



State of New York
Department of Health

**CAPACITY DEVELOPMENT PROGRAM
IMPLEMENTATION REPORT**

**Improving the Technical, Managerial and Financial Capabilities
of Public Water Systems in New York**

December 2011

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SECTION 1

The Capacity Development Program-An Overview

One of the focuses of the 1996 Safe Drinking Water Act (SDWA) Amendments is to ensure public water systems have the ability to provide safe drinking water to the public. The Amendments seek to prevent compliance problems and associated health risks by ensuring that public water systems have the capability to produce safe drinking water now and in the future. To achieve these goals, the Amendments include provisions for several prevention programs – one of which is the capacity development program.

Water system capacity is the ability to plan for, achieve, and maintain compliance with all applicable drinking water standards. There are three components to capacity: technical, managerial, and financial. Technical capacity refers to a water system's ability to operate and maintain its infrastructure. Managerial capacity refers to the expertise of the water system's personnel to administer the system's overall operations. Financial capacity refers to the financial resources and fiscal management that support the cost of operating the water system. Adequate capability in all three areas is necessary for the successful operation of a public water system.

Capacity development is the process by which water systems acquire, maintain, and build upon their technical, managerial, and financial capabilities to enable them to consistently provide safe drinking water to their customers in a reliable and cost-effective manner. As written in the SDWA, the capacity development program provides a framework for state agencies, local governments, stakeholder groups or organizations, water systems and the public to work toward ensuring that drinking water systems acquire and maintain the technical, managerial and financial capacity needed to achieve public health objectives (i.e. compliance with applicable State and Federal drinking water regulations).

Capacity Development Provisions in the SDWA

The 1996 SDWA Amendments include three capacity development provisions under which new and existing water systems are to be evaluated for their technical, managerial, and financial capabilities and through which existing water systems can acquire, maintain, and build upon their technical, managerial, and financial capabilities.

- All new community water systems and all new nontransient noncommunity water systems that begin operation after October 1, 1999, must first demonstrate that they possess adequate capacity.
- States are prohibited from providing Drinking Water State Revolving Fund (DWSRF) assistance to public water systems that lack adequate capacity,

unless that assistance is directly related to improving the system's technical, managerial, or financial capacity.

- States must develop and implement a strategy to assist existing public water systems in acquiring and maintaining the necessary capacity to remain a viable system over the long term.

SECTION 2

Capacity Development Program-New Systems Provision

Section 1420(a) of the SDWA, the new system provision, applies to all new community water systems (CWSs) and all new nontransient noncommunity water systems (NTNCWSs) that began operations after October 1, 1999. Under this provision New York State was required to demonstrate to the United States Environmental Protection Agency (USEPA) that it has the legal authority to ensure that all new CWSs and all new NTNCWSs have the technical, managerial, and financial capacity to comply with all applicable State and Federal drinking water regulations in effect, or likely to be in effect, on the date of commencement of operations. On February 26, 1999 the USEPA determined that New York State met the guidance and statutory requirements under Section 1420(a). On October 1, 1999 New York State began implementing the new system provision of the SDWA.

Since Federal Fiscal Year (FFY) 2000, the New York State Department of Health (DOH) has been implementing a fully functioning new water system plan. The new system evaluation plan is ongoing and it addresses capacity determinations for new water systems. The DOH is satisfying the current annual New System Capacity Development Program reporting requirements through documentation within this Capacity Development Program Implementation Report.

The DOH along with the New York State Department of Environmental Conservation, the Public Service Commission, and the Office of the State Comptroller share the legal authority to ensure that new community water systems and new non-transient non-community water systems demonstrate that they possess adequate capacity. In FFY 2011, the DOH continued implementation of a fully functioning new water system capacity assurance plan. In Appendices A through C, documentation shows an ongoing evaluation plan for new systems that addresses capacity determinations for new water systems. New York's Capacity Development Program Implementation and Evaluation Plan for New Systems (approved by EPA) is provided in Appendix A; and the Environmental Health Manual Item entitled *Procedure for Granting Approvals to Operate New Community Water Systems and New Nontransient Noncommunity Water Systems* can be found in Appendix B. In addition, these documents satisfy the reporting requirements for the annual Capacity Development Program Implementation Report by providing both "legal authority" and "control point" information. For New York's New System Provision of the Capacity Development Program, the legal authority and control points remain unchanged from the Capacity Development Program Implementation and Evaluation Plan for New Systems originally approved by EPA in 1999.

The DOH is also providing in Appendix C, a list of all the new systems that were granted approval to operate within the last three years. This list also identifies those new systems that are currently classified as a "priority system", based upon the USEPA's Enforcement Targeting Tool (ETT). The USEPA considers systems with an ETT score

of greater than or equal to 11 to be “priority systems”, or public water systems that appear to have the most serious, numerous, or longest lasting uncorrected and unaddressed violations. Of the 102 new systems in New York State, two systems incurred an ETT score greater than or equal to 11. One system was classified as a “priority system” due to various monitoring and reporting violations for nitrates, total coliform, lead and copper, disinfection byproducts, synthetic organic compounds, and inorganic compounds. The other system was classified as a “priority system” due to a maximum contaminant level (MCL) violation. Notices of Violations (NOVs) have been issued to these two systems and the respective local health departments are working with the systems to return them to compliance.

The documentation found in Appendices A through C indicates that the DOH water system review, evaluation, and approval process has been successful. Therefore, the DOH will continue to implement the new water system capacity development plan in federal fiscal year 2012 as approved by EPA.

SECTION 3

Capacity Development Program-DWSRF Applicants

Section 1452(a)(3) of the SDWA applies to those public water systems for which assistance is sought from the DWSRF. Under this provision, states are prohibited from providing DWSRF assistance to a public water system that lacks the technical, managerial, and financial capability to ensure compliance with the SDWA or that is in significant noncompliance with applicable State and Federal drinking water regulations. However, states are allowed to provide DWSRF assistance to such a public water system if the use of the assistance will assure compliance, or if the owner or operator of the system agrees to undertake feasible and appropriate changes to acquire and maintain the system's technical, managerial, and financial capabilities over the long term. Each DWSRF applicant must demonstrate that its water system possesses adequate technical, managerial, and financial capacity prior to receiving DWSRF assistance from New York State.

To comply with the DWSRF provision of the SDWA, the DOH and the New York State Environmental Facilities Corporation (EFC) conduct capacity assessments of all DWSRF applicants. New York State's capacity development review criteria for DWSRF applicants are described in each year's Intended Use Plan. An annual summary of the results of capacity assessments conducted on those systems seeking funding under the DWSRF is included in the Intended Use Plan. A copy of the DWSRF Intended Use Plan table that summarizes the capacity development assessments for FFY 2011 is provided in Appendix D. New York State's capacity assessment review criteria are provided below.

Technical Capacity Assessment

To assure adequate technical capacity, the applicant must demonstrate adequacy of source water, infrastructure and technical knowledge. The DOH reviews central office and local office records to assure that the system is being properly operated and maintained. The water system must not have outstanding drinking water compliance problems unless the project is aimed at correcting those problems. The engineering report and plans and specifications for the proposed project are evaluated to insure that the system has a reliable source for its drinking water and that it is adequately protected; that the project will maintain system compliance; and that the education, experience, and technical skills and capabilities of the system operator are appropriate for that system.

Managerial Capacity Assessment

To assure adequate managerial capacity, the water system must have clear ownership identity and be appropriately staffed by personnel with expertise to administer overall water system policies and operations. The DOH reviews the applicant's managerial capacity to assure that management is involved in the day to day supervision

of the water system, is aware and responsive to all required regulations, is available to respond to emergencies, is capable of identifying and addressing all necessary capital improvements, is responsive to their customers and is capable of keeping accurate records and assures financial viability. The water system must have a qualified water operator in accordance with the State's existing operator certification regulation (10 NYCRR Subpart 5-4).

Financial Capacity Assessment

To assure adequate financial capacity, the applicant must have sufficient rates, charges and revenues to cover necessary costs, demonstrate credit worthiness and fiscal condition in accordance with EFC criteria. The EFC reviews the applicant's financial capacity during the application process to determine financial viability before awarding financial assistance. The EFC's review includes, but is not limited to, the project budget, municipal bond resolution(s), annual financial reports to the Office of the State Comptroller, and other financial information to assure adequate financial capacity of the applicant.

Systems with Inadequate Capacity

For all systems that seek funding under the DWSRF, the DOH reviews any history of violations, outstanding compliance problems, reported source contamination or inadequacies, treatment failures, needs survey data, operations and maintenance issues, and operator and owner coverage to determine whether a system lacks adequate capacity. A system that requires improvements to obtain adequate capacity can apply to the DWSRF provided the improvements will ensure compliance and render the water system viable. Using the procedures outlined in the paragraphs above to evaluate the system's technical, managerial, and financial capacity, the DOH assesses whether DWSRF assistance will help to ensure compliance. In addition, the DOH consults with the local health department, which provides the daily oversight and regulation of the water system, to make this assessment.

SECTION 4

Capacity Development Program-Existing Systems Provision

Section 1420(c)(2) of the SDWA requires that New York State develop and implement a capacity development strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.

With the assistance of a stakeholders group of state agencies, public water suppliers, technical assistance providers, local government representatives, and environmental groups, in 1999 and 2000, the DOH developed a comprehensive Capacity Development Strategy to assist public water systems. The Strategy considered:

- identifying and prioritizing public water systems most in need of improving their technical, managerial, and financial capabilities [§1420(c)(2)(A)];
- identifying the institutional, regulatory, financial, tax, or legal factors that encourage or impair capacity development at the federal, state, or local level [§1420(c)(2)(B)];
- describing how the State will use the authority and resources of the SDWA Amendments to assist public water systems in need, encourage cooperative arrangements between public water systems, and assist in the training and certification of operators [§1420(c)(2)(C)];
- establishing a baseline measure of public water system capacity and a means to measure improvements in capacity of public water systems [§1420(c)(2)(D)]; and
- identifying those persons with an interest in capacity development [§1420(c)(2)(E)].

The DOH submitted a Capacity Development Program Strategy Report: Improving the Technical, Managerial and Financial Capabilities of Public Water Systems in New York in August 2000. On September 29, 2000 the USEPA determined that the New York State capacity development strategy met the guidance and statutory requirements under Section 1420(c) of the SDWA. On October 1, 2000 the DOH began implementing the existing systems provision of the SDWA.

In the December 2010 *Capacity Development Program Implementation Report: Improving the Technical, Managerial and Financial Capabilities of Public Water Systems in New York*, the DOH indicated that it would continue to implement the existing systems provision of the capacity development program by undertaking the following activities during FFY 2011:

- Continuing to identify and prioritize those public water systems that need assistance with their technical, managerial, and/or financial capacity;
- Providing direct assistance to public water systems in need;
- Continuing to measure improvements in system capacity relative to the baseline measure;
- Continuing to utilize other available resources in New York State to assist public water systems with their technical, managerial, or financial capacity;
- Continuing to administer the on-going reporting requirements associated with the financing of water system improvement projects using funds from the American Recovery and Reinvestment Act (ARRA) of 2009;
- Ensuring that future projects financed through the DWSRF Program comply with the Smart Growth Public Infrastructure Policy Act, which was enacted into NYS Environmental Conservation Law on August 30, 2010;
- Working the with Great Lakes - Upper Mississippi River Board (GLUMRB) of State and Provincial Public Health and Environmental Managers to incorporate capacity development language into *Recommended Standards for Water Works*, which is used as design standards for water systems in New York;
- Assisting operators of non-community and small community water systems;
- Utilizing the “circuit rider” assistance program to assist non-community and small community water systems with their capacity development needs;
- Continuing to provide relevant training to public water system operators, DOH staff, technical assistance providers, and others; and
- Continuing to post relevant capacity development information on the DOH web site.

During FFY 2011, the DOH conducted the following activities in its continuing effort to implement the existing system provision of the capacity development program:

- The DOH in conjunction with the local health departments provided direct technical assistance to systems in need through ongoing programs intended to protect source water and public health. In addition, prior to taking enforcement action on a public water system that persistently fails to comply with drinking water regulations, the DOH engages in activities designed to

assist the troubled system to come into compliance. These activities include engineering support, training, and establishing compliance schedules.

- During the previous year, DOH and local health department staff addressed technical and managerial capacity issues as they completed approximately 5,794 sanitary surveys at public water. Staff reviewed approximately 69,000 operator reports submitted by public water suppliers to identify potential violations and other technical or managerial problems that require appropriate follow-up action. In addition, the DOH operator certification program assured that water systems were properly operated by certifying 201 new operators and renewing the certifications of 1,810 operators.
- During FFY 2011, the DOH utilized a data management system that was developed to assist in the identification of public water systems in need of capacity development. The data management system is able to prioritize public water systems in need of capacity development by evaluating the systems against specific criteria established in the *Capacity Development Program Strategy Report*. It was originally intended for State and local health department staff to review a prioritized list of all public water systems and provide additional information regarding the specific type of assistance needed (i.e., technical, managerial, or financial). However, with nearly 10,000 active public water systems in New York State and with the resources available at the State and local levels, reviewing a prioritized list of all public water systems was not feasible. Therefore, efforts were focused primarily on those systems identified as being in critical need of capacity development. Local health department staff had the opportunity of requesting that particular systems be reclassified as critical based on their intimate knowledge of the systems within their jurisdictions. Once this information was compiled, the DOH directed the appropriate response to systems in need of capacity development. Some of the tools used to address capacity concerns at systems identified as being in need of capacity development included DWSRF project financing, financing provided by DOH's partners or through the Co-funding Initiative, system consolidation, direct technical assistance provided by DOH or its partners, engineering support, specific training and enforcement actions.
- During FFY 2011, the DOH measured improvements in the capacity of each public water system in New York relative to the baseline measure (i.e., FFY 2002) and relative to the previous year. The data management system discussed above was utilized to determine a score for each individual public water system based on the capacity development evaluation criteria. The capacity score for each system was then compared to the baseline capacity and to the capacity score from the previous year to determine the improvements in public water system capacity.

Based on capacity scores through FFY 2011 and as a result of providing technical, managerial, and financial assistance to public water systems in need of capacity development, 1,103 public water systems demonstrated improvements in system capacity relative to FFY 2010. In addition, 162 public water systems are no longer considered to be in critical need of capacity development when compared to the FFY 2010 measure of system capacity.

- During FFY 2011, the DOH and NYS Environmental Facilities Corporation (EFC) continued to administer the financing of water system improvement projects using funds from the American Recovery and Reinvestment Act (ARRA) of 2009. New York State received approximately \$86.8 million in ARRA funds for the DWSRF program. The DWSRF program is administered jointly by the DOH and the EFC. Thirty projects were selected to receive ARRA funds to finance water system improvement projects or to finance projects that incorporate green infrastructure, energy efficiency, water efficiency, or other environmentally innovative activity. Approximately \$58.6 million was committed as ARRA principal forgiveness (i.e., a loan for which repayment is not required), \$12.9 million was committed as ARRA grants, approximately \$10 million was provided as ARRA financing (i.e., loan), which was leveraged to \$30 million, and approximately \$5.2 million was committed for set-asides for program administration and small system technical assistance. The total exceeds \$86.8 million due to the leveraging capabilities of the DWSRF program. Combined with direct financing and additional subsidization, the total financing capacity from ARRA funds was approximately \$141.4 million.
- On August 31, 2010 the Smart Growth Public Infrastructure Policy Act was signed into law. The purpose of the act is to maximize the benefits from public infrastructure development through minimizing unnecessary costs of sprawl development. State infrastructure agencies are required to ensure that public infrastructure projects meet smart growth principles prior to approvals or funding. The DOH and EFC are working to ensure that future projects financed through the DWSRF Program comply with the Smart Growth Public Infrastructure Policy Act.
- The DOH worked with Great Lakes - Upper Mississippi River Board (GLUMRB) of State and Provincial Public Health and Environmental Managers to incorporate capacity development language into *Recommended Standards for Water Works*. As a result, it is anticipated that if approved by the GLUMRB, the 2012 edition of *Recommended Standards for Water Works* will include a recommendation that the engineering report for proposed water system projects include a discussion of technical, managerial and financial capacity. These standards have been adopted into the State Sanitary Code and are used as design standards for public water system infrastructure improvements in New York State.

- In response to Hurricane Irene and Tropical Storm Lee, the DOH, in conjunction with local health departments and other state and federal agencies, provided disaster response and recovery assistance to affected communities. Specific activities included:
 - facilitating communications between public water systems and the New York State Office of Emergency Management (OEM);
 - providing on-site technical assistance to water systems affected by the storm through DOH's contract with New York Rural Water Association;
 - assisting the Federal Emergency Management Agency (FEMA) with damage assessments of public water systems ;
 - providing knowledgeable staff to answer questions and providing information to the public at Disaster Recovery Centers established throughout the affected area;
 - establishing the DOH Disaster Information Call Center and providing knowledgeable staff to answer questions and provide information; and
 - assisting EFC with establishing and implementing the Hurricane Emergency Loan Program (HELP), which offers interest-free financing of up to \$1 million for critical assessment and repairs to municipal drinking water, storm water and/or wastewater treatment infrastructure damaged by Hurricane Irene or Tropical Storm Lee.
- Since March, 2005 the DOH has contracted the New York Rural Water Association (NYRWA) for a "circuit rider" assistance program to provide help to small community water systems and non-community water systems. The current contract expires on July 31, 2013. The circuit riders are assigned tasks that include improving the capacity of the public water systems identified as being in need of capacity development. During FFY 2011, the circuit riders conducted 214 on-site visits to provide direct assistance to approximately 141 public water systems.
- Various other government agencies within the State, as well as the State's partners, have programs, services, tools, and other available resources that continue to be used to assist public water systems to acquire, maintain, and build upon their technical, managerial, and financial capabilities. In addition to the DOH, the New York State Department of State, New York State Environmental Facilities Corporation, New York State Public Service Commission, New York State Department of Environmental Conservation, New York Association of Towns, New York Conference of Mayors, New York State Association of Regional Councils, New York Rural Water

Association, New York Section of the American Water Works Association, Northeast Rural Community Assistance Program, Tug Hill Commission, and United States Department of Agriculture Rural Development have provided education and training to water system owners, operators, and managers; direct technical, managerial, or financial assistance to public water systems; regional community assistance, training and education to elected officials; and funding in the form of grants and loans to eligible systems in need.

- The DOH and its partners continue to use the New York Water and Sewer Co-funding Initiative as a tool to provide financial assistance to public water systems in need. The Co-funding Initiative was recommended in the Capacity Development Program Strategy Report and brings together those State and Federal agencies that provide funding for drinking water and sewer projects to ensure optimum funding potential and assistance to New York's communities. In the past the Co-funding Initiative provided free workshops throughout the state to provide detailed information on available government funding and application processes and procedures. A co-funding committee continues to meet on a monthly basis to discuss issues related to sources of funding for water projects. In addition, the New York State Water & Sewer Infrastructure Co-funding Initiative maintains a website that provides detailed information on various funding opportunities for water and sewer projects. The free co-funding workshops may be continued in the future depending on the availability of funds.
- Much of the effort in producing a successful capacity development program is in promoting the program through the education and training of water system owners, managers and operators, government officials, other water system professionals, and consumers about the principles and goals of the program. During the past year, public outreach has included attending and participating in formal and informal meetings, speaking engagements, and training and presentations to groups and individuals interested in the capacity development of public water systems. During FFY 2011, the DOH conducted 11 training sessions for water system operators. A total of 609 operators attended the training sessions. The primary training topics for 2011 were Small Water System Energy Efficiency and Management, and Ethics and Water System Sustainability. In addition, the DOH has posted relevant capacity development information on the DOH web site.

New York State did not make any modifications to its existing systems Capacity Development Program Strategy in FFY 2011. At this time the DOH is not planning on revising the existing systems strategy. Implementation of the existing systems provision of the Capacity Development Program will continue with the DOH undertaking the following activities:

- Continuing to identify and prioritize those public water systems that need assistance with their technical, managerial, or financial capacity;

- Providing direct assistance to public water systems in need;
- Continuing to measure improvements in system capacity relative to the baseline measure;
- Continuing to utilize other available resources in New York State to assist public water systems with their technical, managerial, or financial capacity;
- Continuing to administer the on-going reporting requirements associated with the financing of water system improvement projects using funds from the American Recovery and Reinvestment Act (ARRA) of 2009;
- Continuing to ensure that projects financed through the DWSRF Program comply with the Smart Growth Public Infrastructure Policy Act, which was enacted into NYS Environmental Conservation Law on August 30, 2010;
- Assisting operators of non-community and small community water systems;
- Utilizing the “circuit rider” assistance program to assist non-community and small community water systems with their capacity development needs;
- Continuing to provide relevant training to public water system operators, DOH staff, technical assistance providers, and others; and
- Continuing to post relevant capacity development information on the DOH web site.

Appendix A

Capacity Development Program Implementation and Evaluation Plan for New Systems

In New York State, the legal authority to ensure that all new community water systems and new nontransient, noncommunity water systems commencing operation after October 1, 1999 demonstrate technical, managerial and financial capacity with respect to each national primary drinking water regulation in effect, or likely to be in effect, on the date of commencement of operations, resides within several State agencies. The State agencies with the primary authority to intervene in the process of new system development include the New York State Departments of Health, Environmental Conservation and Public Service and the Office of the State Comptroller. The Department of Health, as the Safe Drinking Water Act primacy agency, will be the lead agency responsible for coordinating the State agencies' response to new system applicants and for implementing the new system capacity assurance program.

As outlined in the accompanying matrix, a new system in New York can be characterized as a municipally-owned community water system, a privately-owned community water system as defined in the Public Service Law, a mobile home park community water system, or a nontransient, noncommunity water system (schools, etc). The basis of authority for the technical, managerial and financial aspects of capacity were reviewed for each type of system. The State agency within which the actual authority resides, the legal citations, and the control points through which the authority is exercised have been identified on the matrix for each type of system and aspect of capacity.

A coordinated effort among the State agencies is required to successfully implement the capacity development plan to ensure that new water systems will be able to provide safe and reliable water service to its customers, both when operations begin and for the foreseeable future. The Department of Health will make the necessary arrangements for interagency meetings to discuss the technical, managerial and financial reviews of new systems, prior to final State agencies' approval. The frequency of interagency meetings and the participating agencies will depend upon the number and type of new system applicants.

Based on the assessment of the new system submittals, the State agencies will decide whether the system has adequate capacity both now and for the foreseeable future or whether the system does not have adequate capacity. If the State agencies determine that the new system has adequate capacity, then system development can proceed. If the State agencies determine that the new system lacks adequate capacity, then the system will be made aware of its deficiencies and system development may not proceed. In addition, the State agencies may assist the system to correct its deficiencies by providing advice or technical assistance, when feasible.

The Department of Health will evaluate the new system program implementation plan by reviewing new system applications on an annual basis and determining whether valid criteria were used in the new system approval process. A summary of those findings will be provided to the United States Environmental Protection Agency and will

serve as a means to document the ongoing implementation and evaluation of the new systems program and to verify the success of the new system capacity assurance program.

Appendix B

ENVIRONMENTAL HEALTH MANUAL

NEW YORK STATE DEPARTMENT OF HEALTH	ITEM NO: PWS 210 DATE: 11/15/00
OFFICE OF PUBLIC HEALTH CENTER FOR ENVIRONMENTAL HEALTH	SUBJECT: Procedure for Granting Approvals to Operate New Community Water Systems and Nontransient Noncommunity Water Systems
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POLICY

The 1996 Amendments to the Safe Drinking Water Act (SDWA) require all new community water systems (CWSs) and new nontransient noncommunity water systems (NTNCWSs) to demonstrate that they possess the technical, managerial, and financial capabilities of meeting drinking water regulations now and in the future, prior to receiving approval to begin operations. The Department of Health (DOH) Bureau of Public Water Supply Protection (BPWSP), through its review of system plans and specifications and its operator certification program, has the legal authority and responsibility to ensure that new systems comply with this SDWA requirement. Several other State agencies share the legal authority and responsibility with the DOH. An overview of the legal authority for technical, managerial, and financial capacity is attached.

OBJECTIVE

The objective of this Environmental Health Manual Item is to provide guidance to all Health Department personnel to ensure that they perform appropriate system reviews prior to granting new CWS and new NTNCWS the approval to begin operations.

PROCEDURE

A. Local Health Department Staff

1. Applicant's engineer submits application for approval of plans for new CWS or new NTNCWS along with an engineering report, plans and specifications.
2. Notify BPWSP field coordinator of the new system application. Provide information on system type (i.e. municipally owned CWS, privately owned CWS, mobile home park CWS, or NTNCWS), system size, and the location of the nearest public water system.

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3. Review application, plans and specifications; evaluate the proposed site; determine if professional engineering services requirements of State Education Law apply (see Environmental Health Manual Procedure PWS 131).
4. Confer with applicant or consulting engineer as necessary; obtain modified plans, specifications, addenda, etc. Based on the review of the revised plans, specifications, and/or addenda, determine whether the proposed new system has adequate technical and managerial capacity. The proposed new system possesses adequate technical capacity if the facility is constructed to provide water meeting applicable State and Federal drinking water regulations in accordance with approved plans and specifications. The proposed new system possesses adequate managerial capacity if it employs an appropriately certified operator. Specific criteria for evaluating technical, managerial, and financial capacity are found in Appendix C of the capacity development strategy report.
5. Notify the BPWSP field coordinator that the proposed new system demonstrates adequate technical and managerial capacity.
6. Receive notification from the BPWSP field coordinator that the proposed new system demonstrates adequate technical, managerial, and financial capacity.
7. Issue appropriate approvals to applicant.

B. BPWSP Staff

1. Applicant's engineer submits application for approval of plans for new CWS or new NTNCWS along with an engineering report, plans and specifications.
2. Notify BPWSP capacity development coordinator of new system application. Provide information on system type (i.e. municipally owned CWS, privately owned CWS, mobile home park CWS, or NTNCWS), system size, and the location of the nearest public water system.
3. Obtain review comments and input from local health department staff.

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4. Review application, plans and specifications; evaluate the proposed site; determine if professional engineering services requirements of State Education Law apply (see Environmental Health Manual Procedure PWS 131).
5. Confer with applicant or consulting engineer as necessary; obtain modified plans, specifications, addenda, etc. Based on the review of the revised plans, specifications, and/or addenda, determine whether the proposed new system has adequate technical and managerial capacity. The proposed new system possesses adequate technical capacity if the facility is constructed to provide water meeting applicable State and Federal drinking water regulations in accordance with approved plans and specifications. The proposed new system possesses adequate managerial capacity if it employs an appropriately certified operator. Specific criteria for evaluating technical, managerial, and financial capacity are found in Appendix C of the capacity development strategy report.
6. Notify the BPWSP capacity development coordinator that the proposed new system demonstrates adequate technical and managerial capacity.
7. Receive notification from the BPWSP capacity development coordinator that the proposed new system demonstrates adequate technical, managerial, and financial capacity.
8. Issue appropriate approvals to applicant.

C. BPWSP Field Coordinator

1. Receive notification from local health department staff of new system application.
2. If necessary, provide guidance and assistance to local health department staff regarding capacity development new system procedures and their technical and managerial review responsibilities.

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3. Coordinate the review and approval process by:
 - a) Notifying the BPWSP capacity development coordinator of the new system application;
 - b) Clarifying local health department staff responsibilities for technical and managerial review; and
 - c) If BPWSP staff is conducting the technical review, coordinating local health department staff review comments and input into BPWSP staff review.
4. If the proposed new system demonstrates adequate technical, managerial, and financial capacity, notify local health department staff that final approvals can be issued and that system development can proceed.
5. If the proposed new system does not demonstrate adequate technical, managerial, and financial capacity, notify local health department staff that final approvals may not be issued and that system development may not proceed until the system deficiencies are corrected.

D. BPWSP Capacity Development Coordinator

1. Receive notification from BPWSP staff or BPWSP field coordinator of new system application.
2. If necessary, provide guidance and assistance to BPWSP staff or BPWSP field coordinator regarding capacity development new system procedures and their technical and managerial review responsibilities.
3. Coordinate the review and approval process by:
 - a) Clarifying local health department staff responsibilities for technical and managerial review;

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- b) Determining that the financial capabilities of the proposed new system are under review by the appropriate State agency;
 - c) Arranging for an interagency meeting to discuss the proposed new system’s technical, managerial, and financial capabilities, if necessary; and
 - d) Determining whether the proposed new system demonstrates adequate technical, managerial, and financial capacity.
4. If the proposed new system demonstrates adequate technical, managerial, and financial capacity, notify BPWSP staff or BPWSP field coordinator that final approvals can be issued and that system development can proceed.
5. If the proposed new system does not demonstrate adequate technical, managerial, and financial capacity, notify BPWSP staff or BPWSP field coordinator that final approvals may not be issued and that system development may not proceed until the system deficiencies are corrected.
6. Ensure that tracking and reporting requirements are met.

REFERENCES

10 NYCRR Subpart 5-1

10 NYCRR Subpart 5-4

EHM Procedure PWS 131 – Approval of Plans and Completed Works

Attachment - Overview of Legal Authority for Capacity Development Program in New York

**CAPACITY DEVELOPMENT
OVERVIEW OF LEGAL AUTHORITY FOR TECHNICAL CAPACITY**

	TYPE OF WATER SYSTEM			
	MUNICIPAL	PRIVATE	MOBILE HOME PARKS	NONTRANSIENT NONCOMMUNITY
Responsible State Agency	DOH	DOH	DOH	DOH
Legal Authority	PHL §225 10 NYCRR §5-1.22	PHL §225 §5-1.22	PHL §225 §5-1.22	PHL §225 §5-1.22
Control Point	Plans and Specifications Review	Plans and Specifications Review	Plans and Specifications Review	Plans and Specifications Review
Responsible State Agency	DEC	DEC	PSC	
Legal Authority	ECL§§15-1501 & 1503	ECL§§15-1501 & 1503	PSL§§89-e(2), 89-b(1) 16 NYCRR Parts 542-545	
Control Point	Water Supply Application	Water Supply Application	Proposed Rate Review	

**CAPACITY DEVELOPMENT
OVERVIEW OF LEGAL AUTHORITY FOR MANAGERIAL CAPACITY**

	TYPE OF WATER SYSTEM				
	MUNICIPAL	PRIVATE		MOBILE HOME PARKS	NONTRANSIENT NONCOMMUNITY
Responsible State Agency	DOH	DOH		DOH - unless less than 1,000 consumers and no treatment (see below)	DOH
Legal Authority	PHL §225 10 NYCRR Subpart 5-4	PHL §225 Subpart 5-4		PHL §225 Subpart 5-4	PHL §225 §5-1.22
Control Point	Operator Certification	Operator Certification		Operator Certification	Plans and Specifications Review
Responsible State Agency	DEC	PSC	DEC	DOH - if less than 1,000 consumers and no treatment	
Legal Authority	6 NYCRR Part 601	PSL§§89-e(2), 89-b(1) 16 NYCRR Parts 542-545	6 NYCRR Part 601	PHL §225 §5-1.22	
Control Point	Water Supply Application	Proposed Rate Review	Water Supply Application	Plans and Specifications Review	

**CAPACITY DEVELOPMENT
OVERVIEW OF LEGAL AUTHORITY FOR FINANCIAL CAPACITY**

	TYPE OF WATER SYSTEM			
	MUNICIPAL	PRIVATE	MOBILE HOME PARKS	NONTRANSIENT NONCOMMUNITY
Responsible State Agency	OSC - under certain financial circumstances	PSC	DOH	DOH
Legal Authority	2 NYCRR Part 85 Town Law §§54, 194(6), 209-f(1), 209-q(13) County Law §§258, 274	PSL §§89-e(2), 89-b(1) 16 NYCRR Parts 542-545	PHL §225 §5-1.22	PHL §225 §5-1.22
Control Point	Approval or disapproval of the establishment or extension of town water districts, the provision of town water improvements and the establishment or extension of county water districts*	Proposed Rate Review	Plans and Specifications Review	Plans and Specifications Review
Responsible State Agency	DOH - when OSC is not involved	DOH - when PSC is not involved		
Legal Authority	PHL §225 §5-1.22	PHL §225 §5-1.22		
Control Point	Plans and Specifications Review	Plans and Specifications Review		

*OSC is authorized to review the financial cost of certain proposed water systems to determine whether the cost of such systems will be an undue burden on the properties which would bear that cost. In carrying out such reviews, OSC is authorized to examine elements of what EPA has characterized as the “revenue sufficiency” and/or “credit worthiness” of such proposed systems.

ABBREVIATIONS

DEC - New York State Department of Environmental Conservation

DOH - New York State Department of Health

ECL - Environmental Conservation Law

NYCRR - New York Codes, Rules and Regulations

OSC - New York State Office of the State Comptroller

PHL - Public Health Law

PSC - New York State Public Service Commission

PSL - Public Service Law

Appendix C

**NEW YORK STATE DEPARTMENT OF HEALTH
BUREAU OF WATER SUPPLY PROTECTION**

**NEW SYSTEMS SUMMARY
FFY 2009 - FFY 2011**

PWS NUMBER	PWS NAME	COUNTY	CITY/TOWN	PWS TYPE	ACTIVITY STATUS	ACTIVITY DATE	NEW SYSTEM?	NEW FFY	Priority System (ETT >= 11)	REASON	COMPLIANCE STATUS
FFY '11											
NY0202560	IDA/CROSSROADS CENTER	ALLEGANY	ANGELICA (T)	NTNC	A	7/1/2011	Y	2011	N		
NY1030257	TRIFORM CAMPBILL COMMUNITY	COLUMBIA	LIVINGSTON (T)	C	A	5/5/2011	Y	2011	N		
NY1030259	HANNAFORD BROTHERS (LIVINGSTON)	COLUMBIA	LIVINGSTON (T)	NTNC	A	5/12/2011	Y	2011	N		
NY1600356	US BORDER PATROL STATION	FRANKLIN	MALONE (T)	NTNC	A	7/14/2011	Y	2011	N		
NY2130062	ILION PERIMETER WATER DISTRICT	HERKIMER	GERMAN FLATTS (T)	C	A	4/6/2011	Y	2011	N		
NY3311538	LAFAYETTE BIG PICTURE SCHOOL	ONONDAGA	LAFAYETTE (T)	NTNC	A	11/15/2010	Y	2011	N		
NY3430044	GENEVA WD #12	ONTARIO	GENEVA (T)	C	A	1/28/2011	Y	2011	N		
NY3530243	MIDDLETOWN NISSAN	ORANGE	MIDDLETOWN (C)	NTNC	A	12/2/2010	Y	2011	N		
NY3830113	SUNY BIOLOGICAL FIELD STATION	OTSEGO	OTSEGO (T)	NTNC	A	1/1/2011	Y	2011	N		
NY4130338	POESTENKILL WD#1	RENSELAER	POESTENKILL (T)	C	A	12/2/2010	Y	2011	N		
NY4130346	SCHODACK CEO	RENSELAER	SCHODACK (T)	NTNC	A	9/1/2011	Y	2011	N		
NY4330054	CHARLES COURT APARTMENTS	ROCKLAND	STONY POINT (T)	C	A	9/27/2011	Y	2011	N		
NY4430194	ATLANTIC TESTING LABORATORIES LTD	ST LAWRENCE	POTSDAM (T)	NTNC	A	11/24/2010	Y	2011	N		
NY4430196	LAVALLEY TRANSPORTATION INC.	ST LAWRENCE	POTSDAM (V)	NTNC	A	7/13/2011	Y	2011	N		
NY4530243	SHENENDEHOWA SCHOOLS DISTRICT C	SARATOGA	CLIFTON PARK (T)	NTNC	A	11/2/2010	Y	2011	N		
NY4530244	ORIGINAL WORKS	SARATOGA		NTNC	A	11/24/2010	Y	2011	N		
NY4630046	HANNAFORD SUPER MARKET	SCHENECTADY	DUANESBURG (T)	NTNC	A	3/14/2011	Y	2011	N		
NY4911003	VARICK WATER DISTRICT # 3	SENECA	FAYETTE (T)	C	A	5/9/2011	Y	2011	N		
NY4911004	FAYETTE WATER DISTRICT # 5	SENECA	FAYETTE (T)	C	A	5/9/2011	Y	2011	N		
NY4942010	WESTBROOK MENNONITE SCHOOL	SENECA	TYRE (T)	NTNC	A	8/17/2011	Y	2011	N		
NY5230185	DELAWARE VALLEY JOB CORP.	SULLIVAN	CALLICOON (T)	NTNC	A	3/7/2011	Y	2011	N		
NY5430037	DRYDEN VA CLINIC	TOMPKINS	DRYDEN (T)	NTNC	A	3/9/2011	Y	2011	N		
NY5430063	OMNI ELECTRO MOTIVE	TOMPKINS	NEWFIELD (T)	NTNC	A	1/19/2011	Y	2011	N		
NY5530306	COUNTRY ACRES DAY CARE	ULSTER	SAUGERTIES (T)	NTNC	A	3/1/2011	Y	2011	N		
NY5530307	KINGS HIGHWAY WATER DISTRICT	ULSTER	SAUGERTIES (T)	C	A	3/17/2011	Y	2011	N		
NY5730125	KINGSBURY INDUSTRIAL PARK (QUEEN)	WASHINGTON	KINGSBURY (T)	NTNC	A	4/26/2011	Y	2011	N		
NY5830086	ARCADIA WATER DISTRICT #11	WAYNE	ARCADIA (T)	C	A	11/4/2010	Y	2011	N		
NY5830087	JOHNSON-FLOODMAN WD	WAYNE	PALMYRA (T)	C	A	11/4/2010	Y	2011	N		
NY5830088	WATERS ROAD/RED CREEK ROAD WD	WAYNE	WOLCOTT (T)	C	A	11/9/2010	Y	2011	N		
NY5830089	SODUS TOWN WD #9	WAYNE	SODUS (T)	C	A	8/1/2011	Y	2011	N		
NY5930102	BEDFORD PROFESSIONAL BUILDING	WESTCHESTER		NTNC	A	10/13/2010	Y	2011	N		
FFY '10											
NY0214777	FRIENDSHIP DAIRIES	ALLEGANY	FRIENDSHIP (T)	NTNC	A	5/4/2010	Y	2010	N		
NY0430108	WEST VALLEY CENTRAL SCHOOL	CATTARAUGUS	ASHFORD (T)	NTNC	A	8/23/2010	Y	2010	N		
NY0630096	WESTFIELD (T) BARCELONA WATER DIS	CHAUTAUQUA	WESTFIELD (T)	C	A	8/31/2010	Y	2010	N		
NY0817249	AGRO-FARMA CORPORATE CAMPUS	CHENANGO	NORTH NORWICH (T)	NTNC	A	5/1/2010	Y	2010	N		
NY1330648	PAWLING PARK	DUTCHESS	PAWLING (T)	NC	A	3/3/2010	Y	2010	N		
NY1930093	HOLCIM INC	GREENE	CATSKILL (T)	NTNC	I	6/13/2011	Y	2010	N		
NY2201403	FLORAL ESTATES	JEFFERSON	WATERTOWN (T)	C	I	6/30/2010	Y	2010	N		
NY2230111	US COAST GUARD - WELLESLEY	JEFFERSON	ALEXANDRIA BAY (V)	NTNC	A	10/7/2009	Y	2010	N		
NY2230123	NORTHERN LIGHTS CHRISTIAN SCHOOL	JEFFERSON	ELLISBURG (T)	NTNC	A	1/5/2010	Y	2010	N		
NY3290094	BRIDGEWATER VILLAGE	ONEIDA	BRIDGEWATER (V)	C	A	11/25/2009	Y	2010	N		
NY3530215	LINDEN HOMES	ORANGE	NEW WINDSOR (T)	C	A	2/17/2010	Y	2010	N		
NY3530224	WARWICK TOWN COMPLEX	ORANGE	WARWICK (T)	NP	A	6/22/2010	Y	2010	N		
NY3530225	FAIRGROUNDS	ORANGE	WARWICK (T)	NTNC	A	5/28/2010	Y	2010	N		
NY3530232	TMP AREA "V" - CAMP BUCKNER	ORANGE	HIGHLANDS (T)	NTNC	A	9/17/2010	Y	2010	N		
NY3530233	ORANGE COUNTY IRONWORKS	ORANGE	MONTGOMERY (T)	NTNC	A	5/25/2010	Y	2010	N		

PWS NUMBER	PWS NAME	COUNTY	CITY/TOWN	PWS TYPE	ACTIVITY STATUS	ACTIVITY DATE	NEW SYSTEM?	NEW FFY	Priority System (ETT >= 11)	REASON	COMPLIANCE STATUS
NY3530235	NATIONAL PARTS DEPOT	ORANGE	CHESTER (T)	NTNC	A	6/1/2010	Y	2010	N		
NY3530237	O.C. CHAMBER OF COMMERCE	ORANGE	MONTGOMERY (T)	NTNC	A	3/30/2010	Y	2010	N		
NY3530242	SHERI TORAH GIRLS SCHOLL	ORANGE	MONROE (T)	NTNC	A	9/24/2010	Y	2010	N		
NY3630100	RIDGEWAY WD # 10	ORLEANS	RIDGEWAY (T)	C	I	1/11/2011	Y	2010	N		
NY3630101	ALBION WD # 7	ORLEANS	ALBION (T)	C	I	1/11/2011	Y	2010	N		
NY3630102	CLARENDON WD # 9	ORLEANS	CLARENDON (T)	C	I	1/11/2011	Y	2010	N		
NY3630104	SHELBY W.D. #9	ORLEANS	SHELBY (T)	C	I	1/11/2011	Y	2010	N		
NY3730185	RICHLAND TOWN WD #2	OSWEGO	RICHLAND (T)	C	A	9/1/2010	Y	2010	N		
NY3909004	GLASSBURY COURT AT COLD SPRING	PUTNAM	PHILIPSTOWN (T)	C	A	11/9/2009	Y	2010	N		
NY3909005	WERLATONE	PUTNAM	PATTERSON (T)	NTNC	A	4/1/2010	Y	2010	Y	MCL Violation	NOV Issued
NY4430193	COMMUNITY BANK OPERATIONS CENTE	ST LAWRENCE	CANTON (V)	NTNC	A	11/2/2009	Y	2010	N		
NY4530222	SARATOGA COUNTY WATER AUTHORITY	SARATOGA	MOREAU (T)	C	A	2/10/2010	Y	2010	N		
NY4530240	CROSSINGS, THE (HALFMOON WD)	SARATOGA	CLIFTON PARK (T)	NTNC	A	5/12/2010	Y	2010	N		
NY4910643	VARICK WD	SENECA	VARICK (T)	C	A	1/4/2010	Y	2010	N		
NY5030109	CAMPBELL WATER DISTRICT # 2	STEUBEN	CAMPBELL (T)	NP	A	2/26/2010	Y	2010	N		
NY5030110	HORNELLSVILLE WATER DISTRICT 1	STEUBEN	HORNELLSVILLE (T)	C	A	3/1/2010	Y	2010	N		
NY5030112	HORNELLSVILLE WATER DISTRICT 4 (A)	STEUBEN	HORNELLSVILLE (T)	C	A	3/5/2010	Y	2010	N		
NY5030113	WAYLAND WATER DISTRICT	STEUBEN	WAYLAND (T)	C	A	3/8/2010	Y	2010	N		
NY5830083	SODUS TOWN WD #7	WAYNE	SODUS (T)	C	A	12/2/2009	Y	2010	N		
NY5830084	HURON WD #5	WAYNE	HURON (T)	C	A	4/28/2010	Y	2010	N		
NY5930005	COUNTRY CHILDRENS CENTER YORKTOW	WESTCHESTER	YORKTOWN (T)	NTNC	A	3/9/2010	Y	2010	N		
NY5930019	MOUNT KISCO MEDICAL GROUP	WESTCHESTER	SOMERS (T)	NTNC	A	10/29/2009	Y	2010	N		
NY5930116	MODERN BARN	WESTCHESTER	NORTH CASTLE (T)	NTNC	A	9/23/2010	Y	2010	N		
FFY '09											
NY0330081	CENTRAL BAPTIST CHRISTIAN ACADEM	BROOME	CHENANGO (T)	NTNC	A	1/1/2009	Y	2009	N		
NY0630085	BEMUS BAY CONDOMINIUMS	CHAUTAUQUA	ELLERY (T)	C	A	12/2/2008	Y	2009	N		
NY0930183	PINNACLE PROPERTIES	CLINTON	SCHUYLER FALLS (T)	C	A	11/17/2008	Y	2009	N		
NY1230044	LITTLE LAMBS CHILDREN'S CENTER	DELAWARE	DAVENPORT (T)	NTNC	A	5/11/2010	Y	2009	N		
NY1330644	STANFORDVILLE MACHINE SHOP	DUTCHESS	STANFORD (T)	NTNC	A	7/23/2009	Y	2009	N		
NY1330647	ROBINSON GARDEN PLAZA/NESHEIWAT	DUTCHESS	EAST FISHKILL (T)	NTNC	A	5/15/2009	Y	2009	N		
NY1330674	SHENANDOAH ROAD WD	DUTCHESS	EAST FISHKILL (T)	C	A	3/4/2009	Y	2009	N		
NY2420081	LEWIS COUNTY DAIRY	LEWIS	LOWVILLE (T)	NTNC	I	2/1/2011	Y	2009	N		
NY2600008	MADISON MARKETPLACE	MADISON	MADISON (T)	NTNC	A	3/17/2009	Y	2009	N		
NY3530227	SHERI TORAH SCHOOL	ORANGE	MONROE (T)	NTNC	I	9/29/2011	Y	2009	N		
NY3530230	STAR WAREHOUSE	ORANGE	CORNWALL (T)	NTNC	A	3/17/2009	Y	2009	Y	Various Monitoring and Reporting Violations	NOVs Issued
NY3530231	SISTERS OF THE PRESENTATION OF TH	ORANGE	NEW WINDSOR (T)	C	A	6/16/2009	Y	2009	N		
NY3630096	KENDALL W.D. #6	ORLEANS	KENDALL (T)	C	A	10/1/2008	Y	2009	N		
NY3630098	GAINES W.D. #8	ORLEANS	GAINES (T)	C	I	1/11/2011	Y	2009	N		
NY3630099	GAINES W.D. #9/MURRAY WD # 14	ORLEANS	GAINES (T)	C	I	1/11/2011	Y	2009	N		
NY3730179	HANNIBAL WEST 11TH STREET WD	OSWEGO	GRANBY (T)	C	A	12/19/2008	Y	2009	N		
NY3730182	MEXICO TOWN WD #1	OSWEGO	MEXICO (T)	C	A	9/29/2009	Y	2009	N		
NY3908004	CHILDREN STATION OF BREWSTER	PUTNAM	SOUTHEAST (T)	NTNC	A	1/1/2009	Y	2009	N		
NY4530219	STILLWATER WD #5 (STILLWATER VLG)	SARATOGA	STILLWATER (T)	C	A	12/29/2008	Y	2009	N		

PWS NUMBER	PWS NAME	COUNTY	CITY/TOWN	PWS TYPE	ACTIVITY STATUS	ACTIVITY DATE	NEW SYSTEM?	NEW FFY	Priority System (ETT >= 11)	REASON	COMPLIANCE STATUS
NY4630044	MARITIME ACADEMY	SCHENECTADY	GLENVILLE (T)	NTNC	I	10/24/2011	Y	2009	N		
NY4940015	TOWN OF WATERLOO WATER DISTRICT	SENECA	WATERLOO (T)	C	A	1/30/2009	Y	2009	N		
NY5030106	URBANA WATER DISTRICT #1	STEUBEN	URBANA (T)	C	A	12/16/2008	Y	2009	N		
NY5130155	GREAT GARDENS /L.I. COMPOST	SUFFOLK	BROOKHAVEN (T)	NTNC	I	6/30/2010	Y	2009	N		
NY5230169	WOODLAWN VILLAS HOMEOWNERS ASSOCIATION	SULLIVAN	BETHEL (T)	NP	A	6/1/2009	Y	2009	N		
NY5230170	SDTC CTR FOR DISCOVERY - HURLEYVILLE	SULLIVAN	FALLSBURG (T)	NC	A	6/16/2009	Y	2009	N		
NY5530291	WOODSTOCK PERCUSSION	ULSTER	OLIVE (T)	NTNC	A	11/15/2008	Y	2009	N		
NY5530292	HANNAFORD	ULSTER	PLATTEKILL (T)	NTNC	A	12/11/2008	Y	2009	N		
NY5530293	LOWES HOME IMPROVEMENT CENTER	ULSTER	LLOYD (T)	NTNC	A	1/6/2009	Y	2009	N		
NY5530294	PARK CENTER	ULSTER	LLOYD (T)	NTNC	A	1/1/2009	Y	2009	N		
NY5730120	GREENWICH MEDICAL BUILDING	WASHINGTON	GREENWICH (T)	NTNC	A	5/19/2009	Y	2009	N		
NY5830080	WEST PORT BAY ROAD WDW	WAYNE	WOLCOTT (T)	C	A	1/29/2009	Y	2009	N		
NY5830082	ARCADIA WATER DISTRICT #10	WAYNE	ARCADIA (T)	C	A	9/15/2009	Y	2009	N		
NY5930106	MORAN REAL ESTATE HOLDINGS	WESTCHESTER		NTNC	A	7/6/2009	Y	2009	N		

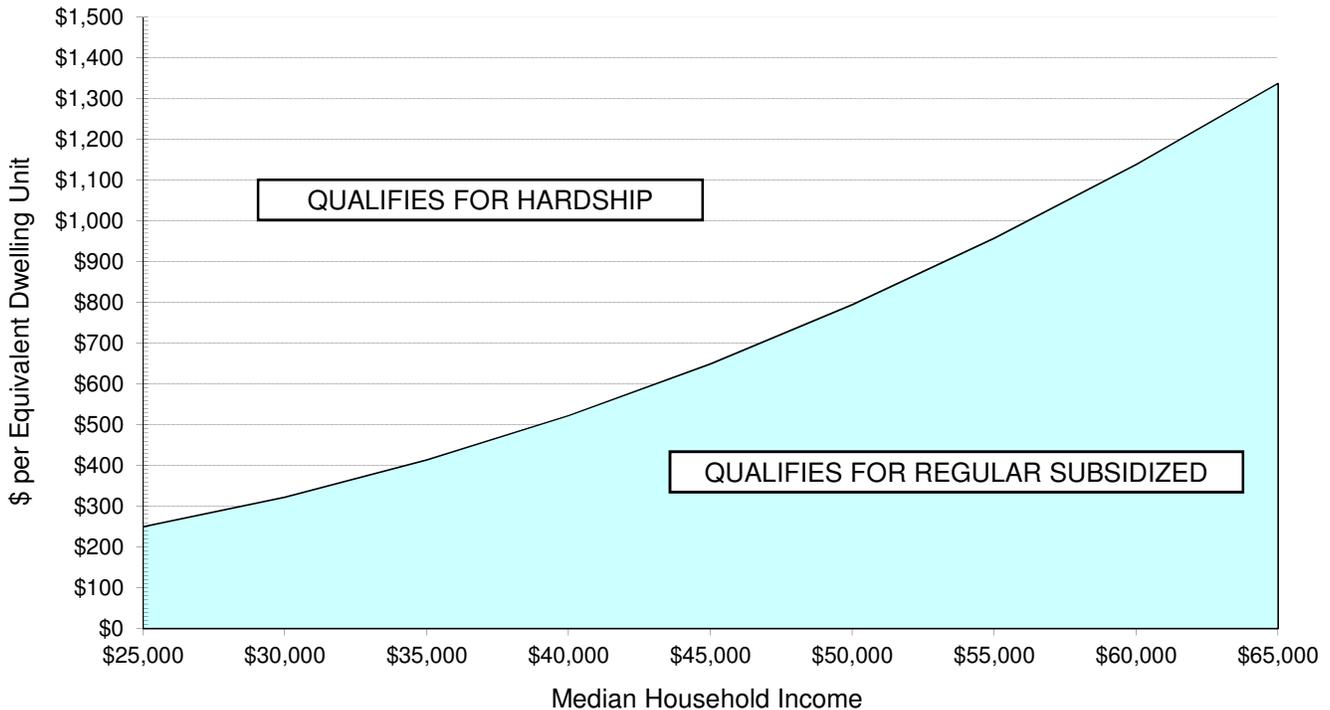
Appendix D

7.7 Co-funding

Confirmation that a project qualifies for hardship assistance will help facilitate funding coordination with other State and Federal agencies that finance drinking water projects. The New York State Water and Sewer Infrastructure Co-funding Initiative brings together representatives from the DOH, EFC, DEC, Department of State, Office of Community Renewal, United States Department of Agriculture Rural Development, Office of the State Comptroller, and New York State Energy Research and Development Authority to ensure optimum funding potential and assistance for New York's communities. For more information about co-funding, visit the co-funding web site at <http://www.nycofunding.org>.

Co-funding is anticipated and encouraged by the provision of additional points to a project's score in the priority system. A project must receive co-funding assistance of either \$25,000 or 5% of the project costs, whichever is less, to qualify for project co-funding points. Coordination of joint funding of projects will be done on a project by project basis.

TARGET ANNUAL WATER SERVICE CHARGE (TSC)
(\$ per Equivalent Dwelling Unit)



8.0 Capacity Assessment

To provide safe and reliable drinking water, the federal and state governments are investing substantial financial resources in the drinking water infrastructure of New York State. To assure the DWSRF is invested wisely, each DWSRF applicant must demonstrate that its water system has adequate technical, financial and managerial capacity.

8.1 Technical Capacity

To assure adequate technical capacity, the applicant must demonstrate adequacy of source water, adequacy of infrastructure and technical knowledge. The DOH will review central office and

local office records to assure that the system is being properly operated and maintained. The water system must not have outstanding drinking water compliance problems unless the project is aimed at correcting those problems. The engineering report and plans and specifications for the proposed project will be evaluated to insure that the system has a reliable source for its drinking water and that it is adequately protected; that the project will maintain system compliance; and that the education, experience, and technical skills and capabilities of the system operator are appropriate for that system.

8.2 Financial Capacity

To assure adequate financial capacity, the applicant must have sufficient rates, charges and revenues to cover necessary costs, demonstrate credit worthiness and fiscal condition in accordance with EFC criteria. The EFC will review the applicant's financial capacity during the full application process to determine financial viability before the awarding of financial assistance. The EFC's review will include, but not be limited to, the project budget, municipal bond resolution(s), annual financial reports to the Office of the State Comptroller, and other financial information to assure adequate financial capacity of the applicant.

8.3 Managerial Capacity

To assure adequate managerial capacity, the water system must have clear ownership identity and be appropriately staffed by personnel with expertise to administer overall water system policies and operations. The DOH will review the applicant's managerial capacity to assure that management is involved in the day to day supervision of the water system, is aware and responsive to all required regulations, is available to respond to emergencies, is capable of identifying and addressing all necessary capital improvements, is responsive to their customers and is capable of keeping accurate records and assures financial viability. The water system must have a qualified water operator in accordance with the State's existing Operator Certification Program.

8.4 Systems with Inadequate Capacity

For all systems that seek funding under the DWSRF, the DOH will review any history of violations, outstanding compliance problems, reported source contamination or inadequacies, treatment failures, needs survey data, operations and maintenance issues, and operator and owner coverage to determine whether a system lacks adequate capacity. A system that requires improvements to obtain adequate capacity can apply to the DWSRF provided the improvements will ensure compliance and render the water system viable. Using the procedures outlined in Sections 8.1, 8.2, and 8.3 to evaluate the system's technical, financial, and managerial capacity, the DOH will assess whether DWSRF assistance will help to ensure compliance. In addition, the DOH will consult with the local health department, which provides the daily oversight and regulation of the water system, to make this assessment.

8.5 Long-Term Capacity

Water systems must maintain adequate capacity. The DOH and EFC will assess whether each water system has a long-term plan to undertake feasible and appropriate changes in operations necessary to develop adequate capacity. The DOH will review Water Resource Management Strategies, Comprehensive Studies, the Needs Survey and other available engineering reports, as well as consult with the local health departments, in making these assessments. The DOH and EFC will encourage restructuring efforts when two or more systems can benefit and other options, such as contract management or partnerships with other communities in their area, in an effort to improve the overall capacity. The priority ranking criteria provides additional points to encourage this objective. In addition, restructuring efforts and other cooperative arrangements among systems will be encouraged as part of the implementation of the statewide capacity development strategy.

8.6 Annual Reporting Requirements

The State will submit to the EPA and include in the IUP, documentation that summarizes the results of the capacity assessments conducted on those systems seeking funding under the DWSRF in the preceding year. The summary will include statistics on the numbers, types, and sizes of systems assessed to determine technical, managerial, and financial capacity, including the assessment outcomes; whether DWSRF assistance will ensure compliance for those systems with inadequate capacity; and whether restructuring efforts will result in both developing adequate capacity and achieving long-term capacity for systems. Table 4 summarizes the required capacity assessment information.

Statewide Capacity Reviews	Totals	System Type:		System Size (population served)			
		CWS	NTNC	<1000	1,000-3,300	>3,300	
Passed	12	12	0	3	5	4	
Failed	0	0	0	0	0	0	
(Failed) Requiring Restructuring	0	0	0	0	0	0	
Systems in SNC Requesting DWSRF Assistance	Funded	13	13	0	8	2	3
	Being Processed	7	7	0	4	2	1