

Project Name: _____ Location (City/County) _____

**VIRGINIA DEPARTMENT OF HEALTH (VDH)
OFFICE OF DRINKING WATER (ODW)
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)**

**HARD COPY
APPLICATION SUBMISSIONS:**
Virginia Department of Health
Office of Drinking Water
109 Governor Street, 6th Floor
Richmond, VA 23219



**DIGITAL
APPLICATION SUBMISSIONS:**
LEAP.applications@vdh.virginia.gov

Subject: FY24 LEAP Application
– City/County – Project Name

**LEAP Applications for LSL Replacement due May 5, 2023.
LEAP Applications for LSL Inventory will be accepted year-round and reviewed on a quarterly basis.**

APPLICATION FOR THE LEAD ELIMINATION ASSISTANCE PROGRAM (LEAP)

Application also available at: <https://www.vdh.virginia.gov/drinking-water/fcap/leap/localities-waterworks/>

TYPE OF PROPOSED LSL PROJECT

- ☐ Lead Service Line Replacement (LSLR) ☐ Building a Lead Service Line (LSL) Inventory

IS THIS AN INDEPENDENT LSL PROJECT?

- ☐ Yes, the scope of this project only includes LSLR work/LSL Inventory work. Therefore, it only requires applying for LSL funding
☐ No, the scope of this project includes other construction work and will require submittal of a separate Construction Application in addition to the LEAP Application.

Construction Project Name: _____

Applicants are advised to schedule the required Funding Application Discussion with the appropriate ODW Field Office 30 days prior to the deadline. **Not required for LSL Inventory only projects.**

PRE-REQUIREMENTS FOR FUNDING

If you answer **YES** to either of these questions, **STOP** – you are not eligible to apply for funds.

1. Have you been debarred or suspended from applying for state or federal funds? ☐ Yes ☐ No
2. Is your waterworks state, federally, or tribally owned? ☐ Yes ☐ No

PRE-REQUIREMENTS FOR LEAP APPLICATIONS

If you answer **NO** to any of these questions, **STOP** – you are not ready to apply for construction funds.

Please contact us to work with you on planning the project.

1. Are you either a community or non-profit noncommunity waterworks? (Or will become one?) ☐ Yes ☐ No
2. Have you had a Funding Application Discussion with ODW's Field Office? ☐ N/A – This is an LSL Inventory only ☐ Yes ☐ No
3. Do you currently or will you have less than three open DWSRF projects by July 1, 2023 (prior to the next awards)? ☐ Yes ☐ No
4. Do you have a current LSL Replacement Plan **OR** will it be part of your proposed project? ☐ Yes ☐ No

SECTION C – PROPOSED PROJECT DESCRIPTION

Please provide a brief response for each of the following questions under Sections I, II, and III.

I. General Information

- A. What is the average age of service lines in your system? What percentage of service lines do you estimate to be installed prior to 1986 (under 25%, over 25, over 50%, or over 75%)? If uncertain, please provide your best guess.

- B. Locality (Public) Side – Is the material type of pipes known? What percentage do you estimate to be lead (unknown, under 25%, over 25%, over 50%, over 75%)? Any lead components or connectors (goosenecks, pigtails, solder, etc.)?

- C. Homeowner (Private) Side – Is the material type of pipes known? What percentage do you estimate to be lead (unknown, under 25%, over 25%, over 50%, over 75%)? Any lead components or connectors (goosenecks, pigtails, solder, etc.)?

- D. Please describe any known history of risk to exposure of lead in drinking water. Have any LSLs been encountered in the system previously? Have there been any Action Level Exceedances?

ATTACHMENT H-2: Provide documentation of LSL history and/or Action Level Exceedances. If any additional space is required to answer the questions in Section C-I, you may also include this as a part of Attachment H-2.

II. Vulnerable Populations

- A. Describe income levels in the proposed project area. What is the Median Household Annual Income (MHI) of the area to be served (\$____/year)? Are there any neighborhoods, census tracts, or specific areas with MHIs that fall below the overall MHI? If yes, please explain and provide additional documentation in Attachment H-3.

- B. Describe the type, number, and stories of structures (single family homes, apartments, etc.) and amount of vacant land for the area that benefits from the projects. If the area contains a significant number of vacation homes or homes that are typically occupied less than half of the calendar year, then please provide details.

- C. Does your system serve any schools or licensed childcare centers? If yes, please include a total count below as well as the number of attendees. Include a list of schools and/or licensed childcare centers in Attachment H-3.

ATTACHMENT H-3: Please include the following information below as documentation. If any additional space is required to answer the questions in Section C-II, you may also include this as a part of Attachment H-3.

Median Household Income

Use the census block or latest update for county/city/towns (<http://data.census.gov>). Include a printout in Attachment H-3. For projects not large enough to be identifiable via census information, you may provide project specific income survey data.

- Include a printout in Attachment H-3.

Note: If you have applied or will apply to other funding agencies that require an income survey, attach the results to this application. For efficiency, consider doing income and user agreement surveys at the same time. For assistance, please contact VDH-ODW.

Environmental Justice

The White House Council on Environmental Quality (CEQ) Climate and Economic Justice Screening Tool (CEJST) will be utilized to help analyze the Environmental Justice benefits of a project. <https://screeningtool.geoplatform.gov/en/#10.4/37.0902/-77.9552>

- Include a printout of the CEJST map in Attachment H-3.
- Provide Census Tracts for the community benefiting directly from this project.

III. Project Scope

- A. Briefly describe the state of your current LSL inventory. Does an inventory exist? If yes, what information does it include and when was it last updated? What methods were used to verify LSLs? (Ex: historical records, excavation, scratch test, data, etc.)

- B. If the project will involve building an initial LSL inventory or continuing work on an existing LSL inventory, please describe the following: (1) plans to identify and verify LSLs (ex: old records, building structure age, data extrapolation, excavation, scratch test, etc.), (2) plans, methods, and/or technology that will be used to collect and maintain data to build a LSL inventory, (3) general timeline estimate to complete LSL inventory.

- C. LSL Replacement Projects Only - Please select the scenario most applicable to your project: _____

<u>REBATE MODEL</u>	<u>CONTRACT MODEL</u>	<u>HYBRID MODEL</u>
We plan to utilize VDH funding to set up training sessions for local plumbers and certify that they are approved to replace LSLs for our customers on the private side of the service line. We will utilize our own funding (or alternative source of funding outside of this VDH funding application) for LSL replacement on the public side.	We plan to utilize VDH funding to hire a contractor to perform LSL replacement on both the public and the private sides of the service lines. Procurement of these services will be treated in the same manner as traditional VDH (FCAP) construction projects.	We plan to utilize VDH funding to hire a contractor to perform LSL replacement on the public side of the service line. We also plan to use VDH funding to set up training sessions for local plumbers for local plumbers and certify that they are approved to replace LSLs for our customers on the private side of the service line.

NOTE: LSL Replacement projects planning to utilize a Force-Account Model will be considered on a case-by-case basis. However, we strongly recommend selecting one of the alternative methods outlined above.

- D. LSL Replacement Projects Only – Please elaborate on the scope of your potential project in detail below. If still undecided, please choose the model you are most likely to utilize.

ATTACHMENT H-4: Provide a copy of the notes/minutes from the Funding Application Discussion (FAD) meeting. Please note that FAD meetings are not required for LSL Inventory only projects. If applicable, you may include a copy of any VDH-Office of Drinking Water letter/email waiving this requirement. If any additional space is required to answer the questions in Section C-III, you may also include this as a part of Attachment H-4.

SECTION D – READINESS TO PROCEED

Please provide a brief response for each of the following questions under Sections I, II, and III.

I. Service Line Material Inspection Methods

- (a) Fill out the table below to indicate which Service Line Inspection Methods are in use or that you intend to use. Below is a list of inspection methods for your convenience. If your inspection method is not included, please add it to the table below:

Mechanical Excavation	Historical Records	CCTV/Camera – External
Vacuum Excavation	Staff Interviews	CCTV/Camera – Internal
Sequential Sampling	Customer-Provided Data	Door to Door Inspections
Flushed/Targeted Service Line Sampling	Electro-scan Interior Probe	Inspections from Past/Current Projects
	Predictive Modeling (AI)	

Already in Use	Intend to Use

- (b) Please inform us if there are any specific products/vendors that you intend to utilize (ex: BlueConduit, Swordfish, etc.) as Service Line Material Inspection Methods. You may include any additional information describing these products/vendors that you feel may help VDH-ODW to validate these identification methods as valid approaches as a part of Attachment H-5.

II. Procurement and Scheduling

- (a) Please indicate how the project will approach the handling of Project Management tasks (ex: review and submittal of documentation to meet all State, Federal, and Programmatic requirements).

- ☐ We plan to perform these Project Management tasks ourselves
- ☐ We plan to utilize VDH funding to hire a consultant to perform these Project Management tasks
- ☐ We plan to utilize our own funding (or alternative source of funding to) hire a consultant to perform these Project Management tasks

- (b) Explain below if you intend to perform any of the Service Line Material Inspection Methods listed above yourself versus hire a consultant or contractor to perform some of these tasks?

- (c) Provide an outline of the overall Project Schedule. Below is an example timeline of major Project Milestones. However, this schedule is generally more applicable to projects that are following a Contract Model. You may either fill out the form or describe your Project Schedule below. If any additional space is required to answer the questions above, you may also include it as a part of Attachment H-5.

<u>ACTIVITY</u>	<u>ANTICIPATED COMPLETION DATE</u>
Engineering Procurement	<hr/>
Submit PER*	<hr/>
Submit P & S*	<hr/>
Environmental Review	<hr/>
Advertise Project for Bid	<hr/>
Open Bids	<hr/>
Award Project	<hr/>
Substantial Completion	<hr/>

*The PER and P&S requirements are typically waived for LSL projects. However, please check with your local Field Office to confirm.

III. Lead Service Line (LSL) Replacement Plan

A Lead Service Line (LSL) Replacement Plan is a document that describes how a water utility will complete replacements of lead service lines and/or galvanized requiring replacement service lines, protect the health of affected customers, and maintain compliance with certain requirements of the Lead and Copper Rule Revisions (LCRR). The initial LSL Replacement Plan shall be submitted to the State by October 16, 2024, and must include the following elements:


- (1) A strategy for determining the composition of lead status unknown service lines in its inventory;
- (2) A procedure for conducting full lead service line replacement;
- (3) A strategy for informing customers before a full or partial lead service line replacement;
- (4) For systems that serve more than 10,000 persons, a lead service line replacement goal rate recommended by the system in the event of a lead trigger level exceedance;
- (5) A procedure for customers to flush service lines and premise plumbing of particulate lead;
- (6) A lead service line replacement prioritization strategy based on factors including but not limited to the targeting of known lead service lines and lead service line replacement for disadvantaged consumers and populations most sensitive to the effects of lead; and
- (7) A funding strategy for conducting lead service line replacements, which considers ways to accommodate customers that are unable to pay to replace the portion they own.

For additional details on LSL Replacement Plan criteria, please visit:

<https://www.vdh.virginia.gov/content/uploads/sites/14/2022/05/LSL-Replacement-FAQs-rev-5-20-22.docx>

ATTACHMENT H-5: Provide responses to as many of the seven (7) LSL Replacement Plan items above. If some of your responses are incomplete or blank, please indicate that you will need to include an LSL Replacement Plan as part of your potential project. If any additional space is required to answer the questions in Section D, you may also include this as a part of Attachment H-5.

If you are applying for an LSL Inventory only project, you may skip to SECTION F.



STOP

The remaining TMF questions are only required for LSL Replacement projects.

PLEASE READ: Although the questions in Section E and the associated attachments are not required for LSL Inventory only applications, the Virginia Resources Authority (VRA) reserves the right to request this information if you receive a funding offer that contains a loan component.

SECTION E -STATISTICAL DATA REQUIRED FOR TECHNICAL, MANAGERIAL, & FINANCIAL (TMF) REVIEW

1. Connections and Population:

ID	Data Description	Connections	Population ⁽⁴⁾
a.	Existing residential - Entire System		
b.	Existing total - Entire System		
c.	Project residential ⁽¹⁾		
d.	Project total ⁽¹⁾		
e.	Future residential ^(2, 3)		
f.	Future total ^(2, 3)		

Notes:

- (1) New connections and/or existing connections that benefit from the project.
- (2) For a water line extension project, e. = a. + c. and f. = b. + d because new connections are being added. For any project that benefits existing connections only, e. = a. and f. = b., and then c. and d. will reflect how many existing residential and total connections, respectively, benefit from the project.
- (3) For a project that benefits existing connections (e.g. – water line replacement) **and** also adds new connections (water line extension) then c. and d. will reflect how many residential and total connections, respectively, benefit from the project (connections that benefit from the project + new connections). In this case, e. = a. + new residential connections added and f. = b. + new total connections added.
- (4) Provide population estimates based on the previous column (connections).

2. Water Usage and Losses

- a. What is the current monthly average number of gallons of water used per residential connection? _____ gallons/month.

Use total annual gallons billed for in–town residential customers divided by 12 months and divided by the total number of in-town residential customers. Provide supporting documentation as **ATTACHMENT H-6**.

- b. Provide the percent of water loss within the system. Unbilled authorized consumption (e.g., firefighting) should be excluded. Provide supporting documentation as **ATTACHMENT H-7**

Water losses as a percentage of total production. = _____%

This percentage includes: ☐ Real water losses (Physical losses from leaks/bursts in the distribution lines and tank overflows)
☐ Apparent water losses (includes metering inaccuracies and unauthorized usage [theft/illegal use])

3. Rates: **Attach rate schedules as ATTACHMENT H-8**

- a. Existing monthly water charges (explain here):
- b. When were water rates last increased? **Please provide dates and amount/percentage of increase in ATTACHMENT H-8.**
- c. What is your connection fee for water?
- d. Are rate increases anticipated as a result of this project? ☐ Yes ☐ No
 If yes, please provide the amount and percentage increase expected and the anticipated effective date for the increase(s).

4. Water Users

a. Service Area Jurisdictions	b. # Of Existing Residential Connections	c. # Of Project Residential Connections at Completion
_____	_____	_____
_____	_____	_____
_____	_____	_____

- d. Existing drinking water usage _____ gpd. _____ % Residential _____ % Nonresidential

- e. As **ATTACHMENT H-9**, identify Ten (10) Largest Users of the Water System and Estimated Monthly Consumption per user.

5. Determine Average Monthly Residential Water User Rate:

Provide an average monthly residential water user rate analysis as **ATTACHMENT H-10** - using VDH project only template.

Average Monthly Residential Water User Rate = \$ _____ /month

6. Target User Rates:

Target user rates are set as a percent of Median Household Income (MHI). The annual MHI utilized for a project is to be based upon the latest census figures or latest update for the city, town or county in which the waterworks is located. Multiply by 0.01 (or 1%) and divide by 12 months to get the monthly target rate.

MHI (from item Section C, II, A. page 3 of 8) \$ _____ x 0.01 = \$ _____ /month. This is your **Target User Rate**.
(12 months/year)

7. Evaluate Current Rate Structure:

Does the value in Item 5 (water user rate) equal or exceed the value in item 6 (target user rate), above? Yes ☐ No ☐

If you answered “Yes”, your waterworks/project may qualify as **Disadvantaged**. However, rate increases/adjustments may be required to meet debt obligations or pass a VRA credit review.

If you answered “No” then the information indicates the owner needs to adjust water rates to ensure adequate revenues. Having adequate financial resources is crucial to maintaining a successful and sustainable waterworks. Furthermore, EPA mandates that all borrowers receiving program assistance must demonstrate full financial capacity in order to receive funds.

Waterworks are expected to meet or exceed the target rate criteria at or before the time of project completion. VDH reserves the right to require a rate revision plan and implementation schedule acceptable to VDH.

8. Do you have any outstanding debt related to the water and sewer (if applicable) system? ☐ Yes ☐ No

If yes, have you requested that new debt be issued on parity with the old? ☐ Yes ☐ No

Provide documentation as **ATTACHMENT H-11.**

9. Estimated Annual Water Facilities Costs - From PER or other sources based on existing PWS's **Financial Statements**.

- | | |
|--|----------|
| a. Net O, M & R (for existing water facilities)
USE Financial Statements | \$ _____ |
| b. Existing Annual Debt Service for water system
USE Financial Statements | \$ _____ |
| c. O, M & R for Proposed Facilities | \$ _____ |
| d. Total (Sum of a+b+c) | \$ _____ |

10. Sources of Residential and Nonresidential Revenues as a Percentage of Total Annual Water Revenue

- a. Residential _____% b. Nonresidential _____%

11. For the proposed project - Provide a cash flow analysis as **ATTACHMENT H-12** - using VDH project only template- of revenue and expenses (operating budget) showing as a bottom line the funds available for debt service.

12. Please provide the following documents as attachments

- a. Latest interim (unaudited) financial statement (Budget vs. Actual Expenditures) as **ATTACHMENT H-13**
- b. Current year budget as **ATTACHMENT H-14**
- c. Most recent annual audits as **ATTACHMENT H-15**

SECTION F – PROJECT BUDGET INFORMATION

1. LSL Replacement	\$ _____
2. LSL Administrative Fees	\$ _____
3. LSL Inventory	\$ _____
4. Other (e.g. Additional costs if submitting separate SRF Construction Application)	\$ _____
5. Contingencies (up to 10% of the construction costs for PLANNING ONLY*)	\$ _____
6. TMF (Asset Management Plan, WBOP, Studies, etc.)	\$ _____
7. Loan Closing Fee**	\$ _____ 6,000
8. TOTAL [Round to the nearest thousand] (should match Section A)	\$ _____

*During the planning process only, you may calculate contingency amounts up to 10% of the estimated construction costs. **Please note: the contingency amount that will be included in the final budget will not exceed 5% of the construction costs.**

**VDH reserves the right to apply a closing fee of \$6,000 for all applicable loan offers to defray the cost of this service. The \$6,000 may be included in the principal of the loan. If VDH determines a loan closing fee does not apply it will be eliminated from the final budget.

SECTION G – APPLICATION CERTIFICATION

By signing this application, you are certifying that you have been authorized to apply on behalf of the Owner or Controlling Board.

Submittal of this application is only a starting point for discussion and is not a binding agreement on either party.

Incomplete information may result in the delay or rejection of the application request.

The undersigned representative of the applicant certifies that the information contained herein, and the attached statements and exhibits are true, correct, and complete to the best of their knowledge and belief. The undersigned agrees to clarify or supplement information pertaining to this application upon request. The undersigned recognizes that the information contained herein may be subject to state Freedom of Information Act requirements. **The undersigned acknowledges that a part of any interest required on a closed loan can be used by VDH to support the drinking water program.**

Owner or Chief Administrative Officer of Waterworks:

NAME and TITLE: _____

ORGANIZATION: _____

SIGNATURE : _____ DATE: _____

SECTION H – REQUIRED ATTACHMENTS – Please check those attached and label your attachments with corresponding numbers (i.e., H-1, H-2, etc.).

- H1) Other Funds Available (e.g., Letters of conditions, award letters, etc.)
- H2) Project issue documentation of any history of lead service lines or lead components and/or Action Level Exceedances (ALEs).
- H3) Median Household Income (including site income surveys if census information not at project level) and Environmental Justice documentation in the form of Climate and Economic Justice Screening Tool (CEJST) printouts.
- H4) Funding Application Discussion documentation/notes. Please note that FAD meetings are not required for LSL Inventory only projects. If applicable, you may include a copy of any VDH-Office of Drinking Water letter/email waiving this requirement. If any additional space is required to answer the questions in Section C-III, you may also include this as a part of Attachment H-3.
- H5) Lead Service Line (LSL) Replacement Plan. If responses are incomplete or blank, please indicate that you will need to include an LSL Replacement Plan as part of your potential project.

****Required for Technical, Managerial, Financial (TMF) Review****

- H6) Monthly average of residential water usage. Use total annual gallons billed for in-town residential customers divided by 12 months and divide by the total number of in-town residential customers.
- H7) Supporting documentation used to determine the percent of leakage in the system. For this application, leakage is the amount of real water lost in the distribution system lines and tanks from cracks, leaks, and tank overflows divided by total water production.
- H8) Current rate schedule for water connection fee for water and date of last increase.
- H9) Listing of 10 largest water & sewer users and estimated monthly consumption per user.
- H10) Average Monthly Residential Water User Rate Analysis – using VDH project only template.
<https://www.vdh.virginia.gov/content/uploads/sites/14/2022/02/J-User-Rate-Analysis-v2.28.2022.xlsx>
- H11) Outstanding debt amount and with whom.
- H12) For the proposed project – a cash flow analysis of revenue – using VDH project only template - and expenses (operating budget) showing as a bottom-line funds available for debt service.
https://www.vdh.virginia.gov/content/uploads/sites/14/2022/03/Project-Cash-Flow-Template_2021-1_v2020.03.09.xlsx
- H13) One copy of the latest interim (unaudited) financial statement. (Budget vs. Actual Expenditures)
- H14) One copy of the current year budget.
- H15) One copy of the most recent annual audits.

Items may be submitted in PDF format on a thumb drive if submitting a hard copy.

Items H10 and H12 may also be included in spreadsheet format on a thumb drive. Please make note on the application that the information is included in the attached digital material.

