	Tazewell	Richlands, Town	System DBP Improvements & WTP Upgrades	\$ 3,889,000		\$ 3,889,000	\$ 3,489,000	\$ 400,000	\$ 400,000	\$ -
004	Northampton	Arlington Plantation POA	APPOA Water Plant Rehabilitation	\$ 69,058		\$ 69,058	\$ -	\$ 69,058	\$ 69,058	\$ -
005	City of Norton	Norton, City of	Southside Neighborhood Waterline Replacement	\$ 365,588	\$ 850	\$ 365,588	\$ 255,912	\$ 109,676	\$ 109,676	\$ -
006	Smyth	Marion, Town	Phase 6 Water Line Replacement Project	\$ 871,900	\$ 720	\$ 871,900	\$ 697,520	\$ 174,380	\$ 174,380	\$ -
007	Scott	Gate City, Town	Gate City Water System Upgrades	\$ 1,245,190		\$ 1,245,190	\$ 860,738	\$ 384,452	\$ 384,452	\$ -
009	Wise	Wise County PSA	Town of Pound, WTP Improvement Ph. 1	\$ 1,748,284		\$ 1,748,284	\$ 874,142	\$ 874,142	\$ 874,142	\$ -
010	Washington	WCSA	WCSA Water Line Extensions (Price's Bridge Rd, Green Spring Rd, Hobb's Rd & Fleenor's	\$ 1,832,307		\$ 1,832,307	\$ 817,788	\$ 1,014,519	\$ -	\$ 1,014,519
011	Rockingham	Dayton, Town	Water Treatment Plant Improvement	\$ 1,991,000			\$ 1,976,000	\$ 15,000	\$ 15,000	\$ -
012	Bristol	Bristol Virginia Utilities Auth	System Wide District Meter and PRV Improvem	\$ 711,780	\$ 60,677	\$ 711,780	\$ 711,780	\$ -	\$ -	\$ -
013	Pulaski	Dublin, Town of	Town of Dublin Water Meter Replacement	\$ 592,741	\$ 577,741	\$ 592,741	\$ 404,419	\$ 188,322	\$ 188,322	\$ -
015	Tazewell	Tazewell, Town	Rt. 460 Waterline Replacement	\$ 2,515,000	\$ 2,515,000	\$ 2,515,000	\$ 1,300,000	\$ 1,215,000	\$ 1,215,000	\$ -
016	Wise	St. Paul, Town	4th Street Waterline Replacement Project	\$ 662,730	\$ 1,917	\$ 662,730	\$ 463,911	\$ 198,819	\$ 198,819	\$ -
017	Lee	Lee County PSA	Maple Hill Waterline Extension Project	\$ 1,346,675		\$ 1,346,675	\$ 596,675	\$ 750,000	\$ 750,000	\$ -
021	Shenandoah	New Market, Town of	Water System Improvements	\$ 4,030,000		\$ 4,030,000	\$ 4,000,000	\$ 30,000	\$ 30,000	\$ -
022	Loudoun	Round Hill, Town	South Zone Water Storage Tank	\$ 3,008,000		\$ 3,008,000	\$ 2,993,000	\$ 15,000	\$ 15,000	\$ -
023	Emporia	Emporia, City of	Manganese Control Contactors	\$ 7,100,000		\$ 7,100,000	\$ 6,670,000	\$ 430,000	\$ 430,000	\$ -
024	Tazewell	Cedar Bluff, Town	Cedar Bluff Water System Metering Project	\$ 134,000	\$ 71,575	\$ 134,000	\$ 83,300	\$ 50,700	\$ 50,700	\$ -
LSLR	Chesapeake	Chesapeake, City	City of Chesapeake Private Side Lead Service	\$ 500,000		\$ -	\$ -	\$ 500,000	\$ -	\$ 500,000
026	Campbell	Campbell County USA	Castle Craig Water System Replacement	\$ 740,000		\$ 740,000	\$ 370,000	\$ 370,000	\$ 370,000	\$ -
Total ---->				\$34,979,253	\$3,465,491	\$32,488,253	\$27,790,185	\$7,189,068	\$5,674,549	\$1,514,519

**Virginia Clean Water Revolving Loan Fund
Funds Availability for FY2021 Projects
As of February 28, 2021**

Sources

Local Government Investment Pool	\$ 86,110,326	
EPA Drinking Water Checking Account	3,202,299	
Externally Managed Investments - Drinking Water Fund	8,790,399	
Cash and Investments Available	<u> </u>	\$ 98,103,024
Prior Years Federal Cap Grant and State Match(Net of Admin)	\$ 7,965,570	
Plus: FY21 Federal Cap Grant and State Match (Net of Admin)	15,988,850	
Federal Cap Grant and State Match Available	<u> </u>	\$ 23,954,420
Remaining unspent SRF bond proceeds		<u>\$ 45,554,045</u>
Total Sources		\$ 167,611,489

Uses

Funds Committed for Closed Projects Through FY20 Projects (35):	(50,080,611)	
Funds Committed for Unclosed Projects:		
FY 2016 Projects (1)	(1,343,000)	
FY 2017 Projects (2)	(1,471,230)	
FY 2018 Projects (5)	(5,201,376)	
FY 2019 Projects (4)	(39,278,234)	
FY 2020 Projects (2)	(15,140,909)	
FY 2021 Projects (18)	(32,490,969)	
Total Uses		\$ (145,006,329)
Net Remaining Funds Available		\$ 22,605,161

**Virginia Drinking Water State Revolving Fund Program
Intended Use Plan - Funding Summary with Set-Aside**

I. SOURCES

Federal DWSRF Grant Allocation =	\$18,114,000.00	(Includes \$165,000 reallocated funds)
State's General Fund - 20% match required =	\$3,622,800.00	
<i>SUBTOTAL 1</i>	<u>\$21,736,800.00</u>	\$21,736,800.00
Other sources =		
Interest earned (0945) to 3/31/21	\$282,916.07	
Interest earned (VWSRF) to 2/28/2021	\$266,084.17	
Repaid principal to 2/28/2021	\$17,982,766.46	
Repaid interest to 2/28/2021	<u>\$1,125,858.84</u>	
	\$19,657,625.54	
<i>SUBTOTAL 2</i>		\$19,657,625.54
RECAPTURE from unused In-kind funds	\$0.00	
		<u>\$0.00</u>
<i>Grand Total Funds Available =</i>		<u>\$41,394,425.54</u>

II. USES for Set-asides

Cat.	Maximum % and Name	Percent chosen	Current Grant Amount	Banked Amount	Total Amount
1	2% Small System Technical Assistance	2.00%	\$ 362,280.00	\$ 13,018.70	\$ 375,298.70
2	4% DWSRF Administration & Tech. Assistance	4.00%	\$ 724,560.00	\$ 3,292.00	\$ 727,852.00
3	10% State Program Management	10.00%	\$ 1,811,400.00	\$ -	\$ 1,811,400.00
4	15% Local Assistance and other State Programs	15.00%	\$ 2,717,100.00	N/A	\$ 2,717,100.00
Total =		31.00%	\$ 5,615,340.00	\$ 16,310.70	\$ 5,631,650.70

III. USES for Loan funds

Federal Allocation =	\$18,114,000.00			
minus set asides	<u>\$5,631,651.00</u>			
Federal loan funds	\$12,482,349.00	77.505% Federal share		
plus 20% match required =	<u>\$3,622,800.00</u>	22.495% State share		
SUBTOTAL		\$16,105,149.00		
plus Other state funds =	\$0.00			
SUBTOTAL		\$16,105,149.00		
plus other sources =	\$19,657,625.54			
SUBTOTAL		\$35,762,774.54		
plus Recapture from unused in-kind	\$0.00			
TOTAL Amount Available (less Set-Asides)		<u>\$35,762,774.54</u>		
Balance available for individual project loan and subsidies =				
Subsidies -- not less than 20% nor more than 30% of grant to be used =				
		20.00%		\$ 3,622,800.00
		Loans (max) =		\$ 32,139,974.54
		Total =		<u>\$ 35,762,774.54</u>

Banked amount: A positive amount indicates past bank funds were recaptured/converted to SA funds.
A negative amount indicates we are reserving/increasing banked funds for future use as SA funds.