

TERRITORY OF THE VIRGIN ISLANDS

**DEPARTMENT OF PLANNING & NATURAL RESOURCES
DIVISION OF ENVIRONMENTAL PROTECTION**

**TERRITORIAL DRINKING WATER CAPITAL IMPROVEMENTS
GRANTS PROGRAM**

**FISCAL YEAR 2002
INTENDED USE PLAN,
PRIORITY SYSTEM,
AND
PROJECT PRIORITY LIST**

October 2003

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I. INTRODUCTION

Many public water systems are in need of infrastructure improvements to protect public health and maintain compliance with the Safe Drinking Water Act (SDWA). The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) to assist publicly owned and privately owned community public water systems and nonprofit non-community public water systems finance the costs of capital improvements. These capital improvements must be able to achieve and maintain compliance with the SDWA requirements and to further the public health protection objectives of the SDWA. Through the DWSRF, grants are available to eligible public water systems in the Territories of the United States. These grants will be administered by the Virgin Islands Department of Planning and Natural Resources - Division of Environmental Protection (DPNR/DEP) through the Drinking Water Capital Improvement Grants (VIDWCIG) program.

The DPNR/DEP, acting on behalf of the Government of the Virgin Islands as the authorized grant administrator, hereby submits to the U.S. Environmental Protection Agency (EPA) this Intended Use Plan (IUP). This IUP describes the use of FY-2001 and FY-2002 grant monies in the Virgin Islands' DWICIG program to meet the objectives of the SDWA and further the goal of protecting public health. Specifically, the IUP includes the annual schedule, financial overview, priority ranking system, Project Priority List, project planning procedures, construction oversight, and other program requirements.

Through annual grants provided by the DWSRF during fiscal years 2001 and 2002, a total of \$2,790,800 will be available to the VIDWCIG program. Eligible public water systems will receive grants directly from DPNR/DEP. DPNR/DEP is authorized and intends to use 4% for administration of the program and 2% for technical assistance to small public water systems. A complete breakdown of the available funds is shown in Section IV. Financial Overview.

II. PROGRAM GOALS

The VIDWCIG program will help ensure that drinking water supplies in Virgin Islands remain safe and affordable and that public water systems, which receive funding, will be properly operated and maintained. The goals of the VIDWCIG program include the following:

1. To implement and maintain the DWICIG program for the Territory of the Virgin Islands.
2. To provide financial assistance to eligible public water systems for eligible projects associated with the capital improvements of water treatment, storage and distribution facilities.
3. To help public water systems achieve and maintain compliance with the Virgin Islands and National Primary Drinking Water Regulations.
4. To provide assistance, which will enable public water systems to further the health protection objectives of the SDWA.
5. To improve technical, financial, and managerial capacity of funded public water systems in the Virgin Islands so that they can provide safe drinking water over the long term.
6. To make funds available to improve small public water systems (population served less than 3,300) of the Virgin Islands.

III. PROGRAM OVERVIEW

Every two years DPNR/DEP will apply for grant monies provided by the DWSRF and issue a “call for projects” letter and a pre-application form to the Territory’s public water systems prior to receipt of grants. The pre-applications will be used to rank and prioritize the new projects for inclusion on the Project Priority List for the current year’s funding. This list will determine which PWS will receive grants from the available funds. All projects will be ranked using the priority system described in Section VI. Project Priority Ranking System.

DPNR/DEP will also prepare an Intended Use Plan (IUP) for grant monies provided by the DWSRF. The IUP will describe how the Territory proposes to use the available grants for each fiscal year. The IUP will include the Project Priority List (PPL) with a funding line. The projects listed above the funding line will be eligible for Drinking Water Capital Improvement Grants (DWCIPG) for the current funding period. Projects listed below the funding line will remain on the list and may be eligible for funding in future years. Projects already listed on the PPL but are not funded in the present funding period DO NOT need to resubmit pre-applications unless the project scope or other project information changes.

The DPNR/DEP will use the DWCIG money for both project expenditures and administrative/technical assistance expenditures. The non- project expenditures provide for activities that are not construction related and include costs associated with the administration of the VIDWCIG program and technical assistance to small systems. Project expenditures involve the costs associated with the planning, design, materials, equipment, and construction of public water systems’ capital improvement projects.

A. ADMINISTRATIVE PROCEDURES

DPNR will use the following procedures in administering the project priority system.

1. DPNR/DEP will prepare an annual IUP and Project Priority List for possible funding during the grant-funding period. The PPL will identify and rank each project.
2. Non-profit, non-community PWS must submit proof of non-profit status prior to DPNR accepting a pre-application for capital improvement projects.
3. DPNR/DEP will give public notice of the IUP and hold public meetings (one in each district) to receive comments. DPNR/DEP will provide information on the calculation of the priority score of a project upon request.
4. DPNR/DEP may amend the PPL and the IUP to include a project requested by a public water system, to meet emergency needs for the protection of public health.
5. Only public water systems listed in the IUP may receive funding for the DPNR approved projects. These facilities must begin construction of a project only after execution of a Memorandum of Agreement (MOA) between the PWS and DPNR.
6. The construction cost for projects will be refunded only after the execution of the MOA between DPNR and documents for reimbursement are approved by DPNR.
7. If available monies are not used by the projects identified above the funding line on the PPL within a specified time (*see section III-D. Project Bypass*), those funds will be made available to the next highest ranked project listed below the funding line.

B. PUBLIC REVIEW AND COMMENT

In accordance with the requirements of 40 CFR Part 25 (Public Participation for certain EPA programs) and 40 CFR Part 6 (NEPA), the DPNR will ensure proper public participation during the development of the Project Priority List, the Intended Use Plan, and environmental review procedures.

All public water systems in the Virgin Islands may be notified through written communication and the general public will be notified via printed media that copies of the proposed IUP will be available for review and comment. Once the IUP is issued, there will be a 30-day comment period. After the comment period has closed, DPNR will prepare and distribute a response to comments and a final IUP.

C. PROGRAM SCHEDULES

In order to ensure that all available funds are obligated on a timely basis, DPNR has established a strict schedule for the implementation of the VIDWCIG program. The table below summarizes significant deadlines and other anticipated milestones which must be adhered to by the grant recipient and the VIDWCIG program.

ACTIVITY	ANTICIPATED MILESTONE
All facilities listed above the funding line in the FY2002 IUP must submit a project schedule within 1 month of DPNR issuing the finalized FY2002 IUP.	October 15, 2003
All facilities listed above the funding line in the FY2002 IUP must submit a complete grant application package within 12 months of DPNR issuing the finalized FY2002 IUP.	September 15, 2004
Facilities begin construction.	6 months after execution of MOA
DPNR/DEP will send out a “call for projects.” for FY04 IUP	January 15, 2005
Deadline for submittal of pre-applications for FY04 IUP.	March 1, 2005
Proposed Intended Use Plan issued with a 30-day comment period.	April 1, 2005
Comment period on proposed FY04 IUP closes.	May 1, 2005

D. PROJECT BYPASS

Any project that is not ready to proceed may be bypassed. A project will be determined as “ready to proceed” upon the submission of a complete grant application package within the time specified in table above. The contents of a complete grant application package is discussed in *section VIII-A. Design and Administrative Considerations*. Upon approval of the complete grant application, a Memorandum of Agreement (MOA) between DPNR and the system will be executed. If construction of the project does not begin within six months of execution of the MOA, the project may also be bypassed. Bypassed projects may lose their grant allotment to other projects listed below the funding line in the order indicated on the Project Priority List. If there is a decision to bypass a project, DPNR/DEP will notify, in writing, the public water system whose project is being bypassed and indicate the reason for the bypass, unless it is known that the bypassed project has been withdrawn by the PWS. The notified PWS shall have 15 calendar days to respond in writing with any objections for being bypassed. If any objections are received by DPNR/DEP within the specified time

period, DPNR/DEP will address the objections.

Any of the following circumstances will be used to bypass a project on the PPL.

1. The project is for a system that is identified as a Significant Non-Compiler (SNC) under the Safe Drinking Water Act and the project will not ensure compliance.
2. The project has had a change in scope.
3. The grant application, project feasibility report, environmental planning documentation, and other applicable planning and construction documentation has not been submitted to DPNR/DEP in a timely manner as indicated above.
4. The project is unable to proceed in a timely manner.
5. The project is withdrawn by the applicant.

A bypassed project will remain on the PPL and will be eligible for funding during the next, and future, fiscal years. DPNR/DEP will work with the public water system(s) whose project(s) have been bypassed to ensure that the project(s) will be eligible in the following fiscal year. New or amended projects may receive higher priority in the next fiscal year than the bypassed projects.

E. EMERGENCY PROJECTS

Consistent with Federal Guidelines, DPNR/DEP may bypass projects listed on the PPL to fund an emergency project. Emergency projects may include those where some type of unanticipated failure has occurred and requires immediate attention in order to protect public health. In such cases, DPNR/DEP has the authority to fund the emergency project ahead of other selected projects. DPNR/DEP will inform the public water system(s) whose project(s) were bypassed of the decision and rationale behind that decision. The projects that were bypassed will receive the highest priority for the next available funding.

IV. FINANCIAL OVERVIEW

A. PROJECT FUNDS AVAILABLE

The table below table indicates the total amount of monies made available to the VIDWCIG program from grants provided by the DWSRF during FY2001 and FY2002. Also indicated is the amounts which will be used for projects, administration, and technical assistance.

ALLOTMENTS FOR FY2001 AND FY2002

Fiscal Year	Allotment	Projects	Administrative	Technical
FY2001	\$1,518,900	\$1,427,766	\$60,756	\$30,378
FY2002	\$1,271,900	\$1,195,586	\$50,876	\$25,438
TOTAL	\$2,790,800	\$2,623,352	\$111,632	\$55,816

DPNR/DEP anticipates receiving additional annual DWICIG allotments each fiscal year, subject to annual Congressional appropriations.

B. FUNDING ALLOCATION FOR SMALL, MEDIUM, AND LARGE SYSTEMS' PROJECTS

In keeping with § 1442(e) of the SDWA, DPNR/DEP will provide technical and financial assistance to small and medium size public water systems through the DWCIG. In order to ensure that small and medium size public water systems are able to participate in the VIDWCIG program, DPNR/DEP will reserve 75% of the project funds available for grants for small and medium size water system (population served is less than 10,000) grants. 25% of the project funds will be used for grants for large size water systems (population served is more than 10,000).

After all the small and medium size public water system projects have been funded during a specified funding period, any remaining funds from the 75% allocated for small and medium systems will be used to fund capital improvement projects for large systems. Conversely, after all large size projects have been funded during a specified funding period, any remaining funds from the 25% allocated for large systems will be used to fund additional capital improvement projects for small and medium size systems.

DRINKING WATER CAPITAL IMPROVEMENTS GRANT ALLOCATIONS

Grants Available	FY2001	FY2002	Total
Project Funds Available	\$1,427,766	\$1,195,586	\$2,623,352
<i>Small and Medium Projects (75% of Project Funds)</i>	\$1,070,824.50	\$896,689.50	\$1,967,514
<i>Large Projects (25% of Project Funds)</i>	\$356,941.50	\$298,896.50	\$655,838

C. PLANNING AND ENGINEERING DESIGN ALLOWANCES

While the purpose of the DWSRF is to provide funding for capital improvements in public water systems, DPNR/DEP recognizes that preliminary work (planning, design, and engineering) is necessary before the construction of a project can take place. DPNR/DEP will allow a portion of the grant money to defray the cost of the planning, design, and engineering of the capital improvement projects. The allowance for planning, design, and engineering will be a percentage of the cost of the construction and materials to complete the capital improvement project and will be allowed in addition to the construction and materials costs. This means that if the planning and design costs exceed the allowed percentage of construction costs, the public water system must pay the difference out of their own funds. The following table provides the percentage of the construction costs, which will be allowed to be used for planning, design, and engineering purposes.

PROJECT COST	ALLOWANCE FOR PLANNING AND DESIGN AS A PERCENTAGE OF CONSTRUCTION COST
Up to \$5,000	14% or up to \$650
\$5,001 to \$20,000	13% or up to \$2,400
\$20,001 to \$35,000	12% or up to \$3,850
\$35,001 to \$50,000	11% or up to \$5,125
\$50,001 to \$75,000	10.25% or up to \$7,313
\$75,001 to \$100,000	9.75% or up to \$9,250

PROJECT COST	ALLOWANCE FOR PLANNING AND DESIGN AS A PERCENTAGE OF CONSTRUCTION COST
\$100,001 to \$150,000	9.25% or up to \$13,200
\$150,001 to \$200,000	8.8% or up to \$16,800
\$200,001 to \$300,000	8.4% or up to \$24,450
\$300,001 to \$400,000	8.15% or up to \$31,200
\$400,001 to \$500,000	7.8% or up to \$37,500
\$500,001 to \$750,000	7.5% or up to \$54,375
\$750,001 to \$1,000,000	7.25% or up to \$70,000
Over \$1,000,000	7%

NOTE: The allowance does not reimburse for costs incurred. Accordingly, the allowance table should not be used to determine the compensation for planning or design services. The compensation for planning or design services should be based upon the nature, scope and complexity of services required by the system.

V. CAPACITY DEVELOPMENT REQUIREMENTS

Before a drinking water capital improvement grant can be awarded, a public water system must have adequate technical, financial, and managerial capacity (TFM). Each applicant must submit a capacity assessment (described below) along with the complete grant application. Public water systems that do not have adequate TFM are not eligible to be funded unless the public water system agrees to make appropriate changes in operation (management, rate structure, maintenance, consolidation, alternative supplies, etc.) that will ensure the long-term capability of the system.

Water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water regulations and to provide safe drinking water to the public. Below is an excerpt from an EPA guidance document that defines TFM and identifies questions that lead toward an assessment/ demonstration of adequate capacity.

A. TECHNICAL CAPACITY

Technical capacity is the physical and operational ability of a water system to deliver safe drinking water and to meet SDWA requirements. Technical capacity refers to the physical infrastructure of the water system, including the adequacy of source water and the adequacy of treatment, storage and distribution infrastructure. It also refers to the ability of system personnel to adequately operate and maintain the system and to otherwise implement requisite technical knowledge. A water system's technical capacity can be determined by examining key issues and questions, including the following:

Source water adequacy. Does the system have a reliable source of drinking water? Is the source of water generally good quality and adequately protected?

Infrastructure adequacy. Can the system provide water that meets SDWA standards? What is the condition of its infrastructure, including wells(s) or sources of water intakes, treatment, storage, and distribution? What is the infrastructure's life expectancy? Does the system have a capital improvement plan?

Technical knowledge and implementation. Is the system's operator(s) certified? Does the operator(s) have sufficient knowledge of applicable standards? Can the operator(s) effectively implement this technical knowledge? Does the system have an effective operation and maintenance program?

B. FINANCIAL CAPACITY

Financial capacity is a water system's ability to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with the SDWA requirements.

Financial capacity can be determined by examining key issues and questions, including the following:

1. Revenue sufficiency. Do revenues cover costs to operate and maintain the system in compliance with SDWA standards? Are water rates and charges adequate to cover the cost of water?
2. Credit worthiness. Is the system financially healthy? Does it have access to capital through public or private sources?
3. Fiscal management and controls. Are adequate books and records maintained? Are appropriate budgeting, accounting, and financial planning methods used? Does the system manage its revenues effectively?

C. MANAGERIAL CAPACITY

Managerial capacity is the ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with the SDWA requirements. Managerial capacity refers to the system's institutional and administrative capabilities.

A water system's managerial capacity can be determined by examining key issues and questions, including the following:

1. Ownership accountability. Are the system owners clearly identified? Can they be held accountable for the system?
2. Staffing and organization. Is the system operator(s) and manager(s) clearly identified? Is the system properly organized and staffed? Do personnel understand the management aspects of regulatory requirements and system operations? Do personnel have adequate expertise to manage water system operations? Do personnel have the necessary licenses and certifications?

VI. PROJECT PRIORITY RANKING SYSTEM

The following priority ranking system will be used to establish a list of eligible projects to be funded in a manner that the most serious risks to public health are given the highest priority. The DPNR proposes that the highest priority be given to acute public health risks, particularly those related to microbiological organisms.

A. SYSTEMS ELIGIBLE FOR FUNDING

Water systems eligible for project funding are as follows:

1. All community PWSs as defined under the CFR, Part 141, §141.2;
2. Only **non-profit** non-community, public water systems as defined under the CFR, Part 141, §141.2.

B. SYSTEMS INELIGIBLE FOR FUNDING

Some water systems may not be eligible for grant funding. If DPNR/DEP finds that a system may not be capable of maintaining capital improvement projects or has a history of showing a lack of interest and good faith efforts in maintaining SDWA water quality standards, DPNR/DEP may find the system ineligible for funding.

1. Lack of technical, managerial and financial capability. The DWCIG program will not provide any type of assistance to a system that lacks the technical, managerial or financial capability to maintain SDWA compliance, unless the owner or operator of the system agrees to undertake feasible and appropriate changes in operation practices or if the use of the financial assistance from the DWCIG will ensure compliance over the long term.
2. Significant noncompliance. The DWCIG program cannot provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance unless DPNR determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.
3. Federally owned systems are not eligible to receive funding from the DWCIG.

C. SPECIAL CONDITIONS

The Virgin Islands uniquely uses roofs as means catching rainwater as a source of water to meet our human consumption needs. This occurs through a system of roof surfaces, gutters, downspouts and cisterns. This system must conform to V.I. Code Title 29, Chapter 5.

Projects for the improvement of a rainwater collection system or for the increase of rainwater collection and storage may be eligible for funds from the DWCIG.

The following types of projects relating to a rainwater catchment system will be 100% funded:

- Construction of additional catchment surface to increase water collection capability.
- Repair or replacement of gutters and downspouts.
- Installation of first flush device or rainwater bypass device.

The following projects, subject to DPNR's evaluation will receive 50% funding:

- Repair and coating of roof surface with NSF approved coating.

D. PRIORITY RANKING CRITERIA

The ranking criteria will be divided into the following four categories: 1) Compliance with SDWA Health Standards; 2) Infrastructure Improvements for Public Water Systems; 3) Consolidation or Interconnection of systems; 4) Population Served. Eligible projects can receive points from any of the categories (*see Appendix C for RANKING POINTS SYSTEM*). The project's rank will be determined from the sum of all points received in each category. Each category is briefly described below.

1) Compliance with SDWA Health Standards:

The greatest emphasis will be placed on addressing compliance with health standards established by the Safe Drinking Water Act (SDWA). Projects to address SDWA health standards that have been exceeded or to

prevent future violations of rules will receive higher ranking points. The ranking scheme is as follows:

- a. Project that will bring into compliance a public water system that is not currently in compliance with existing acute drinking water standards (fecal coliform, E. coli, nitrate).
- b. Project that will bring into compliance a public water system that is not currently in compliance with existing non-acute drinking water standards (all non-acute MCLs including heavy metals, SOCs, VOCs).
- c. Project that will ensure compliance (prevent non-compliance) with existing acute drinking water standards.
- d. Project that will ensure compliance (prevent non-compliance) with existing non-acute drinking water standards.

2) Infrastructure Improvements for Public Water Systems:

Projects aimed at infrastructure deficiencies that may affect water quality or the system's ability to comply with the SDWA.

- a. Rehabilitate or develop sources to replace contaminated sources.
- b. Rehabilitate storage system which, is in poor condition, has failed, or subject to contamination, not related to inadequate maintenance of the facilities.
- c. Cross-contamination prevention/ backflow prevention projects.
- d. Existing transmission or distribution mains with appurtenances that need to be rehabilitated, repaired, replaced, or looped to improve water pressure to maintain safe levels or to ensure compliance with the SDWA.
- e. Existing treatment facilities or equipment that need to be rehabilitated, repaired, or replaced to ensure compliance with the SDWA.
- f. Add, upgrade, replace or rehabilitate water system components necessary to meet standards specified in *Recommended Standards for Water Works*.

3) Consolidation or Interconnection of Systems:

Capital improvement projects which consolidate or interconnect systems to ensure the consistent production and distribution of water of adequate drinking quality is considered in the priority system. The ranking scheme is as follows:

- a. Project which will consolidate water systems or provide an interconnection with another water system for capacity development and to ensure that the system returns to and maintains compliance with SDWA requirements.

4) Population Served:

Projects that serve a larger number of people will receive more ranking points because they will benefit more people and further the health protection objectives more.

E. TIE BREAKER

It is possible that two or more projects may receive the same total number of points in the project ranking process. In the event of a tie, the project that is more cost effective will be ranked higher. Cost effectiveness will be evaluated by determining which project will benefit the most people at the least cost. Please note, that if two or more projects are tied, it will be assumed that the public health and compliance benefits are the same. If anyone disagrees with DPNR/DEP's final tie breaking decision, they may present to DPNR/DEP an argument for why they feel one project should out rank another project based on public health protection or regulatory compliance merits.

VII. PROJECT PRIORITY LIST

The DWCIG Project Priority List, based on the priority ranking system, lists the capital improvement projects eligible for funding in the order to be funded during the current funding period. All projects on the list were thoroughly reviewed by DPNR/DEP and will go through the public review process.

In the event that projects identified for funding in the eligible project list are unable to proceed, these delayed projects may be bypassed. As indicated in section III-D, a project is deemed "ready to proceed," upon the submission of the complete grant application package. All required engineering, plans, and environmental reviews for projects must be prepared and submitted as part of the complete grant application.

A line will be drawn dividing the PPL at the point where available program funds end. Applicants above the line will receive funding only after complying with VIDWCIG program requirements and the incurrence of the project cost. Compliance of program requirements include timely submission of the complete grant application and implementation of construction within six months of execution of the MOA between DPNR and the system. The line may be adjusted downward if projects above the line are bypassed or removed from the list.

If funds have not been obligated to projects above the line as a result of a systems noncompliance with VIDWCIG program requirements or the system decision to withdraw a project, the line will be moved down the list and drawn at the point where the remaining un-obligated funds end. New projects now above the line may submit a final grant application within twelve months of being notified of their funding status.

A. SMALL AND MEDIUM SYSTEMS PROJECT PRIORITY LIST

Rank No.	Points	System	PWS-ID	Type	Project Description	Project Cost	Pop. Served
1	830	UVI St. Croix	VI3000501	NTNC	Install Well, UV, filters and pumps	\$76,360	1100
2	770	Association of St. C.	VI0000075	C	Replace aging supply lines, UV, filter, overflow screens, cistern covers, etc.	\$163,188	600
3	760	Pelican Cove Condos	VI3000071	TNC	New Well (alternative source),New R/O, UVs, & filters	\$195,900	180
4	690	UVI St. Thomas	VI0000174	C	Ozone treatment; Rehab of source water (well) pump station w/ 10hp Pump, 6" valve & electrical controls.	\$23,000	3000
5	690	UVI St. Thomas	VI0000174	C	Install new U.V. Systems	\$51,000	3000
6	670	Good Hope School	VI0000340	NTNC	New Well, R/O & UV	\$267,748	500
7	660	Anchorage Condos	VI1000082	C	Install UV system	\$11,800	200
8	660	Cowpet Bay East	VI0000108	C	UV, filtration, chlorination, distribution system improvements(pumps, etc)	\$62,290	300
9	660	St. Patrick's School	VI0000404	NTNC	New R/O, UV, & pumps	\$154,043	400
10	660	St. Mary's School	VI0000403	NTNC	New R/O, UV, & pumps	\$170,816	400
11	660	St. Joseph's High School	VI0000609	NTNC	Install new R/O and UV system & downspout repairs	\$140,605	200
12	660	Heritage Hills	VI1000118	C	UV system, filtration, chlorination, piping	\$148,000	200
13	660	Cabrita Point Resort	VI1000131	C	New UV, Storage tanks, pumps, piping	\$93,600	120
14	660	Sweet Lime Village	VI3000523	C	New R/O & UV systems, & well pump	\$170,272	200
15	660	Dorothea Beach Condos	VI1000072	C	New R/O, UV, pressure tanks, filters, distribution system improvements	\$190,642	90
16	535	Gentle Winds Condominiums	VI0000055	TNC	New R/O	\$23,800	140
Project Funding Line for Small & Medium PWS						\$1,943,064	
17	535	Saman Villas	VI3000522	C	Install R/O plant, related piping & POU-R/O&UV	\$216,300	200
18	515	UVI St. Thomas	VI0000174	C	Upgrade and rehab RO plant. Electrical installation.	\$46,500	3000
19	485	Sapphire Village Condos	VI1000030	C	Replace R/O system, Sand Filters, Pumps&Parts	\$188,000	225
20	485	Cowpet Bay East	VI0000108	C	Upgrade R/O with larger membrane	\$76,000	300
21	485	Cabrita Point Resort	VI1000131	C	Rehabilitate RO, piping	\$77,000	120

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Rank No.	Points	System	PWS-ID	Type	Project Description	Project Cost	Pop. Served
22	415	UVI St. Thomas	VI0000174	C	Rehabilitate 65,000 gal storage cistern. Repair cracks, reline interior, level control system.	\$62,500	3000
23	410	St. Mary's School	VI0000403	NTNC	Install new well (source water)	\$8,900	400
24	410	St. Patrick's School	VI0000404	NTNC	Install new well (source water)	\$17,400	400
25	395	Reef Condominiums	VI0000074	C	Build new concrete Cistern, related piping . Funding for the balance (\$506,371) to be provided by others.	\$630,000	500
26	385	Cowpet Bay East	VI0000108	C	Repair Cistern	\$29,850	300
27	365	UVI St. Thomas	VI0000174	C	Replace two high-pressure iron pumps with stainless steel. Electrical controls.	\$24,000	3000
28	365	UVI St. Thomas	VI0000174	C	Replace three well-field iron pumps with stainless steel.	\$16,050	3000
29	365	UVI St. Thomas	VI0000174	C	Install pressure regulator in main distribution line.	\$33,500	3000
30	170	Bay Garden Condos	VI0000056	C	Replace filters, POU-R/O & pumps	\$145,700	400
31	130	Mahogany Run Golf	VI1000305	C	Replacing & Rerouting 4" distribution pipe	\$30,100	4000
32	120	UVI St. Thomas	VI0000174	C	450 ft of new 6" water line to south campus and to create loop.	\$26,450	3000
33	120	VI WAPA St. John	VI0000554	C	Replace 6" ductile iron pipe w/ 8" C900 PVC pipe	\$387,010	3000
33	100	Association of St. C.	VI0000075	C	Replace aging supply lines.	\$167,283	600
34	90	Cowpet Bay East	VI0000108	C	Replace aging supply lines	\$13,400	300
35	55	Good Hope Townhouses	VI0000098	C	Replace aging concrete roof catchment with galvanized roof	\$78,000	200

B. LARGE SYSTEMS PROJECT PRIORITY LIST

Rank No.	Points	System Name		Location	Project Description	Project Cost	Population Served
1	760	VI WAPA: St Croix	VI0000097	Barren Spot well field	Rehabilitate #5 well field, and flush.	\$45,000.00	425
2	750	VI WAPA: St. Thomas	VI0000443	St. Thomas	Install Chlorine Injection System	\$25,000.00	29,000
3	700	VI WAPA: St. Croix	VI0000097	St. Croix	TTHMs Pre-Treatment System	\$300,000.00	35,000
4	700	VI WAPA: St. Thomas	VI0000443	St. Thomas	TTHMs Pre-Treatment System	\$300,000.00	29,000
Project Funding Line for Large PWS						\$670,000	
5	475	VI WAPA: St. Thomas	VI0000443	Savan/Vester Gade Booster Station	Abandon and replace old storage tank with a new tank	\$190,000.00	29,000
6	475	VI WAPA: St. Croix	VI0000097	Richmond Plant	Rehabilitation of the exterior of Richmond Storage Tank	\$517,440.00	35,000
7	475	VI WAPA: St. Thomas	VI0000443	St. Thomas	Rehabilitate No. 2 Water Storage Tank	\$695,000.00	29,000
8	475	VI WAPA: St. Thomas	VI0000443	Donoe	Construct new 5.0 MG storage tank	\$2,000,000.00	29,000
9	475	VI WAPA: St. Thomas	VI0000443	Sarah Hill	Abandon and replace old storage tank with a new tank	\$2,500,000.00	29,000
10	425	VI WAPA: St. Croix	VI0000097	St. Croix	Storage Tank Telemetry	\$60,000.00	35,000
11	425	VI WAPA: St. Thomas	VI0000443	ESSO Service station to Frenchtown	Replace 900' of 10" cast iron pipes with 18" C900 PVC pipes to provide better pressure and replace aging pipes	\$250,000.00	29,000
12	425	VI WAPA: St. Thomas	VI0000443	Donoe pump station	Upgrade Donoe pump station	\$350,000.00	29,000
13	420	VI WAPA: St. Thomas	VI0000443	East End	East End Corrosion Control: Replace infrastructure in distribution system	\$60,000.00	3,000
14	405	VI WAPA: St. Croix	VI0000097	Mon Bijou Storage Tank	Rehabilitate 2.0 MG storage tank	\$240,000.00	1,500
15	355	VI WAPA: St. Thomas	VI0000443	Vester Gade Pump Station	Rehabilitate booster pump station	\$45,000.00	1,500
16	180	VI WAPA: St. Croix	VI0000097	Loop Sion Farm to Constitution Hill	Install 4,500' of 8" PVC pipe	\$136,125.00	35,000
17	180	VI WAPA: St. Thomas	VI0000443	Altona & Welgunst	Replace aging 4" cast iron pipes w/ 6" C900 PVC pipes	\$142,520.00	29,000
18	180	VI WAPA: St. Thomas	VI0000443	Dejongh Gut to Vesta Gade pump station	Install 1,500' of 6" C900 PVC pipe	\$150,000.00	29,000

Rank No.	Points	System Name		Location	Project Description	Project Cost	Population Served
19	180	VI WAPA: St. Thomas	VI0000443	10" to 18" loop @ Nisky	Installation of 2,500' of 10" PVC pipe	\$206,821.25	29,000
20	180	VI WAPA: St. Croix	VI0000097	Sunny Isle to Ruby & Strawberry	Replace 6,500' of aging 10" ductile iron pipe	\$324,450.00	35,000
21	180	VI WAPA: St. Croix	VI0000097	Loop Strawberry to Kigshill	Install 10,500' of 12" PVC pipe	\$444,250.00	35,000
22	180	VI WAPA: St. Croix	VI0000097	Richmond to Princesse & St. John	Replace 16,000' of aging ductile iron pipes with 10" C900 PVC pipe	\$517,440.00	35,000
23	180	VI WAPA: St. Croix	VI0000097	Christiansted Town	Replace 17,500' of aging ductile iron pipes with 6" PVC pipe	\$529,375.00	35,000
24	180	VI WAPA: St. Thomas	VI0000443	Anna's Fancy	Rehab 6" distribution main	\$550,000.00	29,000
25	180	VI WAPA: St. Croix	VI0000097	Dolby Hill to Grove Place	Replace 30,000' of aging 12" ductile iron pipe	\$1,070,000.00	35,000
26	180	VI WAPA: St. Croix	VI0000097	Contentment to Kingshill	Replace 30,000' of aging 10" ductile iron pipe	\$1,284,000.00	35,000
27	180	VI WAPA: St. Thomas	VI0000443	Sarah Hill to Frenchtown	Rehabilitation of 24" transmission main	\$1,280,655.00	29,000
28	180	VI WAPA: St. Croix	VI0000097	Kingshill to Stony Ground	Replace 38,000' of aging 10" ductile iron pipe	\$1,626,400.00	35,000
29	180	VI WAPA: St. Thomas	VI0000443	Frenchtown to Fort Christian	Rehab 4,000' of 24" Transmission Main	\$1,600,000.00	29,000
30	130	VI WAPA: St. Thomas	VI0000443	Charlotte Amalie	Replace aging infrastructure in distribution system	\$550,000.00	5,000
31	130	VI WAPA / HPR: St. Thomas	VI0000443	Altona	Replace aging infrastructure in distribution system	\$386,500.00	1,000
32	120	VI WAPA: St. Thomas	VI0000443	East End	Replace aging infrastructure in distribution system	\$750,000.00	2,000
33	120	VI WAPA: St. Thomas	VI0000443	Hospital Ground	Replace aging infrastructure in distribution system	\$860,000.00	2,000
34	120	VI WAPA: St. Thomas	VI0000443	Lindbergh Bay	Replace aging infrastructure in distribution system	\$860,000.00	2,000
35	110	VI WAPA: St. Thomas	VI0000443	Palm Strade	Replace aging infrastructure in distribution system	\$190,000.00	1,000

Rank No.	Points	System Name		Location	Project Description	Project Cost	Population Served
36	110	VI WAPA: St. Croix	VI0000097	Frederiksted	Replace aging infrastructure in distribution system	\$825,000.00	1,900
37	100	VI WAPA: St. Croix	VI0000097	Estate Profit/Clifton Hill	Replace aging infrastructure in distribution system	\$230,000.00	775
38	90	VI WAPA: St. Croix	VI0000097	Estate Whim	Replace aging infrastructure in distribution system	\$138,000.00	210

VIII. PROJECT PLANNING

The design phase of the project turns the conceptual project proposed in the pre-application into concrete plans and specifications. The activities undertaken during the design phase can have a substantial impact on cost of the project when bids are taken.

A. DESIGN AND ADMINISTRATIVE CONSIDERATIONS

Each public water system that has a proposed capital improvement project on the Project Priority List must submit a Grant Application Package to DPNR/DEP before the funding of any project can proceed. **The technical and engineering plans, specifications, and cost estimates must be included in the Grant Application Package for approval by DPNR/DEP.** The preparation of the plans, specifications, and cost estimates included in the Engineering Report must be well organized and complete in order to obtain the lowest, realistic bid possible.

B. TECHNICAL REVIEW

The Engineering Report is the document that will demonstrate the need for a proposed project. The information contained in this document provides the basis for the design and construction of the capital improvement project. A licensed plumber or a professional engineer, depending on the scope of the project, must prepare the Engineering report. Project review will be based heavily on this document. All technical and engineering plans, drawings, and specifications, and cost lists must be detailed and specific.

The Engineering Report must include the following:

- Description of the project;
- Objective of the project or the problem which the project will solve;
- Design plans and engineering drawings;
- Equipment and materials specifications;
- Environmental Review as necessary to evaluate short and long term impacts of capital
- Improvement projects and related construction;
- Construction schedule with a chronological list of construction tasks and deadlines;
- Materials lists with costs;
- Cost schedule, including design costs, construction costs, labor costs, and equipment costs.

C. ADDENDA AND REVISED PLANS

Changes are often made to design plans and specifications between the time they are approved and the construction is complete. Minor changes which occur and are few in number are usually incorporated through the issuance of addenda. If a major change occurs, the revised documents must be submitted to DPNR/DEP prior to the advertisement for bids.

IX. CONSTRUCTION OVERSIGHT

The construction phase of the project is very important from a managerial standpoint. The ability of a project to achieve its design performance for the estimated design life is dependant upon proper construction techniques. Costs can be increased during construction due to change orders. Without proper inspection and construction management, the public water system may face increased capital costs and increased operation and maintenance costs during the facilities useful life. Adequate construction oversight of the capital improvement project must be planned for and maintained.

A. INCREASES AND DECREASES IN COSTS DUE TO BIDS

Bids that are significantly lower or higher than estimated must be carefully analyzed. The plans and specifications should be reviewed to ensure that all work in the pre-bid cost estimate is included. The experience of the contractor should also be assessed to ensure that the scope of work is clearly understood.

B. CHANGE ORDERS

A change order is a written authorization by the grantee, approved by DPNR/DEP, to the construction contractor for an addition, deletion, or revision in the scope of work of the project after execution of the construction contract. The grantee is responsible for determining whether a proposed change is appropriate. Documentation of the proposed change in scope of work and reasons for the change must be submitted to DPNR/DEP prior to the approval of any change orders. The grantee must carefully consider any change order for time extensions to ensure that the construction schedule is not compromised and to ensure that any enforcement action against the grantee will still be met.

C. CONSTRUCTION MONITORING

Inspections will be conducted by DPNR/DEP throughout the construction of the project to ensure that the construction is in accordance with the contract. These inspections will check for compliance with the plans and specifications, as well as with the contract schedule. Payment of grant funds to the grantee by DPNR/DEP will be contingent upon compliance with the project contract. If it is found through these inspection that modifications have been made to the agreed upon plans and specifications without prior approval of DPNR/DEP, these modifications will not be funded by the Capital Improvements Grant. Upon completion of the construction, a final inspection will be conducted. Any deficiencies noted during the final inspection must be resolved prior to release of the final grant award.

The following construction oversight process must be adhered to for any CIG project to receive grant awards.

1. A copy of the Construction Contract with the bid documents will be submitted to DPNR/DEP.
2. DPNR/DEP will attend all contract negotiation meetings.
3. No contract shall be awarded without the approval of DPNR/DEP.
4. Once a bid is awarded, a pre-construction meeting is to take place before any construction is started. The grantee, DPNR/DEP and the construction contractor are to be present at this meeting.
5. Inspections must be performed by DPNR/DEP prior to any grant disbursements. Inspections for the purpose of making grant payments must be scheduled by the grantee. Documentation of materials procurement may be required at these inspections.
6. Periodic inspections, in or out of schedule, may take place at the discretion of DPNR/DEP.
7. DPNR/DEP will attend all or any construction progress meetings, at their discretion. The grantee must keep DPNR/DEP apprized of when construction progress meetings are scheduled.
8. DPNR/DEP will review, evaluate and recommend the approval of all change orders for capital improvement projects.
9. DPNR/DEP will review all documents related to the contract closeout. The Operation and Maintenance (O & M) Manual is considered a closeout document and no project will be given final payment without the submittal of an O & M Manual.
10. DPNR /DEP will perform a final project construction inspection in conjunction with the grantee to ensure compliance with the design plans and specifications. Evaluation for start-up for the facility will take place at the final inspection.

D. OPERATION AND MAINTENANCE MANUAL

Proper operation and maintenance of a drinking water facility is essential to ensure a continuing supply of safe drinking water. In order to achieve the maximum design life of the drinking water system and its equipment, adequate maintenance and correct operation of the system are also necessary. Therefore, an Operation and Maintenance (O & M) Manual is required for all Capital Improvement Grants. Any project that does not have an O & M Manual will not be considered complete and will therefore not receive final payment for the project. The O & M Manual may be submitted to DPNR/DEP for review at any time before completion of the construction phase of the Capital Improvement Project.

APPENDIX A: “CALL FOR PROJECTS” LETTER

DATE

RE: Virgin Islands Drinking Water Capital Improvement Grant Program.

Dear Public Water System:

The federal Safe Drinking Water Act (SDWA) Amendments of 1996 established a funding program called the Drinking Water State Revolving Fund (DWSRF). The SRF allows the USEPA to award Federal grants to States and Territories to fund drinking water capital improvement projects, which will facilitate compliance with the National Primary Drinking Water Standards or further the health protection objectives of the SDWA.

The SDWA Amendments of 1996 provides authorization for the Territories to award grants directly to public water systems for the construction of drinking water capital improvement projects. The Virgin Islands Drinking Water Capital Improvement Grants (VIDWCIG) program, under the Department of Planning and Natural Resources, Division of Environmental Protection, will be awarding these grants to eligible public water systems. Eligible public water systems and projects are described below.

I am issuing a “call for projects” to owners, managers, and operators of public water systems who are interested in participating in the Drinking Water State Revolving Fund / Capital Improvement Grants (CIG) program. The attached Pre-application must be submitted to the VIDWCIG program by XXXX for consideration for inclusion in the 20XX Intended Use Plan (IUP). The pre-application must be submitted to the Drinking Water Capital Improvement Grants Program, DPNR, Division of Environmental Protection, 45 Mars Hill, Frederiksted, St. Croix, 00840 or Drinking Water Capital Improvement Grants Program, DPNR, Division of Environmental Protection, Cyril E. King Airport Terminal Building, St. Thomas, V.I. 00802. All information requested in the pre-application must be filled out or the application will be considered invalid and will not be considered for inclusion in the IUP. VIDWCIG program will be strictly adhering to the XXXX deadline, **NO LATE PRE-APPLICATIONS WILL BE CONSIDERED** for inclusion in the 20XX IUP.

The following information will assist you with the requirements for eligibility for receiving a drinking water capital improvement grant.

Eligible Public Water Systems

- You must be a public water system (PWS) as defined under Virgin Islands Code, Title 19 Chapter 51. 1302;
- All community PWSs as defined under V.I. R. &R. 1303-12;
- Only **non-profit** non-community, PWSs as defined under V.I. R. &R. 1303-12.

All systems, which are not community systems, will be required to show proof of their nonprofit status per documentation from the Virgin Islands Bureau of Internal Revenue.

Ineligible Public Water Systems

- For profit non-community PWSs are **not** eligible to receive Capital Improvement Grants;

- Federally owned PWSs are **not** eligible to receive Capital Improvement Grants;
- PWSs in significant non-compliance are **not** eligible to receive Capital Improvement Grants unless the project will ensure full compliance with the SDWA.
- Systems that do not have technical, managerial, or financial capabilities are **not** eligible to receive Capital Improvement Grants.

Eligible Capital Improvement Projects and Grant Expenditures

Only projects, which will facilitate compliance with the National Primary Drinking Water Standards or further health protection objectives of the SDWA, are eligible for grant funding through the VIDWCIG program. Projects to address existing drinking water standards that have been exceeded or to prevent future violations of drinking water regulations are eligible types of project funding. Examples of eligible projects include:

- Replace aging infrastructure;
- Rehabilitate or develop drinking water sources to replace contaminated sources;
- Rehabilitate storage facilities to prevent microbial contamination from entering the water system;
- Existing treatment facilities or equipment that need to be rehabilitated, repaired, or replaced to ensure compliance with the SDWA.
- Install or upgrade transmission or distribution lines to prevent contamination caused by leaks and breaks in pipes or to improve water pressure to safe levels;
- Consolidate existing water systems or connect homes currently on a private water source to an existing PWS only if the current water source is contaminated or otherwise experiencing a public health problem;
- Planning, and engineering costs associated with the design of a capital improvement project.

Ineligible Capital Improvement Projects and Grant Expenditures

- Routine operating and maintenance expenses (Operating and maintenance activities that are expected to be performed on a regular basis such as cistern cleaning, pump repairs and maintenance, filter changes, etc. are not eligible for funding.);
- Projects for future growth of the system;
- Water quality monitoring;
- Fire protection projects.

If you are unsure as to your system's eligibility status or if you are unsure about whether a project you would like to submit for funding is eligible, you may contact Michael B. Diaz at 773-1082 ext.2283 for technical assistance. Additional information about the Drinking Water Capital Improvement Grants program is available through the Internet at www.dpnr.gov.vi/dep-604.

Sincerely,

Dean C. Plaskett, Esq.
Commissioner

APPENDIX B: GRANT ELIGIBILITY

Eligible Systems and Type of Projects to be Funded

A. Eligible Systems

Drinking water systems that are eligible for project funding are community water systems (CWS), both privately and publicly owned; and non-profit non-community water systems (NCWS). Federally owned systems are not eligible to receive VICIG assistance.

B. Eligible Projects

Drinking water capital improvement project or *water supply project* means the planning, design, construction, improvement, or acquisition of facilities, equipment, or buildings for the supply, control, treatment, distribution, and transport of drinking water and the testing and monitoring to ensure the integrity and quality of such water supply project intended to improve drinking water facilities including achievement of compliance with the Federal SDWA and Territory drinking water quality goals and standards.

Projects eligible for DWICIG financing include design and construction to upgrade or replace infrastructure, address exceedances of Federal or Territory health standards, prevent future violations of drinking water standards, and provide the public with safe drinking water. Examples of such projects include:

- Rehabilitation or development of drinking water sources (excluding reservoirs, dams, dam rehabilitation and water rights) to replace contaminated water sources;
- Installation or upgrading of treatment facilities if the project will improve the quality of drinking water to comply with primary or secondary drinking water standards;
- Installation or upgrading of storage facilities, including finished water reservoirs, to prevent microbiological contaminants from entering the water system
- Installation or replacement of transmission and distribution pipes to prevent contamination caused by leaks or breaks; and
- Replacement of aging infrastructure if the replacement is needed to maintain compliance or further the health protection goals of the SDWA

The DWICIG program will provide assistance to an eligible public water system to consolidate with other public water system(s) only if the consolidation will ensure that the system returns to and maintains compliance with SDWA requirements, and the owner or operator of the water system agrees to undertake feasible and appropriate changes in operations necessary to ensure the system has the technical, managerial and financial capability to comply with the SDWA requirements.

C. Projects not Eligible for Funding

The DWCIG cannot provide funding assistance for the following projects and activities:

- Dams, or rehabilitation of dams;
- Water rights, except if the water rights are owned by a system that is being purchased through consolidation as part of a capacity development strategy;
- Reservoirs, except for finished water reservoirs and those reservoirs that are part of the treatment process and are located on the property where the treatment facility is located;
- Laboratory fees for monitoring;
- Operation and maintenance expenses;
- Projects needed mainly for fire protection;
- Projects for systems that lack adequate technical, managerial and financial capability, unless funding will ensure TFM;
- Projects for systems in significant noncompliance, unless funding will ensure compliance;
- Projects primarily intended to serve future growth.

APPENDIX C: PRIORITY RANKING POINTS SYSTEM

The purpose of the priority ranking system is to establish a list of eligible projects to be funded in a manner that the most serious risks to public health are given the highest priority. DPNR has established that the highest priority be given to acute public health risks, particularly those related to microbiological organisms. The next priority is given to situations that pose chronic and longer term risk to consumers, such as chemical contamination (i.e. lead and copper). The scoring criteria also considers issues that are related to infrastructure upgrading or replacement. Consistent with these priorities, the numerical scores in the priority ranking system are based on the following criteria.

All eligible projects will be rated with respect to four categories to determine their ranking and selection for funding. These categories are discussed in *Section VI-D* of this IUP.

- Compliance with SDWA Health Standards** - Up to 500 points will be given to projects that address public health issues. Points will be awarded based on the seriousness of the health risk. The highest points are given to projects which will bring a system into compliance with monitoring requirements which address acute health hazards. Projects will receive points for only the highest applicable classification as illustrated in the table below:

ITEM	PROJECT SCORE
Repair source of bacteriological contamination to bring system into compliance	500
Repair source of chemical contamination to bring system into compliance	450
Prevent bacteriological contamination to ensure compliance	400
Prevent or reduce chemical contamination to ensure compliance	350
Corrosion control (Lead and copper)	300
Reduce turbidity levels to meet SDWA standards	250

- Infrastructure Improvements for Public Water Systems** - up to 400 points will be given to project that address system deficiencies. Projects will receive points for only the highest applicable classification as illustrated in the table below:

ITEM	PROJECT SCORE
Rehabilitate old or develop new source to replace contaminated sources	400
Install, upgrade or rehabilitate storage facilities	375
Cross contamination prevention/backflow prevention	350
Ensure proper flow pressure to distribution system	325
Provide adequate storage capacity	275
Develop rain catchment area for increase water collection capability	275
Install new disinfection/treatment system	250
Upgrade existing disinfection/treatment system	200

ITEM	PROJECT SCORE
Introduce new R/O treatment unit	175
Rehabilitate old R/O treatment unit (<i>not for routine replacement of membranes</i>)	125
Repair leaks	100
Improve distribution system	80
Repair or replace aging gutters and downspouts	75
Introduce new filtration system	60
Improve existing filtration system	50
Repair catchment surface and re-coat with NSF approved coating	45
Introduce point-of-use treatment units for additional treatment	40

- Consolidation or Interconnection of Systems** - up to 200 points will be given to project that address this criteria. Projects which consolidate or interconnect systems to ensure the consistent production and distribution of water of adequate drinking quality is considered in the priority system. Projects will receive points for only the highest applicable classification as illustrated in the table below:

ITEM	PROJECT SCORE
Introduce new public water system or distribution line extensions to serve areas with water quality problems.	200
Interconnect water system with more reliable source	100

- Population Served** - Projects that serve a larger number of people will receive more ranking points because they will benefit more people and further the health protection objectives more. Projects will receive between 10 and 100 points based on population served by the system as illustrated in the table below:

POPULATION SERVED	PROJECT SCORE
25 to 499	10
500 to 999	20
1000 to 1999	30
2000 to 3999	40
4000 to 5999	50
6000 to 7499	60
7500 to 9999	85
10,000 and up	100

A project's ranking will be the sum of all points received in each category. However, before any final funding is granted, each project will be carefully evaluated to ensure that project addresses all issues for which points are scored.

Appendix D: REPORT ON PUBLIC MEETINGS

Two public meetings on the FY02 IUP were held during a 30-day public comment period (August 21 through September 19, 2003) . The first meeting was held on September 16, 2003 at the Gertrude’s Restaurant on St. Croix. The second was held at the Palms Court Harbour View Hotel on St. Thomas on September 17, 2003.

Following are the public comments on this IUP and DPNR’s responses to these comments:

Public Comments	DPNR’s Response
The design allowance chart should reflect locally available data for design costs as a percentage of construction.	More information on local cost for the design of projects as compared to the mainland is needed to determine if the design allowance chart should be changed to meet local situations.
Since the design cost allowance is based on percentage of construction cost, the final design allowance reimbursement should be based on the actual construction cost rather than the construction cost estimate.	Systems are allotted only the amount specified in the pre-applications. The design allowance is determined from that amount. DPNR will allow systems to include in future pre-applications a 15% contingency plan to address potential cost increases over time.
DPNR should disburse grant proceeds to pay for material invoices. Thereby allowing for shipment of material to the job site.	DPNR will disburse grant proceeds to pay for material invoices <i>only</i> , without the necessary proof of incurred cost. Systems must provide an invoice, to DPNR, which reflects the cost for materials as provided by the vendor.
[For several projects DPNR reduced the grant allotment because funding for point-of-use (POU) devices were rejected in cases when the system was also installing a centralized treatment unit(s).] Public comments regarding this issue was : “Leave the cost for POU devices in allotments because between the time pre-application estimates for construction are submitted and actual construction cost is incurred, prices may increase.	DPNR will allow systems to include in future pre-applications a 15% contingency plan to address potential cost increases over time.
Systems who invested ample amount [on existing facilities] should be prioritized.	As stated in the IUP, priority is based on the requirements of the Safe Drinking Water Act.
A percentage of the grant should be provided to system for the start up of construction. Subsequent grant disbursement will be made based on incurred cost.	Systems should have the financial resources for the start up of construction. This demonstrates financial capacity. Efficient planning and timely submission of invoices should result in quick grant disbursements.

APPENDIX E: VIRGIN ISLANDS CAPITAL IMPROVEMENT GRANT PRE-APPLICATION FORM

DPNR Use only

Project Tracking No. _____

Project Name _____

PWS ID # _____ Tax ID # _____

Estimated Cost _____ Population Served _____

**Pre-Application for
V.I. Drinking Water Capital Improvements Grant (VIDWCIG)**

Please fill out all information requested in full. Any pre-applications that are not filled out completely will not be considered for a drinking water capital improvements grant.

CONTACT INFORMATION

Date Prepared: ____/____/____.

Name of Public Water System

Contact Person (If different from manager)

Public Water System I.D. number

Title

Owner / Manager's name

Telephone number and Fax number

Telephone Number and Fax number

Name of Consulting Engineering Co.

Physical Address

Physical Address

Mailing Address

Mailing Address

Island and Zip Code

Island and Zip Code

Organization's Tax I.D. Number

Design Engineers

Telephone Number and Fax Number

Company's Tax I.D. Number

BACKGROUND INFORMATION:

Type of Public Water System: (a) Community (b) Non-Community
Tax Status of System: (a) For Profit (b) Not for Profit (*attach proof of non-profit status*)
Governmental Status: (a) V.I. Government (b) Federal
Age of Public Water System: _____
Population Served by Public Water System: _____

CAPACITY DEVELOPMENT ASSESSMENT

Water system capacity is the ability to plan for, achieve, and maintain compliance with applicable drinking water to the public. Before a drinking water capital improvements grant can be awarded to a public water system, the system must demonstrate that it has adequate technical, financial, and managerial capabilities (TFM). Public water systems that do not have adequate TFM are not eligible to be funded unless the public water system agrees to make appropriate changes in operation (management, rate structure, maintenance, consolidation, alternative supplies, etc.) that will ensure the long-term capacity of the system. Your answers to the following questions will serve to demonstrate your system's capacity for determining eligibility for receiving a Drinking Water Capital Improvements Grant.

TECHNICAL CAPACITY

Technical capacity is the physical and operational ability of a water system to deliver safe drinking water and to meet SDWA requirements. Technical capacity refers to the physical infrastructure of the water system, including the adequacy of source water and the adequacy of treatment, storage, and distribution infrastructure. It also refers to the ability of system personnel to adequately operate and maintain the system and to otherwise implement requisite technical knowledge.

What is the source of water for the public water system?

Is the source of water reliable, generally good quality and adequately protected?

Can the system provide water that meets SDWA standards? Yes No

What is the condition of the system's infrastructure, including the following:

Wells(s) or sources of water intakes? _____

Treatment unit(s)? _____

Storage facility(ies)? _____

Distribution system? _____

What is the infrastructure's life expectancy? _____

Does the system have a capital improvement plan? Yes No

If yes, please explain it or attach a copy of it to this form. _____

Does the system have an effective operation and maintenance program? Please describe it.

Does the system's operator(s) have documented training and knowledge of drinking water treatment technology and the operation of drinking water systems? Please describe training.

Does the operator(s) have sufficient knowledge of applicable drinking water standards? Please describe education and experience.

Can the operator(s) effectively implement this technical knowledge? Yes No

FINANCIAL CAPACITY

Financial capacity is a water system's ability to acquire and manage sufficient financial resources to allow the system to achieve and maintain compliance with the SDWA requirements.

Do revenues cover the cost of water and costs to operate and maintain the system in compliance with SDWA standards?

How does the system manage its revenues effectively? Please explain

Is the system financially healthy? Does it have access to capital through public or private sources?

Are adequate books and records maintained? Are appropriate budgeting, accounting, and financial planning methods used? What methods are used? _____

Are capital improvements to the system included in the financial planning? Please describe.

MANAGERIAL CAPACITY

Managerial capacity is the ability of a water system to conduct its affairs in a manner enabling the system to achieve and maintain compliance with the SDWA requirements. Managerial capacity refers to the system's institutional and administrative capabilities.

Are the system owners clearly identified? Can they be held accountable for the system? Please list them.

Is the system operator(s) and manager(s) clearly identified? Please list them.

Is the system properly organized and staffed? Please describe organization and staffing positions.

Do personnel understand the management aspects of regulatory requirements and system operations?

Do personnel have adequate expertise or training to manage water system operations? Describe expertise and training below.



PROJECT INFORMATION:

Name of Water System: _____

Location of Project: _____

Project Description (*if necessary, continue description on a new page and attach it to the pre-application*):

Population Served by Water System: _____ Population Served by Project: _____

How does this project facilitate compliance with the National Primary Drinking Water Standards or further health protection objectives of the SDWA (*if necessary, continue explanation on a new page and attach it to the pre-application*):

Are there other sources of funds anticipated for this project: Yes or No. _____

If yes, can they be used in conjunction with a Capital Improvements Grant: Yes or No. _____

Please attach a separate page, which provides information on the source of funding, type of funding, amount of funding, and letter of confirmation.

PROJECT COST ESTIMATE:

(*If necessary, continue cost schedule on a new page and attach it to the pre-application*)

Materials	_____	Materials Costs	\$ _____
	_____		\$ _____
Construction	_____	Construction Costs	\$ _____
	_____		\$ _____
Equipment	_____	Equipment Costs	\$ _____
	_____		\$ _____
Other	<u>15% Contingency</u>	Other Expenses	\$ _____
	_____		\$ _____
	_____		\$ _____

Project Costs: ----- \$ _____

Design Allowance (*see table below*): ----- \$ _____

Sub-Total of Amount to Finance: ----- \$ _____

Other Funding Sources (*subtract this amount*): ----- \$ _____

Total Amount to Finance (Grant Amount): ----- \$ _____

ACTIVITY DATES:

Duration of engineering / design preparation (in weeks): _____

When will all technical submittals be completed? Date: ____/____/____

Duration of construction (in weeks): _____

MAXIMUM DESIGN ALLOWANCE

Project Cost	Allowance for Planning and Design as a Percentage of Project Cost
Up to \$5,000	14% or up to \$650
\$5,001 to \$20,000	13% or up to \$2,400
\$20,001 to \$35,000	12% or up to \$3,850
\$35,001 to \$50,000	11% or up to \$5,125
\$50,001 to \$75,000	10.25% or up to \$7,313
\$75,001 to \$100,000	9.75% or up to \$9,250
\$100,001 to \$150,000	9.25% or up to \$13,200
\$150,001 to \$200,000	8.8% or up to \$16,800
\$200,001 to \$300,000	8.4% or up to \$24,450
\$300,001 to \$400,000	8.15% or up to \$31,200
\$400,001 to \$500,000	7.8% or up to \$37,500
\$500,001 to \$750,000	7.5% or up to \$54,375
\$750,001 to \$1,000,000	7.25% or up to \$70,000
Over \$1,000,000	7%