

State Revolving Loan Fund

**Drinking Water
State Revolving Fund**

South Carolina's
Priority Ranking System
for Drinking Water
Projects

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FINAL

I. Introduction

The federal Safe Drinking Water Act (SDWA) amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) to assist public water systems to finance the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorizes the Administrator of the US Environmental Protection Agency (EPA) to award capitalization grants to states for the purpose of establishing a low interest loan program and other types of assistance to eligible water systems.

The South Carolina Department of Health and Environmental Control (DHEC) has primary enforcement responsibility (i.e., primacy) for carrying out the provisions of the SDWA. DHEC is the designated state agency to apply for and administer the capitalization grant for the DWSRF. The State Budget and Control Board (BCB), Office of Local Government, conducts the financial functions of the DWSRF and make loans to project sponsors.

Section 1452 also requires that the State develop a comprehensive list of potential projects for funding from the DWSRF, and rank them in priority order. The purpose of this document is to outline the ranking system. The program is required, to the maximum extent practicable, to give priority for use of the DWSRF to projects that:

- Address the most serious risk to human health;
- Are necessary to ensure compliance with the requirements of the Safe Drinking Water Act; and,
- Assist systems most in need on a per-household basis according to state affordability criteria.

In addition to the above priorities the State maintains an initiative to encourage and facilitate the consolidation or regionalization of public water systems. Proposed projects that run counter to this initiative will not be considered for funding from the DWSRF.

II. Identifying and Ranking Drinking Water Priorities

In general, eligible Drinking Water SRF projects will be ranked according to their relative importance with respect to SDWA requirements addressing the most serious risk to human health first. The projects will then be evaluated according to regionalization/consolidation considerations, affordability, and size of community. The ranking system outlined below will assign a numeric value to each project. The point system is not intended to give a unique value to each project, but rather rank projects according to relative importance.

A. Primary Drinking Water Standards – Acute Risk to Public Health

Projects that correct problems that pose an acute risk to public health (i.e., microbial, nitrate, nitrite and surface water treatment rule) will be assigned 100 points. Such problems would include but not be limited to: groundwater source determined to be under the direct influence of surface water; very old cast iron water lines that leaking and are constantly breaking resulting in periodic loss of pressure and boil water advisories; documented low pressures [<20 psi] during the period of peak day demand; insufficient

reliable capacity [e.g., one well serving >50 taps or demand exceeds reliable capacity as outlined in the State Primary Drinking Water Regulations], and treatment design deficiencies which pose an acute risk to public health such as insufficient disinfection contact time, filter failure, etc.

If the problem has resulted in a violation of the State Primary Drinking Water Standards an additional 20 points will be assigned to the project.

B. Primary Drinking Water Standards – Chronic Risk to Public Health

Projects that correct violations of the State Primary Drinking Water Standards that pose a chronic risk to public health (i.e., synthetic organic contaminants, inorganic contaminants other than nitrate and nitrite, radionuclides and the lead and copper rule) will be assigned 90 points.

Projects that correct potential violations of the chronic primary health standards, (i.e., contaminants have been detected but the standard has not been exceeded) will be assigned 80 points.

C. Aquifer Contamination Affecting Private Wells

Projects serving existing residences on private wells that will address actual public health problems associated with aquifer contamination where primary drinking water standards have been or expected to be exceeded. For example, the groundwater in an area utilized by a number of existing residences on private wells is contaminated with a synthetic organic chemical, or contains a naturally occurring contaminant such as Radium, which exceeds the primary drinking water standards. Such projects will be limited in scope to the specific geographic area and wells affected by the contamination. Lines sizing to allow for growth will not be funded by the DWSRF. These projects will be assigned 60 points.

D. Secondary Drinking Water Standards

Projects to correct a public water system's non-compliance with a secondary maximum contaminant level(s). These projects will be assigned 40 points.

E. Replacing or Rehabilitating Aging Infrastructure

Projects for the replacement or rehabilitation of aging infrastructure before it becomes a non-compliance problem (e.g., infrastructure that is close to, or past, its useful life, painting of elevated storage tanks, etc) will be assigned 20 points.

F. Road Widening Projects and Other Eligible Projects not Addressed Above

Projects to relocate water lines or other drinking water facilities (i.e., tanks, pump stations, wells) necessitated by the relocation or widening of roadways by the South Carolina Department of Transportation or Local Government and any other eligible Drinking Water Projects not addressed above will be assigned 10 points.

G. Regionalization/Consolidation

Potential drinking water projects are next evaluated based on whether or not the project will result in the consolidation or regionalization of water systems. Consolidation of water systems is when two or more separately managed water systems combine to form one system under one management structure. Regionalization occurs when two or more water systems interconnect for the purpose of utilizing a water source(s), in lieu of each system developing its own or additional water source(s), and each system retains its own identity under separate management. Consolidation/regionalization helps utilities stay in compliance with requirements of the SDWA and ensures compliance with state capacity development requirements. Projects resulting in the consolidation or regionalization of water systems will receive an additional 10 points. Projects resulting in consolidation by accepting responsibility through ownership for a non-viable system, will instead receive 20 points. If the non-viable system has or has had operation and maintenance deficiencies and/or deficiencies in complying with State primary drinking water standards in the current or previous calendar year, the project will receive 40 points.

H. Affordability

Projects are next evaluated based on the greatest need on a per household basis. Those systems which have (in-city) rates where the current *annual* user charge, based on 6,000 gallons per month, exceeds a certain target percentage of the median household income (MHI) will receive additional points. (If the sole beneficiary of a project is a municipality, but the project sponsor is another entity, the MHI of the municipality to be served may be used in lieu of the sponsor's MHI.) For purposes of this ranking system, this target percentage will be referred to as the level of effort (LOE). To verify the most current LOE, view the posted SRF Interest Rates document for the current fiscal year. The SRF interest rates may be viewed by visiting the documents and forms page of the SRF section of DHEC's Website, <http://www.scdhec.gov/srf>. Projects with an LOE exceeding that fiscal year's target LOE are assigned 5 points.

I. Small-Community Bonus

Finally, projects are evaluated based on their community population. Heretofore, the DWSRF priority system, in accordance with Section 1452(a)(2) of the SDWA, gave consideration to small water systems (systems serving a population of 10,000 or less) as part of the bypass process. The new DWSRF ranking system, for the first time, will in addition assign numeric ranking points based on population. A project serving a population of 3,300 or less is assigned a numeric value of 10 points. A project serving a population of 3,301 through 10,000 is assigned 5 points. No small-community "bonus" points are assigned to projects serving populations greater than 10,000.

III. Summary of Points System Used to Establish Project Priority Ranking

The following table summarizes the numeric ranking system for prioritizing potential DWSRF projects:

	Priority Ranking Criteria	If Yes, assign/add the following point value
1	Does the project correct problems that pose an acute risk to public health? In relation to the problem being addressed, have there been one or more violation(s) of SPDWS?	100 add 20
2	Does the project correct problems that pose a chronic risk to public health as evidenced by violations -or- Does the project correct problems that have the potential to violate state standards and pose a chronic risk to public health?	90 -or- 80
3	Does the project involve a contaminated aquifer affecting private wells?	60
4	Does the project correct a non-compliance issue in regards to a secondary MCL?	40
5	Will the project replace or rehabilitate aging infrastructure before it becomes a non-compliance issue?	20
6	Will the project relocate water lines or other drinking water facilities due to relocation or widening of roadways by the SC DOT or local government, or does it address a drinking water issue not listed above?	10
7	Will the project result in regionalization or consolidation of water systems? -or- Will the project result in regionalization or consolidation of water systems through a system accepting responsibility through ownership for a non-viable system? -or- Will the project result in regionalization or consolidation of water systems through a system accepting responsibility through ownership for a non-viable system with state standards violations?	10 -or- 20 -or- 40
8	Does the Level of Effort (LOE) for the project exceed the target percentage?	5

9	Will the small-community project serve a population of 3,300 or less? Or Will the small-community project serve a population between 3,301 and 10,000?	10 or 5
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IV. Developing and Updating the State’s Comprehensive Priority List of Projects

In order for a project to be considered for funding from the DWSRF, it must appear on the State’s comprehensive priority list of projects. To be included in this list, an eligible project sponsor must complete a project questionnaire supplied by DHEC. A copy of the questionnaire may be found on DHEC’s website at <http://www.scdhec.gov/administration/library/d-3463.pdf>. A project sponsor may submit a completed questionnaire to the SRF Section of DHEC’s Bureau of Water at any time. Once the questionnaire is received, DHEC staff will evaluate the project based on the ranking system discussed above and assign the project a numeric score. The project will then be added to the comprehensive priority list of projects. DHEC will maintain an updated list of projects on the SRF section of its Website: www.scdhec.gov/srf. Those projects with the same numerical score will be ranked based on the date the project questionnaire is received.

If a project remains on the comprehensive priority list for four years and is not ready to proceed, DHEC staff will contact the sponsor and request that a revised project questionnaire be submitted which updates the cost estimate along with any changes to the project description. If DHEC does not receive a revised project questionnaire, the project will be removed from the comprehensive priority list.

V. Selecting Projects for Funding

DHEC will prepare an annual *Intended Use Plan* (IUP) that will describe how the State intends to use the funds in the DWSRF for the year and how those uses support the objectives of the SDWA. The IUP will include a list of projects selected from the comprehensive priority list for funding during the next year. Once the IUP has been drafted, notice will be given to the public that the draft IUP is available for review and comment for a period of at least 30 days. Once the comment period has ended DHEC will review any comments received and make changes to the IUP as appropriate. Both the draft and final IUPs may be found on the SRF section of DHEC’s Website: www.scdhec.gov/srf.