

# Instructions

## 2022 Planning & Design Fund Application



## Introduction

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The Virginia Department of Health (VDH) Office of Drinking Water (ODW) created the Planning & Design Fund Program (Program) to provide financial assistance for eligible projects at community and nonprofit, non-transient non-community (NTNC) waterworks. The Program is part of VDH's strategy to implement capacity development requirements in the 1996 Safe Drinking Water Act (SDWA) Amendments. This document describes the types of projects that may be eligible for funding and provides guidelines for submitting an application for financial assistance.

VDH will consider up to three applications from a waterworks owner in each funding year. However, due to the demand for the Program and limited funds for projects, offers will be limited to a maximum of two grants, of not more than \$35,000 each, per eligible waterworks owner per funding year. Multiple applications from one owner must be for different areas of a waterworks' infrastructure (e.g. source, treatment, distribution, security, etc.) or for a completely different waterworks (i.e., a waterworks with a different PWSID #). VDH reserves the right to fund a project received at any time during the year, or to by-pass any project for lack of progress at any time. VDH also reserves the right to decide if funding is contingent upon adjusting water rates and/or requiring savings for financial reserves. Funding is not contingent on receiving a local match.

## Frequently Asked Questions

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### **What types of waterworks are eligible?**

Owners of all community and nonprofit, NTNC waterworks that VDH regulates under the *Waterworks Regulations* (12VAC5-590-10 et seq.) with an active Waterworks Operation Permit ("Operation Permit") may apply for Program funds. Waterworks that are owned by federal, state or tribal governments, or suspended or debarred owners (see Code of Virginia §§ 2.2-4300 et seq., the Virginia Public Procurement Act) are not eligible to receive funds from the Program.

Consistent with the National Capacity Development Strategic Plan, VDH's focus for Program funds will be community and nonprofit NTNC waterworks that serve a total population of 10,000 or fewer people. Community and nonprofit NTNC waterworks serving more than 10,000 people may be eligible if the project design benefits a limited, discrete part of the waterworks that serves 10,000 or fewer people, otherwise referred to in this guidance as the "design benefit population."

Under some circumstances, owners of proposed waterworks and existing waterworks that do not have an active Operation Permit may be eligible to apply, but should contact the Capacity Development Supervisor for assistance

prior to submitting an application. If you have questions about the status of an Operation Permit, contact the ODW field office that serves your county (Appendix C).

### **What types of projects are eligible?**

For a project to be eligible the community or nonprofit NTNC waterworks must serve a population of 10,000 or fewer people or the specific project must have a design benefit population of 10,000 or fewer people. Examples provided in Appendix A help clarify this requirement. In addition, the project must address issues that affect the reliable production or transmission of safe drinking water and ensure that the water meets or will meet all SDWA and state requirements. This includes broad categories of projects involving source, treatment, storage, distribution, and security.

The total amount of funding requested from VDH through the Program must be equal to or less than \$35,000 for each individual project. Projects will be evaluated based on public health implications, quality and intended benefit of the proposed project, and completeness of the application.

### **What types of projects are NOT eligible?**

The following types of projects are **not** eligible for funding through this program:

- Water system maintenance or operations expenses- even if they are included in the scope of a pilot study
- Projects with a design benefit of more than 10,000 people
- Projects that have the primary purpose of increasing waterworks source capacity exclusively for economic development
- Construction and installation, with limited exceptions of funding pilot wells
- Environmental review will not be funded

### **When are applications due?**

VDH accepts applications on a year-round basis beginning January 1 and ending December 31 of each year. ODW capacity development staff will evaluate and score each application upon receipt and extend offers in accordance with stated Program goals. Applications for eligible projects that are received early in the year and not funded will be held until on or about September 1<sup>st</sup> when all applications that have not previously been selected for funding will be reconsidered. Waterworks that do not receive an offer of funding in a given program year must submit a new application the next year in order to be considered for funding in the new funding cycle. Applications will not be held from one year to the next.

### **What types of projects typically receive offers for funding?**

Every year, VDH receives more applications than can be funded. Therefore, in addition to the general evaluation of these projects, ODW scores each application using the table in Appendix B. Projects that address conditions at a waterworks that do not comply with the *Waterworks Regulations* or Operation Permit and result in acute health risks receive the highest priority for funding, followed by noncompliance and chronic health risks, and then noncompliance and broader public health concerns. In order for VDH to award points for noncompliance, evidence of noncompliance must be included in the application. Evidence may consist of, but is not limited to: a Notice of Alleged Violation issued by ODW or the U.S. Environmental Protection Agency (EPA); an order from the State

Health Commissioner or EPA; a case decision; sample results that trigger public notice requirements; a corrective action plan; or court decision.

When considering the likelihood of receiving funding assistance, VDH encourages each applicant to keep the health-based priorities in mind. Other projects, such as asset management planning, may be much-needed and worthwhile, but generally fall to the bottom of the ranking of project scores when compared against projects that address situations such as health declarations or persistent boil water notices.

ODW has funded the following categories of projects in the past. This list is not comprehensive, but provides examples of potential project types:

- Preliminary engineering report: For evaluating the condition of the waterworks and/or components and identifying the best options for addressing defined needs (i.e. source, treatment, storage, distribution).
- Engineering design and specifications: For creating required drawings for approval before the waterworks can be modified.
- Evaluation of existing or proposed source(s): To address issues of source quality or quantity at the waterworks.
- Drilling of pilot wells and testing thereof: For the identification of acceptable water sources that will meet the drinking water standards in the *Waterworks Regulations*.
- Pilot studies of new, non-conventional treatment to comply with a PMCL, SMCL, or action level: To evaluate the effectiveness of the treatment.
- Distribution system evaluations: To evaluate the condition of the distribution system including quantification of leakage.

Projects including an environmental review must fully cover the cost of the environmental review with local funds. Include the cost of the environmental review in “Non-VDH Funding” in Section D of the application and on Exhibit A “Non-VDH Funding Secured” at the bottom of the worksheet.

### **Who should prepare the Planning & Design Fund Application?**

The waterworks owner may complete the application form. However, at the owner’s discretion, a third party such as a waterworks professional or engineer can prepare the application.

If more than one waterworks/owner is involved in the proposed project, all parties must agree to cooperate on the project and provide documentation of the agreement as part of the application. The required documentation for a multi-party project includes signed board resolutions or agreements from each waterworks owner and each owner must sign the certification statement as provided in the application.

### **If our project is funded, how long do we have to complete it?**

If, after receiving a complete project application, VDH offers to fund the project, the agency will send the waterworks owner(s) a letter that details the funding award and requirements for procurement and completion. Once the waterworks owner(s) sign and return the offer letter, the owner should procure engineering services promptly and complete the scope of the project within 15 months of the offer execution date. The terms and conditions of this fund agreement expire 15 months from the date of execution of the signed agreement. VDH reserves the right to de-obligate any scope of service or payments not completed within the 15-month timeframe and by signing the funding agreement the Recipient forfeits any due process for re-consideration of withdrawal

of funds. For multi-phase projects, VDH recommends waterworks owners focus the application and project goals on activities which they can complete in a 15-month timeframe.

Note that all projects funded through the Program are subject to Virginia procurement requirements. According to these guidelines, ODW cannot reimburse improperly procured costs for goods and services under the Program.

## Completing the Planning & Design Fund Application

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VDH developed these instructions to help waterworks owners complete the Planning & Design Fund Application. Explanation and commentary for each section of the application and detailed guidance for certain questions are included. The application has eight sections plus Exhibit A. All sections are required and must be complete. The application is available in electronic form and formatted to allow for direct entry of answers into the electronic form; re-pagination is automatic. Printed copies are available on request.

### **Supporting documentation**

Throughout the application, the owner/preparer is directed to attach sufficient supporting documentation. This documentation is required for the application to be complete. An owner's written explanation of the problem does not constitute documentation when copies of correspondence from VDH, orders, sample results, etc., exist. Application reviewers do not have access to additional waterworks files or information, so all relevant documentation **must** be included. ODW may not consider incomplete applications for funding.

### **Submitting the Planning & Design Fund Application**

Instructions for submitting the completed application are included in Section H of the application document. Assemble all pages of the application, number each page sequentially, and label all supporting documentation with the corresponding section and question number to which it applies. Supporting documentation should be included as attachments. Ensure that the electronic document types are accessible with standard office software or as a .pdf file. If the reviewer cannot retrieve supporting documentation, the application is incomplete.

Submittal of an application is not a guarantee of funding.

### **SECTION A: PRELIMINARY QUESTIONS**

The purpose of this section is to determine initial eligibility of the project. The owner is to answer each question in Table 1 of the Application before proceeding further.

If the answer to any question in Table 1 is NO, STOP, as you are not eligible / not ready to apply for funds. If all responses to the questions in Table 1 are YES, the waterworks and project are eligible / ready to apply to the Program and should continue with the rest of the application.

Funding is only available for waterworks that serve a total population of 10,000 or fewer people or projects with a design benefit population of  $\leq 10,000$  people. Applications submitted that will affect larger populations cannot be funded. Examples are provided in Appendix A.

## **SECTION B: APPLICANT INFORMATION**

I. APPLICATION PREPARER INFORMATION: In this section, provide information about the person or firm that is completing the application. This may be the owner or an outside party.

II. APPLICANT INFORMATION: Provide information about the waterworks that is making application for funding. If more than one waterworks is involved, the information here should be for the primary or lead waterworks. "PWSID" is the 7-digit Public Water System ID number that is unique to the waterworks.

For projects that involve collaboration of multiple waterworks owners, list each owner in "Table 2: Collaborating Owners". In a collaborative project, all parties must agree to cooperate on the project. Documentation of multi-party project collaboration is required as part of the application, and all multi-party projects shall include signed board resolutions or agreements from each waterworks owner and each owner must sign the certification statement as provided in the application.

For example: Owner A applies for funding to connect Waterworks A with neighboring Waterworks B. While Owner A is the official applicant for funds, for the application to be complete, document both Owners A and B in Table 2. Provide details of both Waterworks A and B in subsequent questions. ODW has provided additional examples in Appendix A "Examples of Project Eligibility Based on Population" for clarification.

Question 6 asks for documentation of the population that will benefit from the proposed project ("design benefit population"). As stated previously, awards under this program are for projects that will benefit small populations of 10,000 or fewer. Refer to "What kinds of waterworks are eligible?" at the beginning of these instructions for additional guidance. In calculating the population, if a waterworks is requesting funding for a project that will benefit the entire system, and if they also sell water to another utility via a consecutive connection, the information for and population of that second utility must be included in Table 3 and will count toward the total design benefit population.

## **SECTION C: PROJECT INFORMATION**

I. GENERAL PROJECT INFORMATION: This section starts with basic information about the project. Included in Question 4 is a list of possible project types. This list is not all-inclusive. Projects that do not fall into one of these pre-listed categories should use "Other" and include a brief description of the project.

Beginning with Question 5, the owner will begin to provide specific details about how the project relates to public health and compliance issues. Table 4 includes project issues that are directly associated with public health and may or may not be addressed by the project. Answer "Yes/No or NA" for each "Issue to be addressed." For any issue with a "Yes" answer in Column 2, provide a brief description of the issue including dates and the name or title of the corresponding attachment.

Documentation of the issue must be included for this section to be complete. Examples of appropriate documentation include Notices of Violation, orders, Sanitary Survey Reports and/or letters, chemical results from a certified laboratory, and other correspondence from regulatory agencies that directly speak to the issue.

II. PROJECT DETAILS: This section asks for more details about the problems the project will address, the time required, desired outcomes, and impact on compliance with regulations.

III. PROJECT IMPACT AND TIMING: This section integrates short- and long-term benefits of the project and identifies any dependencies between phases or stages of the project.

#### **SECTION D: PROJECT COST AND PROPOSED FINANCING**

This section documents total funding requested and the status of non-VDH funds used for the project. Instructions are included in the application. Grants under the Program are limited to \$35,000. Non-VDH funds must pay for project costs exceeding \$35,000. Exhibit A is required and must match what is presented in this section.

#### **SECTION E: WATER RATES & FEES**

This section asks about water rates and fees for those connections affected by or included in the project. “Connection Fee” is a charge to customers the waterworks makes for a service connection. “Availability Fee” is a one-time fee the waterworks charges the original customer on a service connection. Note that the current water rate schedule is a required attachment.

Question 8 asks for information about the Median Household Income for the project area. You can either use US Census data (option a) or conduct an Income Survey (option b). The program prioritizes funding awards for waterworks that serve financially disadvantaged communities. It is for this reason that Median Household Income (MHI) is required. Provide the MHI for the smallest available census data tract available that covers the entire project area. The applicant may provide alternate income information for the project population if the County/City MHI does not represent the population served by the project (i.e. a trailer park). Examples of acceptable documentation would include an income survey or proof of income from rental applications (i.e. for an apartment complex). In order to use these alternate means of documenting MHI, the survey must represent at least 75% of all customers affected by the project and all income documentation must be included with the application. If the application does not provide sufficient documentation, then the County/City MHI will be utilized.

**Option a:** The US Census Bureau is changing the way it is providing community information. Please go to either of these websites to get current MHI information for your project are: <https://www.census.gov/quickfacts> or <https://data.census.gov/cedsci/> (Note: They work better in a Chrome browser than Internet Explorer)

**Option b:** If you want to do an Income Survey, contact the Capacity Development Supervisor for the form you will be required to use. Note that in order for VDH to accept the Income Survey or income from rental applications by, the waterworks must provide responses from at least 75% of all households in the defined benefit area.

#### **SECTION F: SUSTAINABILITY**

One goal of Planning & Design Fund Program is to enhance the long-term sustainability of waterworks across Virginia. Waterworks will receive additional points during the scoring of the application if they:

- Actively track water loss
- Have a current asset management plan
- Are funding reserves
- Maintain a detailed waterworks budget
- Regularly audit their financial records.

Waterworks not performing these activities are encouraged to implement them and can receive technical assistance from the Capacity Development Division.

**SECTION G: APPLICATION CERTIFICATION**

ODW will return applications lacking the signature of an authorized representative.

**SECTION H: APPLICATION SUBMITTAL INSTRUCTIONS**

This section contains detailed instructions for submitting a Planning and Design Fund application. Please refer to the application.

## APPENDIX A: Examples of Project Eligibility Based on Population

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**Example 1:** A single community waterworks is applying for funding for a project that will benefit the entire waterworks (i.e. plans and specifications for treatment for the single source). The population served by the entire waterworks is 3,500. This project is eligible for Planning & Design Funding since the total population served by the waterworks is less than 10,000 people.

**Example 2:** A community waterworks is applying for funding for a project that will benefit only a clearly defined portion of the waterworks. The waterworks has multiple hydraulic zones and the project application is for only one of those zones. While the entire waterworks serves 25,000 people, the portion that will be evaluated under their Planning & Design Fund Application is 800 persons. This project is eligible since the project has a design benefit population of less than 10,000 persons.

**Example 3:** Two community waterworks are collaborating on a project that will benefit each of the cooperating waterworks. One of the waterworks serves a population of 600, the other serves 9,500. Since the total number of persons that would be affected by this project is 10,100, this project is **not eligible** for funding under the Program.

**Example 4:** A small community waterworks with 30 connections serving 87 people wants to connect to a nearby town's waterworks. Both systems agree that this will be a worthwhile project and the small waterworks agrees to apply for funds for plans and specifications to connect to the municipal supply and install meters for each home (connection) in the small waterworks. This project would be eligible for Planning & Design Funds since the small waterworks' population of 87 persons is going to gain the most benefit. This would also be eligible if the town's waterworks prepared and submitted the application on behalf of the smaller system since small waterworks often do not have the personnel available to manage complex projects involving outside funding agencies. A cooperative agreement would be required and must be included with the application.

**Example 5:** A large waterworks serves 50,000 customers through 4 consecutive connections of varying numbers of service connections and populations. One of the consecutive waterworks serves 20,000 people and has received violations for elevated disinfection byproducts (DBPs) in a portion of its distribution system that has 800 homes (2,400 people). The smaller consecutive waterworks has attempted to solve the DBP problem by changing their flushing program and installing tank mixers, but neither solution worked. The only remaining solution is to make changes at the main water treatment plant (i.e., the wholesaler's plant), which is out of their jurisdiction. In this case, either of the waterworks is eligible to apply since the design benefit population will be the 2,400 people that are receiving water that does not comply with the standards for DBPs in the *Waterworks Regulations* (as noted in Notices of Violation issued to the small waterworks). However, a joint resolution signed by the owners of both waterworks documenting collaboration and rights of access must be included with the Application in order for the project to be considered. Further, documentation of the extent and population in the hydraulic zone with the DBP problem must also be included to confirm that the design benefit population is less than 10,000 persons. If the proposed project (at the water plant) would also improve DBP compliance in another portion of this or of the other consecutive waterworks, only one Planning & Design Fund application may be submitted.

APPENDIX B: Application Review & Project Scoring Matrix for Planning & Design Funding

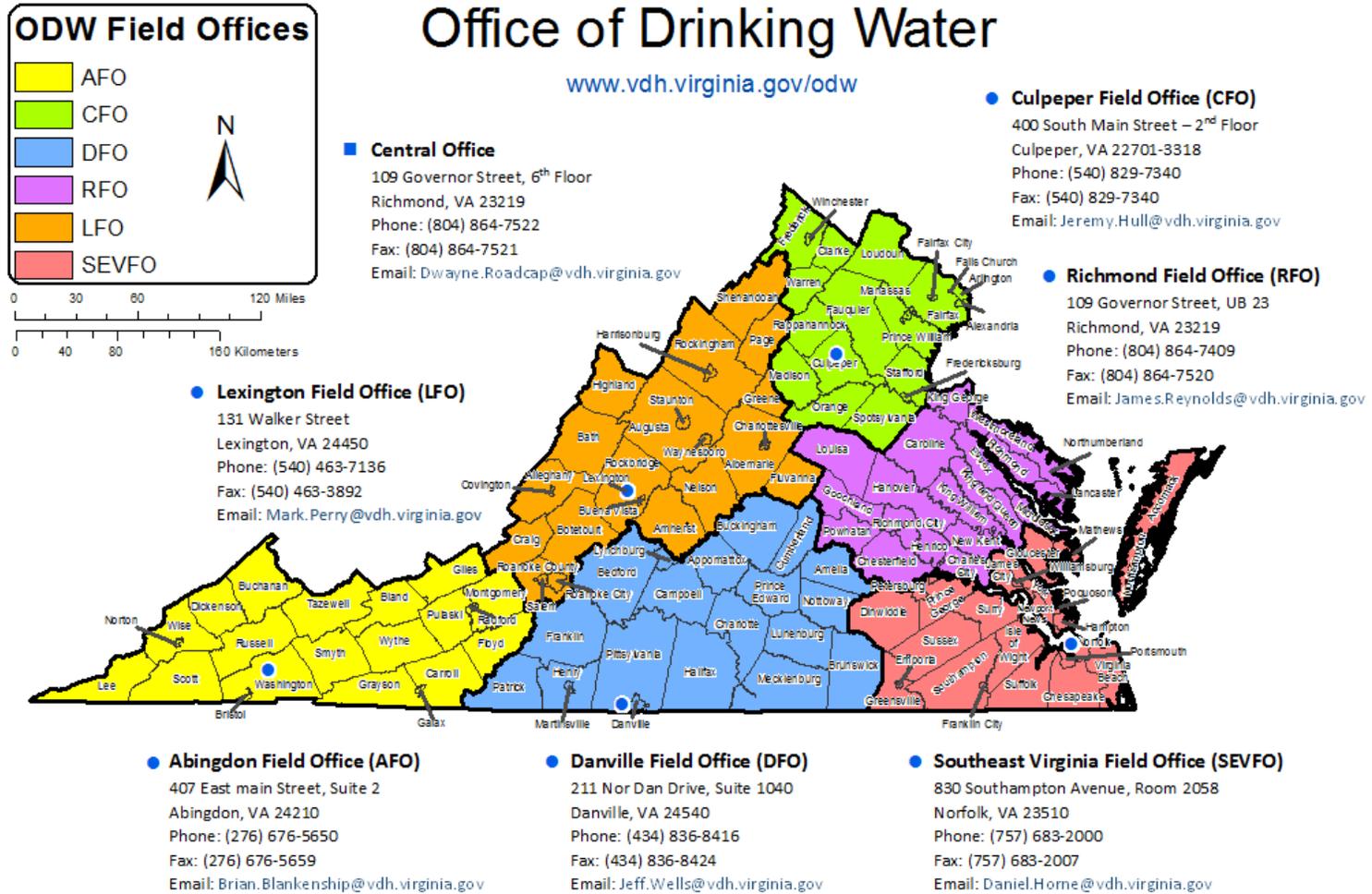
FY 2022 PLANNING & DESIGN FUND PROGRAM  
APPLICATION REVIEW AND SCORING

|                                    |  |                           |  |          |
|------------------------------------|--|---------------------------|--|----------|
| NAME OF APPLICANT:                 |  | PWSID:                    |  |          |
| PROJECT NAME:                      |  | COUNTY:                   |  |          |
| PROJECT POPULATION:                | WBOP/Annual Update Requirement met:  | Yes/No/NA                 |  |          |
| REVIEW DATE:                       | EVALUATED BY:  |                           |  |          |
| App. Sec./<br>Question #           |  | Yes                       | No   | Comments |
| Table 1                            | The waterworks or owner has NOT been debarred or suspended from applying for state or federal funds  |                           |  |          |
| B, II, 1, b                        | Waterworks is community or nonprofit, NTNC   |                           |  |          |
| B, II, 1, d                        | The waterworks is NOT state, federally, or tribally owned  |                           |  |          |
| B, II, 5                           | A controlling board, council, president, etc. has approved the project application   |                           |  |          |
| B, II, 6                           | Population served by the waterworks is ≤ 10,000 or   |                           |  |          |
| B, II, 6                           | The specific project is for a population ≤ 10,000  |                           |  |          |
| B, II, 7                           | Expenses already incurred have been excluded from the application  |                           |  |          |
| C, I, 5<br>Table 4<br>and C, II, 2 | The waterworks has documented evidence of issues that affect or could affect the waterworks ability to comply with state or federal drinking water regulations |                           |  |          |
| C, I, 5<br>Table 4<br>and C, II, 2 | Funds are needed to resolve a health or compliance problem   |                           |  |          |
| D, II and<br>Exhibit A             | Total VDH funding request ≤ \$35,000   |                           |  |          |
| Sec. G                             | Application is signed  |                           |  |          |
| Exhibit A                          | Exhibit A is attached, complete, and correct   |                           |  |          |
|                                    | Application is complete  |                           |  |          |
|                                    | Complete/<br>Error-Free  | Incomplete/<br>Has Errors | Clarification/Documentation Needed/Questions |          |
| Section A                          |  |                           |  |          |
| Section B                          |  |                           |  |          |
| Section C                          |  |                           |  |          |
| Section D                          |  |                           |  |          |
| Section E                          |  |                           |  |          |
| Section F                          |  |                           |  |          |
| Section G                          |  |                           |  |          |
| Exhibit A                          |  |                           |  |          |

The following scoring is used to prioritize applications for funding. The applicant is encouraged to review this section in advance of submitting an application.

| <b>PLANNING &amp; DESIGN FUND PROJECT ELIGIBILITY AND SCORING REVIEW</b>   |   |                |                  |
|--|---|----------------|------------------|
| ODW scores projects using the matrix below. ODW determines which projects are funded by prioritizing those with acute health points first, then chronic health, and so on down the list. Within a category, points are awarded for the issue that most accurately represents a project. (i.e. A contaminated source applying for treatment would only receive points for treatment.) |   |                |                  |
| App. Sec./ Question #  | Reviewer:<br>Date:  | MAXIMUM POINTS | POINTS ALLOCATED |
| <b>Table 4</b>   | <b>ACUTE HEALTH PRIORITY: SDWA COMPLIANCE (60 POINTS MAX)</b>   |                |                  |
| Acute  | System Under Formal Enforcement Action, Commissioner Declared Health Hazard, or Emergency Declaration   | 50             |                  |
| Acute  | SWTR Violations   | 10             |                  |
| Acute  | RTCR Violations (PMCL)  | 10             |                  |
| Acute  | Nitrate Violations  | 10             |                  |
| Acute  | Continuous Boil Water Notices   | 10             |                  |
| <b>Table 4</b>   | <b>CHRONIC HEALTH PRIORITY: SDWA COMPLIANCE (40 POINTS MAX)</b>   |                |                  |
| Chronic  | Formal Enforcement Actions or Commissioner's Letter   | 30             |                  |
| Chronic  | Lead & Copper Action Level Exceedance   | 15             |                  |
| Chronic  | Persistent PMCL Violations (VOC, SOC, IOC, Rad, etc.)   | 10             |                  |
| <b>Table 4</b>   | <b>PUBLIC HEALTH PRIORITY:</b>  |                |                  |
|  | <b>WATERWORKS REGULATIONS COMPLIANCE</b>  |                |                  |
| Public   | Formal Enforcement Actions, Commissioner's Letter, or Warning Letter  | 15             |                  |
| Public   | Inadequate Treatment at waterworks  | 12             |                  |
| Public   | Inadequate Source quality at waterworks   | 10             |                  |
| Public   | Inadequate Source quantity at waterworks  | 7              |                  |
| Public   | Extend water to homes not served which have inadequate private water sources  | 7              |                  |
| Public   | Inadequate Storage and/or Distribution System Pressure  | 6              |                  |
| Public   | Preventing conditions that favor the entrance of contaminants into the distribution system, including water loss $\geq 40\%$ in a defined pressure zone | 5              |                  |
| Public   | Documented inadequate well condition  | 5              |                  |
|  | <b>SUSTAINABILITY</b>   |                |                  |
| E, I, 3  | Waterworks has actively attempted to solve a documented compliance issue  | 5              |                  |
| E, I, 6  | Regionalization or consolidation is proposed as part of project to address health issues  | 5              |                  |
| G, 2   | Water rates adjusted within 3 years of date of application  | 2              |                  |
| H, 1   | Project addresses water loss  | 4              |                  |
| H, 2   | Waterworks has a current Asset Management Plan  | 4              |                  |
| H, 3   | Waterworks has a dedicated Reserve Fund   | 2              |                  |
| H, 4   | Waterworks has a detailed Budget  | 2              |                  |
| H, 5   | Waterworks has Audited Financial Statements or CAFR   | 2              |                  |
| H, 6   | Waterworks conducts complete periodic water audits  | 2              |                  |
| <b>B, II, 5</b>  | <b>PROJECT DESIGN BENEFIT POPULATION = _____</b>  |                |                  |
|  | $\geq 500$ to $\leq 10,000$ Population  | 5              |                  |
|  | $\geq 250$ to $< 500$ Population  | 10             |                  |
|  | $\geq 100$ to $< 250$ Population  | 15             |                  |
|  | $< 100$ POPULATION  | 20             |                  |
| <b>B, II, 7</b>  | <b>AFFORDABILITY: MHI = \$ _____ Census track: _____ Data Source: _____</b>   |                |                  |
|  | $< \$37,000$  | 20             |                  |
|  | $\$37,001 - \$44,200$   | 10             |                  |
|  | $\$44,201 - \$58,900$   | 5              |                  |
|  | $> \$58,901$  | 0              |                  |

APPENDIX C: Office of Drinking Water Field Office Map & Contacts



*The mission of the Office of Drinking Water is to protect public health by ensuring that all people in Virginia have access to an adequate supply of affordable, safe drinking water that meets federal and state drinking water standards.*