Priority System Guidance Document

For Eligible Infrastructure Projects
To Be Funded By The

KENTUCKY DRINKING WATER STATE REVOLVING FUND
2027 Funding Cycle

TEAM KENTUCKY®
ENERGY AND ENVIRONMENT CABINET

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INTRODUCTION

PURPOSE

The priority system is designed to prioritize eligible projects for funding through the Drinking Water State Revolving Fund (DWSRF). The DWSRF is intended to facilitate public water systems (PWS) in achieving and maintaining technical, managerial, and financial (TMF) capacity, enabling PWS to consistently maintain compliance with the Safe Drinking Water Act (SDWA). This includes compliance with existing and future national drinking water standards, as well as other activities that significantly further the health protection objectives of the SDWA.

Additions to the priority system include service line (SL) inventory, lead service line (LSL) and galvanized requiring replacement (GRR) service line replacement, and projects that primarily address perfluoroalkyl and polyfluoroalkyl (PFAS) substances and other emerging contaminants. Projects utilizing the DWSRF for LSL or GRR replacement must replace the entire LSL/GRR, not just a portion. The EPA has expanded the eligible uses of the DWSRF for replacing SL beyond the regulatory definition of a LSL/GRR in the Lead and Copper Rule Revisions of the SDWA. Eligible projects also include the replacement of lead goosenecks, pigtails, and connectors as eligible expenses, whether standalone or connected to a LSL/GRR.

METHODOLOGY

The structure of the priority system incorporates the rules and initiatives promulgated since the 1996 amendments to the SDWA, including America's Water Infrastructure Act of 2018, and the Bipartisan Infrastructure Law of 2021. The amendments encompass financial, managerial, and technical capacity; Surface Water Treatment Rule; Total Coliform Rule and Revised Total Coliform Rule; Lead and Copper Rule Revision and Improvements (as proposed); Asbestos Standard; Enhanced Surface Water Treatment Rule; Disinfectants and Disinfection Byproducts Rule; Groundwater Rule; PFAS Rule; and best available and affordable technology. A proactive approach has been developed to determine priority based on infrastructure needs to address the goals of the SDWA. Projects are prioritized based on scores derived from a comprehensive review of each project using the DWSRF ranking criteria described in this document.

APPLYING THE PRIORITY SYSTEM TO PROJECTS

The Division of Water (DOW) assigns points in the following categories: Regionalization; Public Health Criteria – Water Supply; Public Health Criteria – Treatment; Public Health Criteria – Distribution; Lead Service Line Inventory; Lead Service Line and Lead Components Replacement; Security; Compliance and Enforcement; Lead Compliance; Disadvantaged Community Financial Need; Planning; Sustainable Infrastructure; Project Readiness; and, Project Readiness – Lead Service Line and Lead Components Replacement (see Table 1, DWSRF Ranking Criteria). Points are based on information provided by PWS and/or their consultants. During the annual call for projects, project profiles are submitted for review by the local area development districts through the Water Resources Information System (WRIS). No additional projects may be submitted after the call for projects deadline. Project profiles must be complete with all pertinent information. Once the project review process begins, project profiles will be locked and cannot be modified. The total score for a project is the sum of all points received for each of the fourteen categories.

Proposed PFAS, lead service line inventory, and lead service line replacement projects should NOT include other distribution components. Projects combining PFAS and Lead Service Line components <u>will be bypassed unless corrected</u> by the water system and Area Development District.

PROJECT PROFILES

The project profile must have sufficient detail to ensure the proposed project receives the maximum amount of points and is scored properly. The Project Description within the Narrative tab should provide a clear and detailed explanation of the proposed project. The Need for Project must describe how the proposed project promotes public health or achieves/maintains compliance with the SDWA. Any major changes to system capacity (i.e., storage volume, line replacements due to size, water treatment plant design capacity,

etc.) must include a detailed justification. The Narrative must encompass the entire scope of the project and be supported by the information contained in the Components, Impacts, Sustainable Infrastructure, and Mapping Tabs in WRIS. All checked boxes must be properly supported within those Tabs. Project Profiles containing inconsistent or absent information may not receive credit for those items and could be automatically bypassed for funding consideration.

Projects may not include the purchase of items such as skid steers, hydroexcavators, vehicles, wi-fi systems, or other similar equipment that do not directly contribute to the permanent infrastructure improvements of the proposed project. These types of items are considered ineligible, as their useful life typically falls short of the scope and timeline of the project and does not align with the intended purpose of infrastructure funding. Such purchases should not be included in the project scope, budget, or supporting documentation. However, equipment or vehicle rental fees may be included as part of the project costs.

TIE BREAKER

It is possible the ranking process could result in two or more projects having the same total score. A tie breaker method has been developed for this situation considering the following factors: maintaining priorities to be funded in the order as set forth by the priority formula, expending DWSRF dollars to maximize the benefit toward compliance with the SDWA, and providing funding of projects that are affordable to the households that benefit from the project.

Those PWSs serving a population of 10,000 people or less are prioritized over those serving populations over 10,000. Consideration is then given to those projects with existing enforcement actions (i.e., Agreed Orders). Lastly, the financial need of the applicant, as evidenced by the median household income (MHI) according to the current American Community Survey 5-Year Estimates, is taken into consideration.

I. REGIONALIZATION

This category allows affordable alternatives for a PWS to achieve and maintain technical, managerial, and financial capacity to comply with the SDWA through mergers, interconnections, and emergency planning.

A. Elimination of a PWS through a merger or acquisition (elimination of a PWSID)

Under this category, points will be provided to projects promoting regionalization. This is not the same as an interconnection where two or more water systems provide potable water supplies to one another but retain their own individual identities and PWSIDs. The merger must result in the dissolution of the PWSID.

Note: Proposed PFAS, lead service line inventory, and lead service line replacement projects must be submitted as independent projects. Projects combining these components with other components will be bypassed unless corrected by the water system and Area Development District. An analysis of a new water source to address PFAS must be conducted by a certified drinking water laboratory and submitted to the Division of Water prior to the Call for Projects in order to receive points in this category.

i) No emerging contaminants detected at plant tap
Points Received: 100

ii) PFOS or PFOA detected at plant tap
Points Received: 100 (plus additional points shown in table below, as appropriate)

PFOS or PFOA (ppt or ng/L)	Points
> 0 - 2	+15
2.01 - 4	+35
> 4	+100

iii) Other emerging contaminants detected at plant tap (unregulated contaminants on the EPA Contaminant Candidate List 5 which includes contaminants such as other PFAS, unregulated DBPs, manganese, etc.). Supporting documentation must be provided.
Points Received: 125

B. Elimination of a water treatment plant as a result of an interconnection

i) No emerging contaminants detected at plant tap
Points Received: 100

ii) PFOS or PFOA detected at plant tap
Points Received: 100 (plus additional points shown in table below, as appropriate)

PFOS or PFOA (ppt or ng/L)	Points
> 0 - 2	+15
2.01 - 4	+35
> 4	+100

iii) Other emerging contaminants detected at plant tap (unregulated contaminants on the EPA Contaminant Candidate List 5 which includes contaminants such as other PFAS, unregulated DBPs, manganese, etc.). Supporting documentation must be provided.
Points Received: 125

C. Consolidation of multiple PWS through a merger, acquisition, or common management
Under this category, points will be given for agreements between PWS that consolidate management to make improvements that benefit the consolidated group as a whole. This consolidation allows the individual PWS to retain their identities but function under a common management group.
Points Received: 100

II. PUBLIC HEALTH CRITERIA – WATER SUPPLY

A. Connection to a new raw water source
This refers to establishing a connection to a previously unused raw water supply, such as a different river or surface water body, newly developed groundwater wells, or other sources not currently utilized by the system.

i) No emerging contaminants detected at plant tap
Points Received: 100

ii) PFOS or PFOA detected
Points Received: 100 (plus additional points shown in table below, as appropriate)

PFOS or PFOA (ppt or ng/L)	Points
> 0 - 2	+15
2.01 - 4	+35
> 4	+100

An analysis of a new water source to address PFAS must be conducted by a certified drinking water laboratory and submitted to the Division of Water prior to the Call for Projects in order to receive points in this category.

B. Connection to a new potable water supply for purchase or sale
This refers to the establishment of a new interconnection for the purpose of purchasing or selling finished (potable) water between systems. This category does not include the construction of a new water treatment plant (WTP) and does not apply to projects that create redundant or backup connections.

i) No emerging contaminants detected
Points Received: 100

ii) PFOS or PFOA detected
Points Received: 100 (plus additional points shown in table below, as appropriate)

PFOS or PFOA (ppt or ng/L)	Points
> 0 - 2	+15
2.01 - 4	+35
> 4	+100

iii) Other emerging contaminants detected at plant tap (unregulated contaminants on the EPA Contaminant Candidate List 5 which includes contaminants such as other PFAS, unregulated DBPs, manganese, etc.) Supporting documentation must be provided.
Points Received: 125

An analysis of a new water source to address PFAS must be conducted by a certified drinking water laboratory and submitted to the Division of Water prior to the Call for Projects in order to receive points in this category. The proposed project must be a rehabilitation effort only and may not include system expansion.

C. Rehabilitation of a dam or reservoir

The dam or reservoir's primary purpose **must be for drinking water supply and must be owned by the public water system**. Some examples of dam/reservoir rehabilitation projects could include, but is not limited to, spillway reconstruction or repair, dam resurfacing or repair, repair or replacement of drainage systems, and sedimentation dredging.
Points Received: 10

III. PUBLIC HEALTH CRITERIA – TREATMENT

This category provides points to treatment projects that will provide improved compliance with the National Drinking Water Standards of the SDWA.

A. Treatment Facilities

i) Construction of a new water treatment plant (where one does not presently exist)
Construction of a new water treatment facility to address present contamination by PFOS/PFOA is given greater priority than construction of a new treatment facility to preventatively address PFOS/PFOA or other emerging contaminants. The DOW will determine evidence of current contamination by PFOS/PFOA or other emerging contaminants based upon best available data.

Note: Proposed PFOS/PFOA, lead service line inventory, and lead service line replacement projects must be submitted as independent projects. Projects combining these components with other components will be bypassed unless corrected by the water system and Area Development District. An analysis of a new water source to address PFOS/PFOA must be conducted by a certified drinking water laboratory and submitted to the Division of Water prior to the Call for Projects in order to receive points in this category.

a) No emerging contaminants detected
Points Received: 10

b) PFOS or PFOA detected
Points Received: see table below

PFOS or PFOA (ppt or ng/L)	Points
> 0 - 2	20
2.01 - 4	30
> 4	40

c) Other emerging contaminants detected at plant tap (unregulated contaminants on the EPA Contaminant Candidate List 5 which includes contaminants such as other PFAS, unregulated DBPs, manganese, etc.) Supporting documentation must be provided.
Points Received: 20

ii) Rehabilitation of the water treatment plant

Water treatment plant rehabilitation projects may include, but are not limited to, the functional replacement of treatment processes due to age/condition, the upgrade of any treatment process meet drinking water standards with no increase in treatment capacity, etc.

WTP Rehabilitation projects may only receive 5 points for treatment upgrades/modifications unless the project is needed to acquire or maintain compliance with the National Drinking Water Standards of the SDWA. In such cases, additional points may be applied under Section B according to the restrictions mentioned therein.

Points Received: 25

iii) Redundant processes/emergency power generators and switches required for connection

Installation of redundant processes and/or emergency power generators at the treatment facilities.

Points received: 10

iv) Replacement of raw waterline

Points Received: 5

v) Replacement or rehabilitation of a raw water intake (cannot be combined with rehabilitation of a dam, reservoir, or a new water treatment plant)

Point Received: 10

B. Treatment – Upgrades/Modifications

i) Infrastructure options to meet Cryptosporidium removal/inactivation requirements

Examples of treatment projects include, but are not limited to, installation of membrane technology, additional filtration, improvements to sedimentation basins such as softening or construction of a pre-sedimentation basin, ozone, UV, chlorine dioxide, etc.

Points Received: 5

ii) Modifications to meet CT inactivation requirement

Disinfection techniques need to comply with CT inactivation requirements of the Surface Water Treatment Rule or the Groundwater Rule. Examples of treatment projects include, but are not limited to, alternate disinfection feed points, baffling of clearwells, etc.

Points Received: 5

iii) Modifications to address disinfection byproducts requirements

Examples of treatment projects include, but are not limited to, changing disinfectants, modification of disinfection feed points, Granular Activated Carbon (GAC), coagulation, etc.

Points Received: 5

iv) Modifications to address VOC, IOC, SOC, radionuclide requirements

Examples of treatment projects include, but are not limited to, aeration, improved coagulation, non-conventional treatments, air stripping, new chemical feed, etc.

Points Received: 5

v) Modifications to address secondary contaminants

Examples of treatment projects to address Secondary Contaminants include, but are not limited to, water softening, sedimentation basin covers, corrosion control systems, green sand filters, new chemical feed system for manganese removal, etc.

Points Received: 5

vi) Modifications to address emerging contaminants

Water treatment plant rehabilitation to address contamination by PFOS or PFOA is given greater priority. The DOW will determine evidence of current contamination by PFOS or PFOA or other emerging contaminants based upon best available data.

PFOS or PFOA detected
Points Received: 100 (plus additional points shown in table below, as appropriate)

PFOS or PFOA (ppt or ng/L)	Points
> 0 - 2	+15
2.01 - 4	+35
> 4	+100

Other emerging contaminants detected at plant tap (unregulated contaminants on the EPA Contaminant Candidate List 5 which includes contaminants such as other PFAS, unregulated DBPs, manganese, etc.) Supporting documentation must be provided.
Points Received: 125

RESTRICTIONS: Points will be assigned to project components under Section B only where a need for the project can be adequately demonstrated. A history of non-compliance may be required for certain treatment applications in order to receive points. In some cases, specific monitoring must warrant the need for the project in order to receive points.

IV. PUBLIC HEALTH CRITERIA – DISTRIBUTION

This category provides points to distribution projects that will provide improved compliance with the National Drinking Water Standards of the SDWA.

A. Hydraulics/Storage

Examples of projects under this category include waterline replacements, new water storage tanks or pump stations, and rehabilitation of existing storage tanks or pump stations. The applicant must be prepared to demonstrate the need for the project. For waterline replacement projects, scores are applied based upon the total linear feet of line to be replaced. Additional points may be applied for projects addressing excessive water loss and for projects replacing lead service lines. If the total linear feet provided in the Narrative tab and the Components tab of WRIS are inconsistent, the lowest documented value will be used for scoring purposes.

i) Replacement, cured-in-place, or in situ water line repair of inadequately sized water lines, lines with leaks, breaks, or restrictive flows due to age, or asbestos-cement pipe
Points Received: 20 points for up to the first 1,000 linear feet plus 2 points for each additional 1,000 linear feet (rounded to the nearest 1,000). If the total linear feet provided in the Narrative tab and the Components tab of WRIS are inconsistent, the lowest documented value will be used for scoring purposes. Maximum of 60 points allowed.

ii) Water loss
Systems must submit twelve consecutive months of water loss data using an industry standard format (AWWA, KRWA, KY PSC, etc.) to receive additional points for projects replacing lines to address excessive water loss due to line leaks/breaks and unaccounted-for water loss.

- **16-30% water loss: 2 point**
- **31-45% water loss: 6 points**
- **>45% water loss: 10 points**

Water loss data as mentioned above must be uploaded to WRIS.

iii) Rehabilitation of a water storage tank and associated pump station
Points Received: 5 (1 point for each additional tank after the 1st with a maximum of 10 points)

iv) **New water storage tank/Replacement of water storage tank**
Significant increases of system storage capacity must include a detailed justification.
Points Received: 2 (per tank)
Points Received: 10 (consolidation of multiple tanks)

v) **New or rehabilitated pump station (not associated with a new tank)**
Points Received: 5 (1 point for each additional tank after the 1st with a maximum of 10 points)

vi) **Locating, exercising, installing, and/or replacing various distribution system appurtenances, such as meters, valves, backflow prevention devices, etc.**

Points are available for upgraded appurtenances not associated with waterline replacement. This category may also include SCADA-only upgrades where improvements are limited to control, monitoring, and communication systems within the existing distribution infrastructure.

Points Received: 5 (applied once)

B. Finished Water Quality

i) **Infrastructure to address inadequate turnover and disinfection byproducts (DBPs)**
Examples include the installation of a water storage tank mixing system to address a DBP issue or looping of waterlines to improve service. If unable to comply with the DBP Rule, then information should be provided in the project profile to support the need.

a) DBP violations within the last state fiscal year
Points Received: 8

b) No DBP violations within the last state fiscal year
Points Received: 4

ii) **Redundant equipment/emergency power generators and switches required for connection**
Provide redundancy or emergency power within the distribution system.
Points Received: 10

C. Extension of Service

This section applies points to waterline extension projects. Eligible projects include extensions that provide service to potential customers that were previously unserved and not connected to a public water system.

If the total linear feet provided in the Narrative tab and the Components tab of WRIS are inconsistent, the lowest documented value will be used for scoring purposes.
Points Received: 10

RESTRICTIONS: The DWSRF cannot fund waterline extension projects to primarily serve future population growth, nor can it fund projects needed primarily for fire protection.

V. SERVICE LINE INVENTORY

A. Inventory Development

Points can be applied in this category for improving or continuing work on service line inventories. The list must be in a digital/electronic format that includes all the fields required by the Lead and Copper Rule Improvements for a service line inventory (see below).

Service line ID (SLID)
Street address
City
ZIP code
Latitude (decimal format)
Longitude (decimal format)
System-owned Service line material
System-owned SL material verification method (Final)
Customer-owned Service line material
Customer-owned SL material verification method
Connector material (for all connectors per service line)
LCR Sampling point ID (aka Location Code)
Field verification date
Entire Service Line Material Classification (refers to both sections of SL)

Points Received: 200

B. Incorporating GIS to record inventory
Water systems using GIS procedures or methods to record the service line inventory:
Points Received: 10

C. Integrating service line inventory replacement into asset management planning
Points can be applied in this category for water systems that supply documentation detailing how the service line inventory has been incorporated into its asset management plan, or how an asset management plan is being developed as a result of the service line inventory process.
Points Received: 10

VI. REPLACEMENT OF LEAD SERVICE LINE AND LEAD COMPONENTS

A. Lead Service Line and/or Lead Components

Projects that are primarily lead/galvanized service line replacement projects should not include main line replacements or replacements of any other components than service lines or lead connectors/goosenecks. If a water system plans to replace main lines at the same time as lead/galvanized service lines, the main line components should be submitted as a separate project profile.

Points can be applied in this category for projects that include the complete removal of LSL (public and privately-owned portions) and service lines made of galvanized iron or galvanized steel that are currently, or were previously, downstream of lead components* (this is considered “galvanized requiring replacement,” or “GRR”). A “lead service line” is defined in the Lead and Copper Rule Improvements as a service line made entirely or partially of lead or is lead-lined, which connects the water main to the building inlet.

For the purposes of the DWSRF, the federal definition of “lead service line” is expanded to include the replacement of lead goosenecks, pigtails, and connectors as eligible expenses, whether they are connected to a “lead service line” or stand-alone. Points can be applied in this category for the removal of lead or galvanized goosenecks, pigtails, and connectors. Water systems are encouraged to develop any necessary mechanisms (legal, programmatic, etc.) to fund the replacement of customer-owned service lines as well as the utility-owned section.

- **GRR service line replacement – community MHI at or above Kentucky MHI. Points received: 50**

- **GRR service line replacement – community MHI is 80%-99% of Kentucky MHI. Points received: 65**
- **GRR service line replacement – community MHI less than 80% of Kentucky MHI. Points received: 80**
- **LSL and lead component replacement – community at or above Kentucky MHI. Points received: 100**
- **LSL and lead component replacement – community MHI between 80%-99% of Kentucky MHI. Points received: 125**
- **LSL and lead component replacement – community MHI less than 80% of Kentucky MHI. Points received: 150**

B. Plan in place for water system to fund replacement of customer-owned sections of LSLs or GRR SLs: Points received: 20

C. Integration of lead service line work (replacement and/or inventory updates) with other distribution system upgrades.

Points can be applied if the applicant can demonstrate that the service line project is being integrated into other existing or proposed distribution system projects (e.g., main line replacement or extensions; valve, backflow preventor, or meter replacements/installations; distribution system security measures; or projects that address hydraulic issues in the distribution system.

NOTE: the documentation must reference **other** projects or work; project profiles for lead service line inventory or replacement projects must be restricted to replacing service lines and connectors as described above ONLY, and may not include replacement of any other infrastructure.

Points received: 25

VII. LEAD COMPLIANCE

High Lead Levels

Primary system has lead concentrations that exceed 10 ppb in more than 10% of customer taps sampled within the last compliance period.
Points Received: 5

VIII. SECURITY

A. Measures taken at the water treatment plant facilities or within the distribution system

This category allows points to be applied to a project for measures taken at the physical location of water treatment plant facilities or within the distribution system to prevent, deter, and/or readily respond to theft, trespassing, vandalism, or terroristic acts. Examples include, but are not limited to, the installation of fencing, video surveillance of treatment and/or storage facilities, alarms, signs, lock gates, radio intercom systems, and cyber security to protect against the unauthorized use of systems, networks, programs, and devices.
Points Received:
5 - Water Treatment Plant (WTP)
5 - Distribution

RESTRICTIONS: Salaries for security personnel are not eligible for funding through the DWSRF.

IX. COMPLIANCE AND ENFORCEMENT

A. Entities with executed Orders

Project must achieve full or partial compliance with an active Order (i.e., Court Order, Agreed Order or PSC Order) or other enforcement action by addressing terms of the Order. Systems must upload the active Agreed Order to WRIS to receive consideration for points under this category.
Points Received: 5

B. Primary system has not received any SWDA Notices of Violation within the previous state fiscal year (July through June)
Points Received: 2

X. DISADVANTAGED COMMUNITY FINANCIAL NEED

System-wide census data or project-based census data may be used to determine financial need. Applicants should provide project area–specific census data when available. If project-specific data is not submitted or is unavailable, the system-wide data for the included water system(s) will be used for scoring purposes.

A. Median Household Income (MHI) below 80 percent of the Commonwealth's MHI.
(Determined by the **current DWSRF cycle** American Community Survey (ACS) 5-Year Estimate.)
Points Received: 25

B. MHI between 80 and 100 percent of the Commonwealth's MHI.
(Determined by the **current DWSRF cycle** American Community Survey (ACS) 5-Year Estimate.)
Points Received: 15

XI. PLANNING

Points can be applied in this category if the water system has a documented asset management plan, which includes an asset inventory, strategic plan, and capital improvement plan. Points can be applied for each component of an asset management plan. Supporting documentation must be uploaded into the WRIS or submitted independently to the Division of Water for verification.

The DOW must verify documentation of an asset management plan implemented by the public water system in order to receive points in this category. The asset management plan or a letter verifying implementation of an asset management plan are both acceptable and may be uploaded into the WRIS or sent to the DOW.

A. Asset Management Plan

- **Asset Inventory**: a list of above and below ground assets (not to include wastewater assets), which includes as available the date constructed/installed, identifying information, location, remaining useful life, condition, estimated cost to replace, and priority rating, based on criticality.
  Extra points awarded if the system's asset inventory is mapped into a GIS program.
  Systems must upload Asset Management Plan components or Asset Management Plan and Service Line Inventory Verification Form to WRIS
  Points Received: 5
  With GIS based asset inventory Points Received :10

- **Strategic Plan**: at a minimum, must include a mission statement, level of service goals for the system that are SMART (Specific, Measurable, Attainable, Realistic, and Time-bound), and preventive maintenance program.
  Systems must upload Strategic Plan components or Asset Management Plan and Service Line Inventory Verification Form to WRIS
  Points Received: 2

- **Capital Improvement Plan**: a list of capital projects for the next five (5) or more years which includes project title, anticipated year of construction, cost estimate, and sources of potential funding).
  Systems must upload Capital Improvement Plan components or Asset Management Plan and Service Line Inventory Verification Form to WRIS
  Points Received: 5

  Systems must upload Asset Management Plan, Strategic Plan, and/or Capital Improvement Plan components or Asset Management Plan and Service Line Inventory Verification Form to WRIS to receive those points.

B. Monthly bill, based on 4,000 gallons, as a percentage of system-wide or project-based Median Household Income is:

- Greater than or equal to 2%: **Points Received: 5**
- Between 1 and 1.99%: **Points Received: 2**
- Below 1%: **Points Received: 0**

C. System has allocated funds that are specifically dedicated for the rehabilitation and replacement of aging and deteriorating infrastructure within their budget.

To obtain points under this category, supporting documents such as official budget or relevant pages of financial audits, with pertinent information highlighted, must be uploaded into the WRIS. To qualify for points under this category, the funds *cannot* be a requirement of a current loan.
Points Received: 5

D. System financial audits

System has a completed financial audit for each of the last three years proposed projects not meeting this requirement may be ineligible for the DWSRF. System must submit verification that audits have been conducted as required by Kentucky Statute KRS 91A.040.

The system that will be the borrowing entity must upload their three most recent audits to WRIS.
Points Received: 1

XII. SUSTAINABLE INFRASTRUCTURE

To receive points in this category, elements related to sustainable infrastructure must also be clearly described and supported within the Project Narrative in WRIS. Information must align with and be substantiated by the details provided in the Sustainable Infrastructure tab. Failure to include and explain these elements in the Narrative tab may result in no points being awarded under this section.

A. Green Infrastructure

Green stormwater infrastructure includes a wide array of practices at multiple scales managing wet weather and maintaining and restoring natural hydrology by infiltration, evapotranspiration, and harvesting and reuse. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site- and neighborhood-specific practices, such as bioretention, trees, green roofs, permeable pavement, and cisterns.
Points Received: 1 each with a maximum of 5

Examples:
- *Implementation of green streets.*
- *Wet Weather management systems for parking areas.*
- *Implementation of comprehensive urban forestry programs.*

- Stormwater harvesting and reuse.
- Downspout disconnection.
- Comprehensive retrofit programs designed to keep wet weather discharges out of sewer systems.
- Establishment or restoration of riparian buffers, floodplains, wetlands or other natural features.
- Management of wetlands.
- Purchase of land or easements on land that has a direct benefit to water quality.

B. Water Efficiency

EPA's WaterSense program defines water efficiency as the use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future.
Points Received: 1 each with a maximum of 5

Examples:

- Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals).
- Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement).
- Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention.
- Retrofitting/Adding AMR capabilities or leak equipment to existing meters.
- Developing water audit and conservation plans, which are reasonably expected to result in a capital project.
- Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse).
- Retrofit or replacement of existing landscape irrigation/agricultural systems to more efficient landscape/agricultural irrigation systems (rain and moisture sensing equipment)
*- Water meter replacement with traditional water meters.**
*- Projects that result from a water audit or water conservation plan.**
*- Storage tank replacement/rehabilitation to reduce water loss.**
*- New water efficient landscape/agricultural irrigation system, where there currently is not one.**

Projects That Do Not Meet the Definition of Water Efficiency:

- Covering open, finished water reservoirs

**Business case may be required – see EPA's DWSRF Green Project Reserve Example Business Cases*

C. Energy Efficiency

Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy.
Points Received: 1 each with a maximum 5

Examples:

- Renewable energy projects such as wind, solar, geothermal, and micro-hydroelectric, and biogas combined heat and power systems that provide power to a POTW.
- POTW-owned renewable energy projects.
- Collection system infiltration/inflow (I/I) detection equipment.

- POTW energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas
*- Projects that achieve a reduction in energy consumption (pumps, motors).**
*- Projects that cost effectively eliminate pumps or pumping stations.**
*- I/I correction projects that save energy from pumping and reduced treatment costs.**
*- I/I correction where excessive groundwater infiltration is contaminating the influent requiring otherwise unnecessary treatment processes.**
*- Replacing old motors with premium energy efficiency motors.**
*- Upgrade of POTW lighting to energy efficient sources.**
*- SCADA systems where substantial energy savings can be demonstrated.**
*- Variable Frequency Drive (VFD) controllers where substantial energy savings can be demonstrated.**

Projects That Do Not Meet the Definition of Energy Efficiency:

- Simply replacing a pump, or other piece of equipment, because it is at the end of its useful life, with something of average efficiency. (Note: replacing it with higher efficiency equipment requires a business case)
- Hydroelectric facilities, except micro-hydroelectric projects. Micro-hydroelectric projects involve capturing the energy from pipe flow.

**Business case may be required – see EPA's DWSRF Green Project Reserve Example Business Cases*

D. Environmentally Innovative

Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Item 2 and Item 13 are mutually exclusive. Checking one requires that documentation regarding the Asset Management program is uploaded to the project profile.
Points Received: 1 each with a maximum of 5

Examples:
- Total integrated water resources management planning likely to result in a capital project.
- Utility sustainability plan consistent with EPA's sustainability policy.
- Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility.
- Planning activities by a POTW to prepare for adaptation to the long-term effects of climate change and/or extreme weather.
- Construction of US Building Council LEED certified buildings, or renovation of an existing building on POTW facilities.
- Decentralized wastewater treatment solutions to existing deficient or failing onsite wastewater systems.
*- Constructed wetlands projects used for municipal wastewater treatment, polishing, and/or effluent disposal.**
*- Projects that result from total/integrated water resource management planning consistent with the decision criteria for environmentally innovative projects and that are SRF eligible.**
*- Projects that facilitate adaptation of POTWs to climate change identified by a carbon footprint assessment or climate adaption study.**
*- POTW upgrades or retrofits that remove phosphorus for beneficial use, such as biofuel production with algae.**
*- Projects that significantly reduce or eliminate the use of chemicals in wastewater treatment.**
*- Treatment technologies that significantly reduce the volume of residuals, generation of residuals, or lower the amount of chemicals in the residuals.**
*- Educational activities and demonstration projects for water or energy efficiency.**
*- Projects that achieve the goals/objectives of utility asset management plans.**
*- Sub-surface land application of effluent and other means for groundwater recharge, such as spray irrigation and overland flow.**

**Business case may be required – see EPA's DWSRF Green Project Reserve Example Business Cases*

XIII. PROJECT READINESS

To be considered "project ready", the borrower must have completed a majority of the planning phase and be ready to bid the project. All three of the criteria under this category must be met in order to receive the full 30 points.

1. Borrower has submitted complete technical plans to the Division of Water; and, the appropriate checkboxes in the Impacts tab must be selected to indicate to Division staff that the plans have been submitted; and

2. Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, US Fish and Wildlife Service, National Resources Conservation Service, U. S. Fish and Wildlife, and U. S. Army Corps of Engineers); and,

3. Borrower has received committed funds from other funding sources; or the DWSRF is the sole source of funding.

Points Received: 10 per section (Combined for a total of 30 points)

Projects that primarily consist of meter replacements, SCADA, or telemetry upgrades will be considered fully ready and will receive the full 30 points for project readiness.

Note: A full environmental review does not have to be finalized, however, the cross-cutter scoping process must be complete. Plans do not have to be approved by the Division of Water, but they must have been submitted for review. Potential borrowers may be asked to provide proof to substantiate claims.

XIV. PROJECT READINESS – LEAD INVENTORY AND LEAD SERVICE LINE REPLACEMENT

Points can be applied if the following elements of a LSL inventory or replacement plan are submitted to the DOW or uploaded into the WRIS with the project profile. Documents must be submitted to the Division of Water in order to receive points in this category.

A. Service Line Inventory

Demonstrate compliance with the 2024 Initial Service Line Inventory requirements of Lead and Copper Rule Revisions.
Points Received: 10

B. Lead Service Line Replacement

The following documents must be submitted to the DOW to receive project readiness points for proposed lead service line replacement (LSLR) projects:

1. A strategy to determine the material composition of any remaining lead-status-unknown service lines in the service line inventory; and

2. A proposed procedure for conducting full service line replacement using all requested funding, including a strategy for informing customers before a LSLR and a template for an agreement with the private property owner to replace the LSL; and

3. A process for documenting all property owners declining replacement of privately owned portion of LSL; and

4. A procedure for customers to flush service lines and premise plumbing of particulate lead.

Note: Submitting a service line replacement plan that meets all the requirements of the LCRI (40 CFR 141.84(c)) in lieu of items 1-4 above would also qualify for LSLR project readiness points.

Points Received: 25

Note: Projects will not be accepted after the call for projects is closed.

Note: If a project is being completed in phases, be sure to clarify what has already been completed and what still needs to be done.

SYSTEMS WILL ONLY BE RANKED ON THE PHASE WHICH IS CURRENTLY BEING COMPLETED. If the phase of the project is not clarified then the project will not be ranked, and it will be bypassed.

Note: Systems should not edit project profiles after the call for projects is closed until after the ranking process has been completed.

DWSRF Project Checklist

This checklist is a simplified reference tool and is not intended to replace the full guidance provided in the main document. Applicants must refer to the official document for all rules, requirements, scoring criteria, and submission procedures. In the event of any discrepancies, the information contained in the main document shall prevail.

☐ The contents of the Project Description under Narrative Tab and the Project Inventory under the Components Tabs in WRIS must match. Except in cases involving water line replacement/extension the linear footage mentioned in Narrative and Components must be within 10% of each other.

☐ If project plans and specs have been sent/reviewed by DOW, check the corresponding boxes under the Impact Tab

☐ Check any relevant boxes on the Impacts Tab under DW Specific Impacts and Project Readiness
LSL (Lead Inventory and Lead Service Line Replacement)

- If this project is necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree. Upload the agreed order under Sustainable Infrastructure Tab > Asset Management Tab
- If the system has not received any SDWA Notices of Violation within the previous state fiscal year (July through June) check the box under the Impacts tab
- Be sure to attach supporting documents listed in Sections XIII or XIV.

☐ Make sure all mapped aspects of the project are included in the Components Tab

☐ Check applicable boxes under the following categories in the Components Tab:

- Administrative Components, Regionalization Components, Water Source Protection, Water Treatment Components, and Water Distribution and Storage Components

☐ Upload the 3 most recent Audits from the borrowing entity under the Components Tab.

☐ Upload Water Loss in the Last 12 Months in the Components Tab

☐ Check applicable boxes under the following categories in the Sustainable Infrastructure Tab:

- Green Infrastructure, Water Efficiency, Energy Efficiency, and Environmentally Innovative Projects

Sustainable Infrastructure components MUST be mentioned in narrative.

☐ Upload the systems Asset Management Plan, Strategic Plan and Capital Improvement Plan under the Sustainable Infrastructure Tab > Asset Management Tab

- System can upload their own form of supporting documentation or use the State Revolving Fund Verification Form Asset Management Plan and Service Line Inventory Development which can be found on the WRIS Project Profile page (WRIS_AMP-SLI_VerificationForm.pdf)

☐ If the system has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure, be sure to check the box under Asset Management and upload supporting documentation under the Sustainable Infrastructure Tab > Asset Management Tab

REMINDER: **The DWSRF cannot fund waterline extension projects to primarily serve future population growth or to primarily serve projects needed for fire protection.**

DWSRF Ranking Criteria

I	Regionalization	General DWSRF Points	EC Points
A	Elimination of a public water system (PWS) through a merger or acquisition (*Elimination of a PWSID)*	100	115-200
B	Elimination of a water treatment plant through an interconnection	100	115-200
C	Consolidation of multiple PWS through a merger, acquisition, or common management	100	NA

II	Public Health Criteria – Water Supply	General DWSRF Points	EC Points
A	Connection to a new raw water supply	100	115 - 200
B	Connection to a new potable water supply	100	115 - 200
C	Rehabilitation of a dam or reservoir	10	NA

III	Public Health Criteria – Treatment	General DWSRF Points	EC Points
A	Treatment Facilities (i) Construction of a new water treatment plant (ii) Rehabilitation of the water treatment plant ▪ Infrastructure options to meet Cryptosporidium removal/ inactivation requirements ▪ Modifications to meet CT inactivation requirement ▪ Modifications to address disinfection byproducts requirements ▪ Modifications to address VOC, IOC, SOC, radionuclide requirements ▪ Modifications to address secondary contaminants (iii) Redundant processes/emergency power generators (iv) Replacement of raw waterline (v) Replacement or rehabilitation of a raw water intake	 10 25 10 5 10	20 - 40
B	Treatment Upgrades/Modifications (i) Infrastructure options to meet Cryptosporidium removal/inactivation requirements (ii) Modifications to meet CT inactivation requirement (iii) Modifications to address disinfection byproducts requirements (iv) Modifications to address VOC, IOC, SOC, radionuclide requirements (v) Modifications to address secondary contaminants	 5 5 5 5 	 115-200

IV	Public Health Criteria – Distribution	General DWSRF Points
A	Hydraulics/Storage (i) Replacement, cured-in-place, or in situ repair of inadequately sized waterlines, lines with leaks, breaks, or restrictive flows due to age, or lead or asbestos-cement pipe (ii) Water loss 16-30% 31-45% >45% (iii) Rehabilitation of a water storage tank (iv) New water storage tank/replacement of water storage tank (v) New or rehabilitated pump station (not associated with a new tank) (vi) Locating, exercising, installing, and/or replacing various distribution system appurtenances	 20-60 2 6 10 5-10 2-10 5-10 5
B	Finished Water Quality (i) Infrastructure to address inadequate turnover and disinfection byproducts (ii) Redundant equipment/emergency power generators	 4 or 8 10
C	Extension of Service Waterline extensions to serve existing households with inadequate domestic water supplies such as contaminated wells or cisterns	10

V	Service Line Inventory	Lead Points
A	Inventory Development	200
B	Incorporation GIS to record inventory	10
C	Integrating service line inventory into asset management planning	10

VI	Replacement of Lead Service Line and Lead Components	Lead Points
A	Galvanized Requiring Replacement (GRR) Service Lines 1. Community MHI at or above KY MHI 2. Community MHI 80%-99% of KY MHI 3. Community MHI < 80% of KY MHI Lead Service Lines and/or Lead Components 1. Community MHI at or above KY MHI 2. Community MHI 80%-99% of KY MHI 3. Community MHI < 80% of KY MHI	 50 65 80 100 125 150
B	Plan in place to fund replacement of customer-owned sections of LSLs or GRR SLs	20
C	Integration of SL replacement with other distribution system projects	25

VII	Lead Compliance	Lead Points
A	High Lead Levels	5

VIII	Security	General DWSRF
A	Measures taken at the water treatment plant facilities or within the distribution system	5 or 10

IX	Compliance and Enforcement	General DWSRF
A	Entities with executed Orders (*Project must address the terms of the Order*)	5
B	System has not received any Notices of Violation within the previous state fiscal year (July – June)	2

X	Disadvantaged Community Financial Need	General DWSRF
A	Borrowers with a median household income (MHI) below 80 percent of the Commonwealth's MHI as determined by the current American Community Survey (ACS) 5-Year Estimate	25
B	Borrowers with a MHI between 80 and 100 percent of the Commonwealth's MHI as determined by the current ACS 5-Year Estimate	15

XI	Planning	General DWSRF
A	Asset Inventory With GIS based asset inventory	5 10
	Strategic Plan	2
	Capital Improvement Plan	5
B	System's monthly wastewater bill, based on 4,000 gallons, as a percentage of Median Household Income is:	
	Greater than or equal to 2.0%	5
	Between 1 and 1.99%	2
	Below 1%	0

C	System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure	5
D	System financial audits	1

XII	Sustainable Infrastructure	General, DWSRF, Lead, EC Points
A	Green Infrastructure: Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site- and neighborhood-specific practices, such as: - Implementation of green streets. - Wet Weather management systems for parking areas. - Implementation of comprehensive urban forestry programs. - Stormwater harvesting and reuse. - Downspout disconnection. - Comprehensive retrofit programs designed to keep wet weather discharges out of sewer systems. - Establishment or restoration of riparian buffers, floodplains, wetlands or other natural features. - Management of wetlands. - Purchase of land or easements on land that has a direct benefit to water quality.	1 each (5max)
B	Water Efficiency: The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include: - Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals). - Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement). - Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention. - Retrofitting/Adding AMR capabilities or leak equipment to existing meters. - Developing water audit and conservation plans, which are reasonably expected to result in a capital project. - Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse). - Retrofit or replacement of existing landscape irrigation/agricultural systems to more efficient landscape/agricultural irrigation systems (rain and moisture sensing equipment) - Water meter replacement with traditional water meters.* - Projects that result from a water audit or water conservation plan.* - Storage tank replacement/rehabilitation to reduce water loss.* - New water efficient landscape/agricultural irrigation system, where there currently is not one.*	1 each (5 max)
C	Energy Efficiency: Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include: - Renewable energy projects such as wind, solar, geothermal, and micro-hydroelectric, and biogas combined heat and power systems that provide power to a POTW. - POTW-owned renewable energy projects. - Collection system infiltration/inflow (I/I) detection equipment. - POTW energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas - Projects that achieve a reduction in energy consumption (pumps, motors).* - Projects that cost effectively eliminate pumps or pumping stations.* - I/I correction projects that save energy from pumping and reduced treatment costs.* - I/I correction where excessive groundwater infiltration is contaminating the influent requiring otherwise unnecessary treatment processes.* - Replacing old motors with premium energy efficiency motors.* - Upgrade of POTW lighting to energy efficient sources.* - SCADA systems where substantial energy savings can be demonstrated.* - Variable Frequency Drive (VFD) controllers where substantial energy savings can be demonstrated.*	1 each (5 max)

D	Environmentally Innovative: Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include: - Total integrated water resources management planning likely to result in a capital project. - Utility sustainability plan consistent with EPA's sustainability policy. - Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility. - Planning activities by a POTW to prepare for adaptation to the long-term effects of climate change and/or extreme weather. - Construction of US Building Council LEED certified buildings, or renovation of an existing building on POTW facilities. - Decentralized wastewater treatment solutions to existing deficient or failing onsite wastewater systems. - Constructed wetlands projects used for municipal wastewater treatment, polishing, and/or effluent disposal.* - Projects that result from total/integrated water resource management planning consistent with the decision criteria for environmentally innovative projects and that are SRF eligible.* - Projects that facilitate adaptation of POTWs to climate change identified by a carbon footprint assessment or climate adaption study.* - POTW upgrades or retrofits that remove phosphorus for beneficial use, such as biofuel production with algae.* - Projects that significantly reduce or eliminate the use of chemicals in wastewater treatment.* - Treatment technologies that significantly reduce the volume of residuals, generation of residuals, or lower the amount of chemicals in the residuals.* - Educational activities and demonstration projects for water or energy efficiency.* - Projects that achieve the goals/objectives of utility asset management plans.* - Sub-surface land application of effluent and other means for groundwater recharge, such as spray irrigation and overland flow.*	1 each (5 max)

**Business case may be required – see EPA's DWSRF Green Project Reserve Example Business Cases*

XIII	Project Readiness	General DWSRF
	A. Borrower has submitted complete technical plans and specifications to the Division of Water; and B. Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, USFWS, NRCS, and USACE); and C. Borrower has received funding commitments from other funding sources, or the DWSRF is the sole source of funding.	10 per section (Combined total of 30 points) *Exception for projects that do not need to go through this process. Ex: Meter replacements*

XIV	Lead Project Readiness	Lead Points
A	Lead Service Line Inventory 1. A description of goals to be achieved and products to be created (e.g., electronic or GIS database; customer communication tools) when creating a lead service line inventory procedure, including a proposed timeline for achieving each goal.	10
B	Lead Service Line Replacement 1. A strategy to determine the material composition of any remaining lead-status-unknown service lines in the lead service line inventory; and, 2. A proposed procedure for conducting full service line replacement using all requested funding, including a strategy for informing customers before a LSLR and a template for an agreement with the private property owner to replace the LSL; and, 3. A process for documenting all property owners declining replacement of privately owned portion of LSL; and, 4. A procedure for customers to flush service lines and premise plumbing of particulate lead.	25