

Subcommittee Meeting (with handouts)
Tuesday February 25, 2020
9 A.M. – 11:30 A.M.
NHDES Room 208C

Attendees:

DWGTF: Bernie Rousseau; Christopher Way; Clark Freise; Jason Gagnon; Marco Philippon;
Rodney Bartlett (Subcommittee Chair); William Boyd;

NHDES: Erin Holmes; Paige Relf; Paul Susca; Johnna McKenna; Mike Unger; Skarinka, Rick

Other: K. Allen Brooks, Senior Assistant Attorney General; Hounsell, Bill.

Agenda:

1. Housekeeping: none.

2. Budget Review:

Erin has submitted the proposed 2020 Award allocation (by program type) and is pending Senator Morse's review and approval. Historically, funds have been split 40% Loan, 50% Grant and 10% Other (Source Water Protection) = 60% Grant. Last year averaged 45% Loan 55% Grant. For 2020, using the same calculation; the available balance of \$34.3M, gives 10% or \$2M is given to maintaining the Source Protection projects and puts the NHDES lead project allocation at \$1.4M; leaving a \$ 30.9M 55% loan 45% grant balance. Leftover funds will go back into the corpus and be recalculated the following year.

3. Recommended application deadlines:

Friday June 26 DWGTF Source Water Protection Eligibility App due (PROPOSED)

Friday September 11 DWGTF Source Water Protection Funding App due (PROPOSED)

Friday September 11 DWGTF Annual Drinking Water Infrastructure Funding App due (PROPOSED)

Motion to Recommend to the full Commission:

Thursday September 10, 2020 from Friday September 11, 2020.

(unanimous)

4. Source Water Protection Rules:

Motion to Recommend to the full Commission:

Drafted edits from the previous subcommittee meeting as presented.

(unanimous)

5. 2020 Construction Project Process Flow:

Motion to Recommend to the full Commission:

LEVEL I: Special projects (based on the 4 criteria) are separate and preferred over the annual program.

NHDES has the authority to screen the project and recommends eligible projects and inform the applicant accordingly.

(unanimous)

Does there need to be a subcommittee to deal with these applications?

6. Proposed Drinking Water Infrastructure Annual Program:

Motion to Recommend to the full Commission:

- A. **LEVEL II:** Adding two required documents to the funding application process (Tier #1 – Project Readiness): 1. Authority to File an Application and 2. Project Planning document (page 11), as threshold criteria for NHDES staff for use in processing funding applications; if either document is missing, the application would be rejected after review by NHDES. (Examples would be provided on the website.) Jason requested an inactive application for review. This is covered by 91a. Erin will also provide list of projects that didn't meet the criteria as volunteered by Allen.

(unanimous)

- B. **LEVEL III:** (Tier #2 – Funding Thresholds) Clark's 3-tiered approach to classifying and processing applications based on external funding. Note: SRF does not count as external funding.

Preferred- first round of applications; reviewed and funded first: $A > 25\%$ $A + B > 90$

Reserved- second round of applications; reviewed and funded second: $A > 25\%$ $A + B < 90$

Loan only- projects that did not meet the funding minimum but not requesting grant.

Application requirements for outside funding was presented as a Tier #2. However, the subcommittee agreed to remove that threshold from DES' application review and eligibility determination and focus on the leveraged funding aspect of the project during the full Commission's review.

(unanimous)

7. Identify/Discuss Elements Missing from Award Plan:

- Clarify the definition of "committed" funding.
- Add live document/diagram of Clark's tiered approach (Attachment/Appendix D).
- What is the definition of contamination? Erin has proposed some language changes in Attachment B.

(Contamination level issues due to change in regulation would be prioritized in SRF.)

8. Open Discussion:

- *Should the Commission provide a "reasonable expectation of funding" statement/endorsement to applicants for other funding sources to assistance with application processing to other sources such as RD?*
- Erin requested the company of one or two Commission members to attend the funding partners meeting.

9. Award Plan deadlines: Goal is to have the Award Plan drafted and ready for presentation for April 2020.

10. Next steps: *Present items above to full Commission March 9, 2020.*

ACTION ITEM:

- *Erin will finish draft, including the flow chart and send to subcommittee members for final comments (to present to the full Commission).*

DRAFT Award Plan attached.

STATE OF NEW HAMPSHIRE

DRINKING WATER AND GROUNDWATER

TRUST FUND 2020 AWARD PLAN

Adopted Date TBD

Commission Members

Senator Chuck Morse, Chair

Senator Tom Sherman,
Vice Chair

Representative
Deborah Hobson, Clerk

Representative Kevin Maes,

Rodney Bartlett,
Public Member

William W. Boyd, III,
Town Council Member

Bruce Breton, Town Selectman

Clark B. Freise,
Governor's Designee

Jason Gagne, NH Water
Pollution Control Association

Andrea Kenter, P.G.,
Public Member

Dorothy Kurtz, Public Member

Rachel Miller, NH
State Treasury

Lisa Morris, Division of
Public Health

Marco Philippon, NH
Water Works Association

Rick Russman, State or
Regional Land Trust
Member

Paul Sanderson, NH Fish
and Game Department

Bernie Rousseau,
Public Member

Robert R. Scott, NH
Department of Environmental
Services

Christopher S. Way,
NH Economic
Development



NEW HAMPSHIRE DRINKING WATER
& GROUNDWATER TRUST FUND



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<https://www4.des.state.nh.us/nh-dwg-trust/>

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<u>Attachment D:</u>	<u>Statement Regarding the Tiered Review of Funding Applications in the Annual Drinking Water Construction Projects Assistance Program.-</u>

1. INTRODUCTION

The Drinking Water and Groundwater Trust Fund (DWGTF) Advisory Commission (Commission) has promulgated rules regarding dissemination of funds from the DWGTF. These rules allow the Commission to publish further guidance and objectives to help steer application requests towards projects beneficial to New Hampshire.¹ The ~~2019~~2020 Award Plan has been prepared to inform stakeholders on the intended use of the DWGTF in ~~2019~~2020 and present the target award allocation for grants and loans. Applicants should also refer to the other relevant rules and guidance, such as the Commission's *Rules for Construction Projects* and *Rules for Source Water Protection Grants* (Construction Rules and Source Water Protection Rules, respectively), available on the DWGTF website as well as applicable rules promulgated by the N.H. Dept. of Environmental Services (NHDES) [including N.H Code of Administrative Rules Chapter Env-Dw 1300 – Administrative Procedures for Grants and Loans from the Drinking Water and Groundwater Trust Fund](#). Please note that NHDES anticipates adopting administrative rules relevant to the DWGTF in the summer ~~2019~~2020. For further information on the DWGTF, contact Erin Holmes, Administrator at (603) 271-8321 or erin.holmes@des.nh.gov.

2. BACKGROUND

In 2003, the State of New Hampshire brought suit against the manufacturers of the gasoline additive methyl tertiary butyl ether (MtBE) because of its impact on the groundwater and drinking water of the State. All but Exxon-Mobil settled before trial. Eventually, the jury awarded the State damages for the harm caused to its groundwater and drinking water. The Legislature used this money plus accumulated interest to establish the DWGTF.

The Commission, established pursuant to RSA 485-F, oversees the DWGTF and must use its authority to provide for the protection, preservation, and enhancement of the drinking water and groundwater resources of the State. To accomplish this, the Commission provides both grants and low interest loans to applicants. For more information about the DWGTF, see [Link to DWGTF Website](#).

3. GOALS

The mission of the Commission as adopted October 5, 2017 is to:

“... provide for the protection, preservation, and enhancement of the drinking water and groundwater resources of New Hampshire. The Drinking Water and Groundwater Advisory Commission will develop a comprehensive strategy designed to ensure the continued availability of safe drinking water for every citizen in New Hampshire. The Commission shall develop and lead the processes for selecting the award of loans and grants, while maximizing the

¹ Specifically, the Commission's "Rules for Construction Projects" state: "The Commission may, through an annual budget or other decision, establish other priorities and goals in order to incentivize projects that fulfill the purposes of RSA ch. 485-F."

return on investments to achieve these strategic purposes.”

Short- and long-term goals developed by the Commission are intended to provide focus on the Commission’s priorities and tasks as listed below.

3.A. SHORT-TERM GOALS

The ~~continuing~~ short-term goals of the Commission are to:

- Provide effective program management to ensure the integrity of the DWGTF.
- Utilize DWGTF monies to address contamination and acute health risks as a priority.
- Fund administrative staff to achieve the goals and mission of the DWGTF.
- Coordinate DWGTF activities with NHDES activities.
- Provide eligible public and private water systems the financial assistance to complete eligible projects such as protection of water supplies, treatment of contaminated drinking water, or drinking water infrastructure improvements.

A review of the 2019 actions of the Commission indicates that the Commission is continuing to achieve the short-term goals presented above. In April 2019, The Commission adopted two rule sets governing their practice of awarding grants and loans for construction and source water protection projects in accordance with RSA ch. 485-F and adopted the 2019 Award plan. These documents were developed to ensure the integrity of the DWGTF and presented the process for soliciting applications and selecting projects for funding awards. Additionally, in accordance with RSA ch. 485-F, the NHDES established rules for the administrative procedures for grants and loans from the DWGTF. These rules became effective on October 23, 2019 with the purpose of supporting the Commission by establishing the criteria and procedures necessary to administer the grant and loan awards.

The Commission has continued to utilize DWGTF monies to prioritize addressing contamination. The 2019 Award Plan included guidance to stakeholders seeking funding for contamination projects and described how the Commission would prioritize DWGTF monies to address contamination and acute health risks. Through the Special Projects Assistance Program, the Commission approved four projects associated with contamination or immediate health risks. Additionally, several applications were received in the Annual Drinking Water Construction Projects program for projects that addressed contamination. These projects were either approved for funding or referred to the Special Projects Assistance program.

☐ The Commission is coordinating DWGTF activities with NHDES activities through the continuation of the Statewide Sampling program approved in 2017 and the approval of funding for a pilot program to distribute filter pitchers that remove arsenic to low-income expectant mothers. This program is a collaboration between NHDES and the New Hampshire Department of Health and Human Services (NHDHHS) and is the first program approved by the Commission to improve water quality of private drinking water wells.

3.B. LONG-TERM GOALS

The long-term goals of the Commission are to:

- Protect public health and promote the completion of cost-effective projects.
- Manage the fund balance and longevity of the fund by awarding 20% or less of the corpus annually as a mix of grants and loans.
- Advance water infrastructure sustainability through the promotion of asset management and financial planning.
- Collaborate with other funding programs such as the Drinking Water State Revolving Loan Fund, Community Loan Fund, and USDA Rural Development or private investment to leverage funds to the greatest extent possible.
- Provide input on the expenditure of public funds for the purpose of directing investment toward improvements that maximize public benefits, maintain affordability, promote sustainability and increase public water systems' technical, managerial and financial capacity.

[SOMETHING HERE??]

4. FUND BALANCE AND AWARD HISTORY

4.A. FUND BALANCE

As of December 31, ~~2018~~2019, the Fund balance is \$~~159,171.6~~ million dollars. The balance is calculated using the following inputs:

- the income investment earnings into the fund;
- repayment into the fund;
- the total expenditures paid from the fund;
- the obligated balance of grants, loans, and other contracts; and,
- the committed funds approved by the Commission.

The fund balance details are presented in *Attachment A*.

4.B. FUND AWARD HISTORY

Since the establishment of the DWGTF, the Commission has awarded the following grants and loans for drinking water construction and source water protection projects:



Table 1. Summary of DWGTF Grant and Loan Awards

Award Year^[1]	Grant^[2]	Loan^[2]
2017	\$11.5	\$25.1
2018	\$14.4	\$7.6
2019 ^[3] (as of March 11, 2019)	\$28.1	\$17.9
<u>2020 (as of February 10, 2020)</u>	<u>\$0.994</u>	<u>\$0.045</u>

Notes:

[1]-The table presents the grant and loan amounts awarded in the indicated year (between January 1 and December 31). The amounts presented are the committed funds and may be at various stages of obligation and/or expenditure.

[2]-Grant and loan amounts presented in millions of dollars. Grant and loan award totals listed do not include awards that were declined by the applicant.

[3] Approximately \$16.1 M in grants associated with the Southern NH Regional Water Project were encumbered in 2019. These grants were approved in 2018 and executed in 2019 and were not counted against the 2019 allocation budget.

4.C. 2019 ALLOCATION SPENDING SUMMARY

The Commission allocated \$37.3 M to be awarded through the Special Projects Assistance Program, the Annual Drinking Water Construction Project Assistance Program, the Source Water Protection Grant Program, and the NHDES Special Projects Program. Generally, the Commission authorized slightly more loans funds in the Special Projects and Annual Construction Projects programs than allocated and approximately one-third less than the allocation for grant funds. The total grant funds awarded for projects in the Source Water Protection Grant program and the NHDES Special Projects Program were below the 2019 allocation. Leftover funds from the 2019 allocation were returned to the corpus and do not rollover into the subsequent year's allocation. A summary of the 2019 spending actuals is provided in Table 2.



Table 2. 2019 Allocation Spending Summary

<u>2019 Allocation Spending Summary</u> <i>(in millions of dollars)</i>	<u>Loan^[1]</u>			<u>Grant^[1]</u>		
	<u>Allocation</u>	<u>Actuals</u>	<u>% Authorized</u>	<u>Allocation</u>	<u>Actuals</u>	<u>% Authorized</u>
<u>Special Projects Assistance Program</u>	<u>16.7</u>	<u>13.99</u>	<u>107%</u>	<u>16.9</u>	<u>7.64</u>	<u>63%</u>
<u>Annual Drinking Water Infrastructure Assistance Program</u>		<u>3.96</u>			<u>2.93</u>	
<u>Source Water Protection Grant Program</u>	<u>0</u>	<u>--</u>	<u>--</u>	<u>2</u>	<u>1.173</u>	<u>59%</u>
<u>NHDES Special Projects Program in Accordance with RSA 485-F:3,1</u>	<u>1.4</u>	<u>0</u>	<u>0%</u>	<u>0.25</u>	<u>0.333</u>	<u>133%</u>

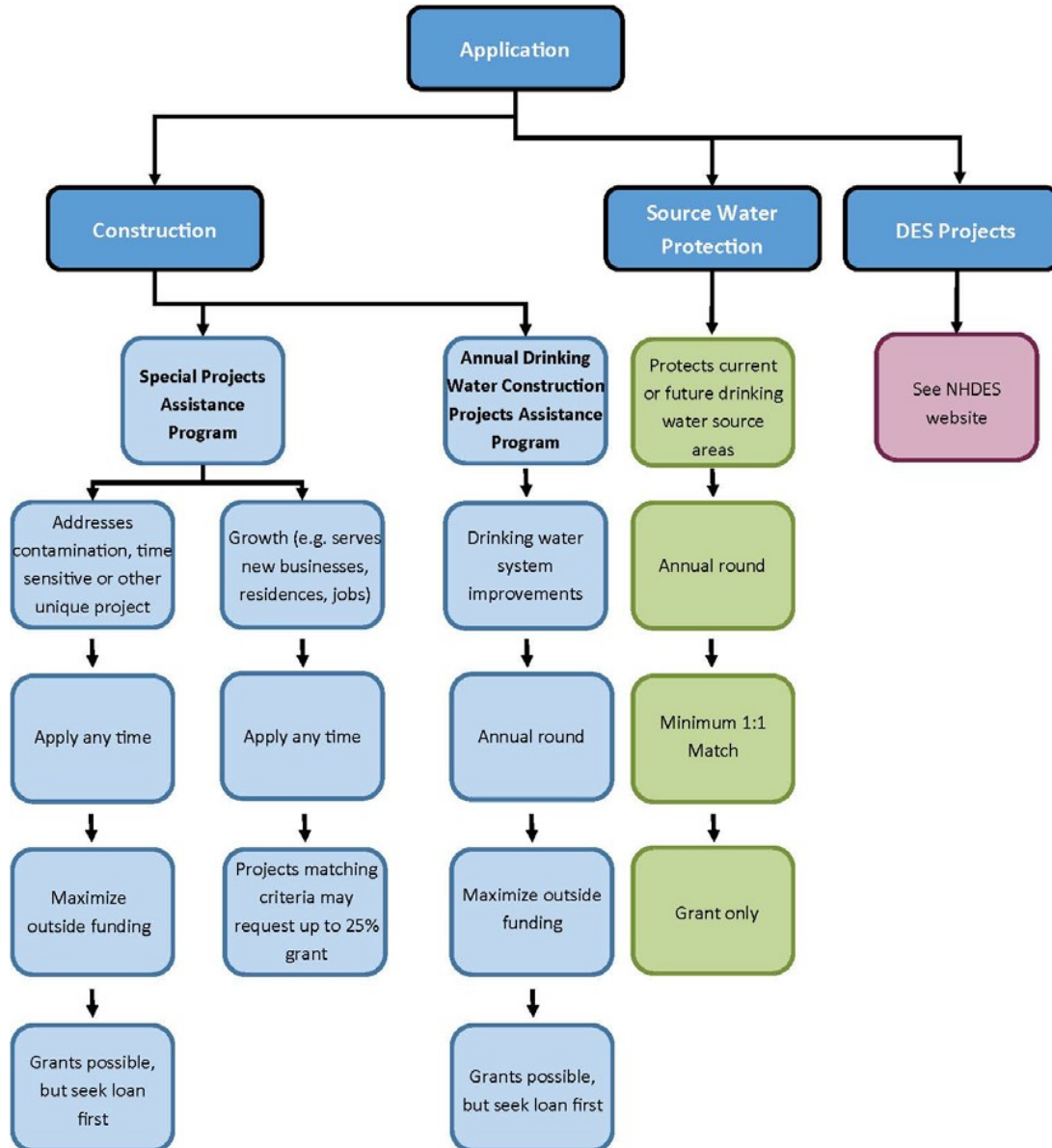
Notes:

[1] Approximately \$16.1 M in grants associated with the Southern NH Regional Water Project were encumbered in 2019. These grants were approved in 2018 and executed in 2019 and were not counted against the 2019 allocation budget. The actual grant and loan awards include subsequent out of scope costs for the project (chloramine conversions, additional funding to Derry/Salem, loan for CIAC tax).

5. 2020 AWARD PROGRAMS

The Commission administers the DWGTF using three major funding categories: Construction Projects, Source Water Protection Projects, and NHDES Activities. Applicants should be familiar with the schedule and funding associated with each category. The Commission reserves the right to implement its programs with flexibility. Figure 1 presents a generalized conceptual model intended to help potential applicants visualize the application process and funding opportunities/restrictions:

Figure 1. 2020 Conceptual Funding and Application Model



5.A. CONSTRUCTION PROJECTS

Construction projects can be considered to be either part of a Special Projects Assistance Program focused on targeting project types outlined in Figure 1 and described in detail in Section 5.A.1 or the Annual Drinking Water Construction Projects Assistance Program which is focused on drinking water system improvements described in Section 5.A.2.

5.A.1 Special Projects Assistance Program

A Special Project is one that addresses contamination, is time sensitive, accommodates growth, or otherwise provides unique opportunities for New Hampshire not covered by other programs. An applicant may submit a funding application to NHDES at any time and projects will be reviewed and evaluated on a case by case basis. The Commission will normally consider all applications during an annual application review but may decide to consider a Special Project at any time. Applications are available on our website at the following link:

[Link to Construction Project Applications](#)

NHDES will screen the funding application using the criteria identified in the Construction Rules. NHDES will also evaluate if the project demonstrates one or more of the following circumstances as determined by the Commission for consideration outside of the annual application review. NHDES will prepare a project screening summary sheet and a letter presenting an opinion of whether or not the project meets the considerations for the Special Projects program. NHDES' screening sheet and letter along with the funding applicants will be provided to the Commission for their review. The Commission will determine if the project shall be reviewed as a Special Project or referred to the annual round (Section 5.A.2).

Special Projects consist of the following:

- (1) Projects Addressing Drinking Water Contamination. The Commission considers addressing contamination paramount when evaluating a project need.
- (2) Time Criticality. The time critical aspect makes it impractical for the project to be considered in the annual application review. This may include, but is not limited to:
 - i. Public health.
 - ii. Delays that would significantly impact project cost.
 - iii. Project is tied to another project's schedule where completion is critical for efficiency or cost savings.
- (3) Grant Request due to Financial Hardship. An applicant may tailor its request to account for financial hardship. For instance, an applicant may be able to demonstrate through its median household income (MHI) and affordability index^[2] that it cannot afford to incur additional debt. Applicants are encouraged to submit any information that supports the justification for financial hardship.
- (4) Projects that Support Economic Growth. Special consideration will be given to projects that create or expand drinking water systems which in turn expands the economic well-

² Affordability is calculated by dividing the project user rate by the community or water system's MHI.

being of a community. Further specific information on this type of project is provided in Attachment C.

This program does not have requirements for minimum outside funding (match) percentage or maximum DWGTF grant allowed; however, in accordance with the Construction Rules, the Commission will endeavor to leverage the DWGTF to the greatest extent possible by taking into consideration financial contributions to the project including:

- Supplemental funds provided by the applicant through bonding, capital reserve funds, other loan programs.
- State or Federal funding sources such as the Drinking Water State Revolving Fund (DWSRF), the United States Department of Agriculture Rural Development Program, Community Development Block Grants (CDBG), etc.
- Private third party contributions.
- Any non-DWGTF funding contribution(s).

In-kind contributions may be considered by the Commission. Outside funding requirements are further defined in the Construction Rules.

Decisions on the amount of loan and grant awarded may include considerations related to fund sustainability such as the available DWGTF balance and the rate at which the DWGTF will be replenished.

The Commission may request additional information not included in the funding application either directly or through NHDES.

Based on the funding application and any additional information collected during the project review process, the Commission or a subgroup of Commissioners may:

- (1) Recommend the applicant submit a revised funding application proposing a different project scope and/or different loan/grant funding plan.
- (2) Request additional information on the project, such as letters of local support, agreement documents necessary to execute the project, water quality data, etc. Specific information would be requested on a case by case basis.
- (3) Present the funding application to the Full Commission with a recommendation to approve the funding or not.
- (4) Or other actions as determined by the Commission.

If the application passes any applicable screening process and initial consideration, the Commission will vote to approve or deny funding the project.

A denial of the project does not necessarily preclude an applicant from reapplying again including through the other programs outlined herein. For instance, a Special Project could be applied for again under the annual round for construction projects (Section 5.A.2).



5.A.2. Annual Drinking Water Construction Project Assistance Program

The Annual Drinking Water Construction Project Assistance Program (Annual Construction Assistance Program) essentially addresses system improvements of existing public drinking water systems. The Commission will review funding awards for this type of project once per year. In ~~2019~~2020, the annual assistance program will occur in the fall. The deadline for ~~applications is September 13, 2019, which was set by the Commission on March TBD-11, 2019.~~ Applications are available on the DWGTF website at the following link:

[Link to Construction Project Applications](#)

In general, Any any eligible applicant may apply for funding of eligible projects under the Annual Construction Assistance Program; however, the Commission will look favorably on applications that endeavor to leverage the DWGTF to the greatest extent possible by taking into consideration financial contributions to the project including:

- Supplemental funds provided by the applicant through bonding, capital reserve funds, municipal bond bank, other loan programs.
- State or Federal funding sources such as the Drinking Water State Revolving Fund (DWSRF), the United States Department of Agriculture Rural Development Program, Community Development Block Grants (CDBG), etc.
- Private third party contributions.
- Any non-DWGTF funding contribution(s).
- In-kind contributions may be considered by the Commission.

Other outside funding requirements are further defined in the Construction Rules.

NHDES will review the funding application and determine whether the applicant and project are eligible ~~and screen funding applications~~ using the criteria identified in the Commission's Rules. If the funding application is for a project that is [addressing contamination or related to economic development], NHDES will send written notification recommending that the Applicant apply for funding through the Special Projects Assistance Program. The Applicant is required to respond to NHDES' recommendation in writing within 10 days of the notification.

NHDES Determination of Funding Eligibility

The Commission has authorized NHDES to determine eligibility of the funding applications for the Annual Construction Assistance Program prior to their review. Refer to Figure 2 which presents the process for NHDES' review of the funding applications.



Figure 2: NHDES FUNDING APPLICATION REVIEW PROCESS

The Commission has developed two tiers of application requirements - tier I addresses project readiness and tier II addresses the applicant's contribution from non-DWGTF funding sources. If the funding application does not meet these minimum threshold requirements, the applicant will be sent written notification from NHDES that the project is ineligible for review through the Annual Construction Assistance Program.

Tier I – Project Readiness

The Commission requires that the funding applications include two submittals to meet the threshold for project readiness.

- 1) *Authority to Submit* - The applicant must provide a copy of the attached *Authority to Submit* form signed by the governing body.
- 2) *Project Planning Document* – The applicant must provide a *Project Planning Document* with the application that includes the following sections:
 - I. Existing Conditions
 - II. Project Need
 - III. Basis of Design (flow rate, contaminant concentrations, pressures, etc.)
 - IV. Alternatives Evaluation
 - V. Recommended Alternative
 - VI. Opinion of Project Cost including engineering, administrative, legal, land/easement acquisition, permitting, construction, and contingency costs.

NHDES will review the *Authority to Submit* and the *Project Planning Document* and determine if the project is eligible for review by the Commission. If the application is incomplete, NHDES will send written notification to the applicant that the project is ineligible for funding through the Annual Construction Assistance Program.

Tier 2 – Applicant's Contribution from non-DWGTF Funding Sources

If the funding application meets the project readiness requirements outlined above, NHDES will evaluate the funding request against the threshold requirement for outside funding. The Commission endeavors to leverage the DWGTF to the greatest extent possible by taking into consideration supplemental funds provided by the applicant or other funding sources. Funding applications that have less than 25% non-DWGTF matching funds contributed to the total project cost [*committed?]* are eligible for loan only. Funding requests that do not meet this threshold and are requesting grant and or a combination of grant and loan funds are ineligible for review by the Commission and will receive written notification from NHDES.

Funding applications that meet the tier I and tier II requirements outlined above will be accepted for review by the Commission. The Commission or Subcommittee(s) A Subcommittee established by the Commission will review the criteria outlined in the Commission rules. The Commission will consider ~~may also consider~~ the application including elements such as funding mix, DWGTF



~~grant, DWGTF loan, outside funds — as presented~~ and request presented in the funding application (~~applications considered~~ at “at face value”). The funding request may not be changed by the applicant after the submittal deadline without a formal request approved by the Commission. .-

The Commission and/or Subcommittee ~~and/or Commission~~ may request additional information from the applicant either directly or through NHDES. The Subcommittee may present a list of recommended projects to fund to the full Commission. If the application passes any applicable screening process and initial consideration, the Commission will vote to approve or deny funding. Attachment D presents a statement from the Commission regarding a tiered review of the projects that are accepted for review by the Commission. The purpose of the tiered review is to incentivize non-DWGTF matching funds by prioritizing review of projects that have exhausted outside funding and maximized Trust Fund loan over grant.

A denial of the project does not necessarily preclude an applicant from reapplying again in future loan and grant rounds.

5.B. Source Water Protection Grant Program

In accordance with the mission of the Commission “to provide for the protection, preservation, and enhancement of the drinking water and groundwater resources of New Hampshire,” the Commission recognizes the need to have a sustainable grant program for source water protection. As with the drinking water construction projects, applicants shall endeavor to maximize the contribution of outside funding sources for projects to be considered by the Commission. The focus of the Source Water Protection Grant Program is prioritizing preservation/protection of lands directly associated with water supplies. These lands are defined as Wellhead Protection Areas (WHPAs) for wells or Hydrologic Areas of Concern (HACs) for surface water supplies. Additionally, the Commission recognizes the importance of protecting high yield aquifers for future supplies or other types of projects. These projects shall be evaluated against the Future Source Evaluation Criteria presented in the Commission’s Rules for Source Water Protection Grants.

The SWPGP application review will be held once per year. In ~~2019~~2020, the SWPGP will start in June with eligibility applications due June ~~28~~ 26, 2020 and funding applications due on September ~~13~~ 11, 2020. The deadlines were set by the Commission on ~~March 11, 2019~~ TBD. Applications are available on the DWGTF website at the following link:

[Link to Source Water Protection Applications](#)

Any eligible project defined in the Source Water Protection Rules, adopted March 11, 2019 and revision 1 adopted on TBD may apply for a grant under the annual SWPGP. The Commission endeavors to leverage the DWGTF to the greatest extent possible and will only consider grants that are no more than 50% of the eligible project cost and no more than \$500,000 per project.

The application and review process is defined in detail in the Source Water Protection Rules and summarized below:

1. Eligibility application submitted by June ~~28~~ 26, 20192020.



2. Eligibility applications will be reviewed by NHDES and may include a review by the Commission. If, after review of the eligibility application is complete, the application is designated for further consideration, the applicant must submit a funding application by September ~~1311~~, ~~2019~~2020.
3. Funding applications will be reviewed by either a Commission Subcommittee or review panel comprised of Commission members and other experts. This phase of the review process will include site visits by NHDES.
4. The Commission subcommittee or review panel will conduct public meetings to review the applications and develop recommendations for award to be presented to the full Commission for a vote.

A denial of the project does not necessarily preclude an applicant from reapplying again in future grant rounds.

5.C. NHDES Projects

NHDES may request funding for projects consistent with NHDES's duties to administer the DWGTF in accordance with RSA 485-F:3,I. Funding for these projects will be in addition to NHDES's operating budget which is established bi-annually.

If the Commission approves the request, funds will be transferred from the DWGTF to NHDES, and NHDES will administer the project(s) according to the approved proposal.

NHDES will provide quarterly status updates at meetings of the full Commission and will include these projects in NHDES's written annual report to the Commission. An example of this type of project from 2018 is the Statewide Drinking Water Quality Sampling program.

6. ~~2019~~2020 TARGET AWARD SPENDING

Annually, the Commission will establish a budget for the DWGTF program administration and target award allocations to the project types described in the sections above. The target award spending is based on the Commission's goals and priorities. However, the Commission reserves the right to award more or less than the amounts described below at the Commission's sole discretion depending on the quality and quantity of applications received and needs of the State.

The calendar year ~~2019~~2020 target award spending threshold is \$~~37.334.3~~M, which represents approximately 20% of the corpus of the DWGTF at the end of calendar year ~~2018~~ 2019 presented in Section 3.A and *Attachment A*.

Table 3 presents the target award spending for the programs defined in Section 5. The allocations should be considered a target for spending "up to" the amounts presented. As noted in the table, funds may be shifted as needed to the other programs.

Additionally, the Commission recognizes possible overlap between some types of Special Projects



and projects covered by the Annual Construction Assistance Program. The target award allocation presented below combines these two programs. As described in Section 5.A.1, the Special Projects Assistance Program is an open application program designed to address specific project considerations and need. These projects are the priorities of the Commission. Therefore, In accordance with the vote by the Advisory Commission in March 2019, the Annual Construction Assistance Program awards will be selected in late fall. This schedule recognizes the potential that the Special Projects Assistance Program may experience a greater need than anticipated which may significantly reduce the availability of funds for the Annual Construction Assistance Program.

Table 3. 2020 Target Award Allocation by Program Type

Program	Loan^[1]	Grant^[1,2]	Total^[1]
Special Projects Assistance Program	\$15.5	\$15.4	\$30.9
Annual Drinking Water Construction Project Assistance Program			
Source Water Protection Grant Program	\$0	\$2.0	\$2.0
NHDES Special Projects Program in Accordance with RSA 485-F:3,I	\$1.4		\$1.4
Total			\$34.3

Note:

[1] All values presented in millions of dollars.

[2] Grant funds may be shifted to loan based on the needs identified during the Annual Construction Assistance Program process.

7. CRITERIA AND METHOD FOR DISTRIBUTION OF PROJECT AWARDS

Project selection results will be communicated to each applicant in writing following Commission voting on the projects. Final applications for funding will be due to NHDES by the deadline established by the Commission. Applicants with projects that have been awarded funding shall refer to the Commission website for the resources needed to submit the final application for funding. Finalizing the applications and processing the grant and/or loan documents are described in detail in the N.H. Code of Administrative Rules, Chapter Env-Dw 1300 – Administration Procedures for Grants and Loans from the Drinking Water and Groundwater Trust Fund, effective October 23, 2019.

ATTACHMENT A

Cumulative Summary as of December 31, 2019

BEGINNING FUND BALANCE: July 1, 2017 **\$ 277,619,263**

INCOME:

Investment Earnings	12,725,923	
Water Rights Reimbursements	2,674,822	15,400,745

EXPENDITURES:

Operating Expenses	1,587,272	
Loans	12,950,104	
Grants	19,899,275	
2019 Legislative Disbursements	-	
TOTAL EXPENDITURES		34,436,651

**OBLIGATION BALANCE AS OF
12.31.19**

Grants	36,078,048	
Loans	13,277,396	
Contracts	1,270,565	
TOTAL OBLIGATIONS		50,626,009

BALANCE BEFORE COMMITMENTS **\$ 207,957,348**

COMMITMENTS AS OF 12.31.19

2019 Legislative Commitments	6,500,000	
Grants	4,380,000	
Land Grants	2,198,610	
Loans	23,219,500	
TOTAL COMMITMENTS		36,298,110

BALANCE AFTER COMMITMENTS AS OF 12.31.19 **\$ 171,659,238**

20% of Balance **\$ 34,331,848**

2019 Legislative Commitments represent the two appropriations made during the 2019 session. \$6M to DES and \$500,000 to DHHS-Public Health. Both agencies will be paid on a reimbursement basis. Both appropriations expire 06.30.21

ATTACHMENT B

Guidance on Contamination Projects

The Commission has promulgated rules regarding dissemination of funds from the DWGTF. These rules allow the Commission to publish further guidance and objectives to help steer application requests towards projects beneficial to New Hampshire.³ The following provides further guidance to potential applicants for projects addressing contamination.

Projects Addressing Contamination

The Commission has identified issues associated with contamination of drinking water as the highest priority of the DWGTF. Funding for these types of projects may be applied for at any time in the Special Projects Assistance Program. Specifically, projects that are addressing contamination issues related to man-made contaminants with established drinking water standards or emerging man-made contaminants or time critical contamination issues associated with changing standards, man-made or naturally occurring will be reviewed as a priority by the Commission. If a funding application for this type of project is received in the Annual Construction Assistance Program, NHDES will recommend that the project be considered in the Special Projects Assistance program. It is at the discretion of the Applicant to determine which program best meets their needs.

The Commission will always strive to leverage the DWGTF to the greatest extent possible, maximizing outside funding sources; however, the Commission recognizes the financial impact that addressing contamination may have on a water system and anticipates being flexible in its review of these projects.

The role of NHDES is to facilitate the transfer of information to the Commission, answer questions, and/or work with the applicant to provide additional information that may be requested by the Commission. The Commission or an established subcommittee-Subcommittee will review the application and any supplemental information and determine if the project shall be addressed off-schedule from the Annual Drinking Water Construction Project Assistance Program.

With respect to the treatment of contaminated drinking water, the Commission may consider whether contributions should be sought from a responsible party (RP) to the extent one is identified and solvent. However, the Commission recognizes that not every case of contamination in drinking water can be linked to an RP.

³ Specifically, the Commission's "Rules for Construction Projects" state: "The Commission may, through an annual budget or other decision, establish other priorities and goals in order to incentivize projects that fulfill the purposes of RSA ch. 485-F."

ATTACHMENT C

Statement Regarding the Availability of Funds for the Creation and Expansion of Drinking Water Infrastructure

The Commission has promulgated rules regarding dissemination of funds from the DWGTF. These rules allow the Commission to publish further guidance and objectives to help steer application requests towards projects beneficial to New Hampshire.⁴ The following provides further guidance to potential applicants for projects addressing the creation and expansion of drinking water infrastructure.

Projects Addressing Creation and Expansion of Drinking Water Infrastructure

The Commission believes that New Hampshire citizens will benefit from new drinking water infrastructure and from the extension or interconnection of existing drinking water infrastructure. These types of projects will accommodate both existing users and future growth; however, such projects sometimes fail to materialize because the public or outside stakeholder is unable to identify attractive funding sources. In other cases, applicants seek traditional funding from the State Revolving Fund (“SRF”) but the project fails to qualify. Many will never even get to the concept phase unless information about funding opportunities like the DWGTF is proactively disseminated. Greater awareness about the availability of supplemental funding may generate interest in these projects, causing stakeholders or others to bring in outside funds, thereby helping serve New Hampshire’s needs while best leveraging DWGTF-dollars.

It is the Commission’s intention that these projects would be applied for through the Special Projects Assistance Program; however, the Commission may determine that the project is more applicable to the Annual Drinking Water Construction Project Assistance Program.

Although each application will be reviewed on a case-by-case basis, the Commission wishes to provide further guidance to applicants considering the creation, expansion, or interconnection of drinking water infrastructure. In general, the Commission may look favorably on applications for this type of project provided the applicant provides at least 50% of the project costs from outside sources. The Commission intends to incentivize innovative and creative projects like those described above and anticipates that up to 25% funding through a DWGTF grant may be made available for meritorious applications. Whether a particular project is awarded funding and to what extent is based on the specifics of the actual proposal.

⁴ Specifically, the Commission’s “Rules for Construction Projects” state: “The Commission may, through an annual budget or other decision, establish other priorities and goals in order to incentivize projects that fulfill the purposes of RSA ch. 485-F.”



NEW HAMPSHIRE DRINKING WATER
& GROUNDWATER TRUST FUND

Drinking Water and Groundwater Trust Fund
2020 Award Plan
Adopted TBD 2020



ATTACHMENT D

Statement Regarding the Tiered Review of Funding Applications in the Annual Drinking Water Construction Projects Assistance Program

DEVELOP THIS STATEMENT BASED ON DISCUSSIONS ON 2/25