

STATE OF NEW YORK
DEPARTMENT OF HEALTH



**CAPACITY DEVELOPMENT
PROGRAM IMPLEMENTATION**

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

Federal Fiscal Year 2013



December 2013

TABLE of CONTENTS

1. The Capacity Development Program – An Overview.....	1
1.1 Capacity Development Provisions in the SDWA.....	1
2. Capacity Development Program – New Systems Provisions.....	3
3. Capacity Development Program – DWSRF Applicants.....	5
3.1 Technical Capacity Assessment.....	5
3.2 Managerial Capacity Assessment.....	5
3.3 Financial Capacity Assessment.....	6
3.4 Systems with Inadequate Capacity.....	6
4. Capacity Development Program – Existing Systems Provision.....	7
Appendix A. Capacity Development Program Implementation and Evaluation Plan for New Systems	
Appendix B. Environmental Health Manual Item, “ <i>Procedure for Granting Approvals to Operate New Community Water Systems and New Nontransient, Noncommunity Water Systems</i> ”	
Appendix C. New Systems Summary – FFY 2011 - FFY 2013	
Appendix D. FFY 2013 Intended Use Plan - Section 8, Capacity Assessment	

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).

1.1. 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.

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 (NYSDOH) 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 NYSDOH is satisfying the current annual New System Capacity Development Program reporting requirements through documentation within this Capacity Development Program Implementation Report.

The NYSDOH 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 2013, the NYSDOH 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 USEPA) 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 NYSDOH 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. None of the 71 new systems in New York State have incurred an ETT score greater than or equal to 11.

The documentation found in Appendices A through C indicates that the NYSDOH water system review, evaluation, and approval process has been successful. Therefore, the NYSDOH will continue to implement the new water system capacity development plan in federal fiscal year 2014 as approved by USEPA.

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 NYSDOH 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 2013 is provided in Appendix D. New York State's capacity assessment review criteria are provided below.

3.1 Technical Capacity Assessment

To assure adequate technical capacity, the applicant must demonstrate adequacy of source water, infrastructure and technical knowledge. The NYSDOH 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.

3.2 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 NYSDOH 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).

3.3 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.

3.4 Systems with Inadequate Capacity

For all systems that seek funding under the DWSRF, the NYSDOH 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 NYSDOH assesses whether DWSRF assistance will help to ensure compliance. In addition, the NYSDOH consults with the local health department, which provides the daily oversight and regulation of the water system, to make this assessment.

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 NYSDOH 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 NYSDOH 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 NYSDOH began implementing the existing systems provision of the SDWA.

In the December 2012 *Capacity Development Program Implementation Report: Improving the Technical, Managerial and Financial Capabilities of Public Water Systems in New York*, the NYSDOH indicated that it would continue to implement the existing systems provision of the capacity development program by undertaking the following activities during FFY 2013:

- 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;
- 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;
- Continuing to promote the regionalization and interconnections of public water systems that apply for financing under the DWSRF program in an effort to enhance managerial, technical, and financial capacity for those systems;
- Continuing to encourage communities that apply for financing under the DWSRF program to prepare and submit an asset management plan;
- Collaborating with the USEPA and NYRWA to establish the logistics and details necessary to provide CUPSS training to operators, circuit riders and water system managers;
- 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, NYSNYSDOH staff, technical assistance providers, and others; and
- Continuing to post relevant capacity development information on the NYSNYSDOH web site.

During FFY 2013, the NYSDOH conducted the following activities in its continuing effort to implement the existing system provision of the capacity development program:

- The NYSDOH 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 NYSDOH engage 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 federal fiscal year, the NYSDOH and local health department staff addressed technical and managerial capacity issues as they completed approximately 5,688 sanitary surveys at public water systems. Staff reviewed approximately 68,500 monthly operation 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 NYSDOH operator certification program assured that water systems were properly operated by certifying 300 new operators and renewing the certifications of 1,908 operators.
- During FFY 2013, the NYSDOH 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 over 9,000 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 NYSDOH 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 NYSDOH's partners or through the Co-funding Initiative, system consolidation, direct technical assistance provided by NYSDOH or its partners, engineering support, specific training and enforcement actions.
- During FFY 2013, the NYSDOH 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 2013, and as a result of providing technical, managerial, and financial assistance to public water systems in need of capacity development, 820 public water systems demonstrated improvements in system capacity relative to FFY 2012. In addition, 106 public water systems are no longer considered to be in critical need of capacity development when compared to the FFY 2012 measure of system capacity.

- During FFY 2013, the NYSDOH 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 NYSDOH 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 NYS 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 NYSDOH and EFC are working to ensure that future projects financed through the DWSRF Program comply with the Smart Growth Public Infrastructure Policy Act.
- As part of an ongoing initiative under the DWSRF program, NYSDOH promotes the regionalization and interconnections for public water systems in an effort to enhance managerial, technical, and financial capacity for those systems. Therefore, when the possibility to interconnect to another public water system exists for a project seeking assistance, and if that interconnection will address the scope of the project with respect to its priority health ranking, the interconnection must be a carefully considered

alternative and must also be discussed in detail in the engineering report. If the system applying for DWSRF assistance decides not to pursue a possible interconnection alternative when it exists and would address the scope of the project with respect to its priority health ranking, then detailed justification satisfactory to NYSDOH must be provided demonstrating that the interconnection is a technically, financially, or managerially disadvantageous option.

- Also as part of an ongoing initiative under the DWSRF program, NYSDOH and the EFC encourage communities that apply for financing to prepare and submit an asset management plan to accompany the engineering report and/or plans and specifications for their project. An asset management plan would support communities by encouraging the building of sustainable infrastructure. The NYSDOH reserves the right to require an asset management plan for any project that has shown deficiencies with respect to technical, financial, and managerial capacity.
- During FFY 2012, the USEPA requested that NYSDOH identify activities and/or initiatives that they can work on together to build and enhance the capacity and sustainability of small systems. As a result, NYSDOH collaborated with the USEPA in promoting the awareness and use of EPA's CUPSS (Checkup for Small Systems) asset management tool. NYSDOH continued this initiative during FFY 2013 by partnering with New York Rural Water Association (NYRWA) to provide two training sessions to operators and circuit riders on the topic of water system sustainability, which included CUPSS training. A total of 86 operators attended the training sessions. The NYSDOH/USEPA collaboration ended at the close of the 2013 FFY, as scheduled.
- In response to Hurricane Sandy, the NYSDOH, 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 knowledgeable staff to answer questions and providing information to the public at Disaster Recovery Centers established throughout the affected area; and
 - assisting EFC with implementing the Storm Mitigation Loan Program (SMLP), which offers financing (75% interest-free / 25% grant) for municipally-owned treatment works and community water systems to reduce flood-damage risk and vulnerability or to enhance resilience to rapid hydraulic change or a natural disaster. These funds are available to public and non-profit entities in the 14 counties declared disaster

areas from Super Storm Sandy. The SMLP is funded through the federal Disaster Relief Appropriations Act (DRAA), and a state match of 20%. The total financial assistance available through the DWSRF for the SMLP is \$67.9 million (\$56.6M from DRAA and \$11.3M state match).

- Since March, 2005 the NYSDOH 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, 2018. 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 2013, the circuit riders conducted 201 on-site visits to provide direct assistance to approximately 135 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 NYSDOH, 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 NYSDOH 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 and personnel.

- Much of the effort in producing a successful capacity development program is in the promoting of the program through 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 2013, the NYSDOH conducted 6 training sessions for water system operators. A total of 314 operators attended the training sessions. The primary training topics for 2013 were Water Systems From Source to Tap. In addition, the NYSDOH has posted relevant capacity development information on the NYSDOH web site.

New York State did not make any modifications to its existing systems Capacity Development Program Strategy in FFY 2013. At this time the NYSDOH is not planning on revising the existing systems strategy. Implementation of the existing systems provision of the Capacity Development Program will continue with the NYSDOH 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;
- Continuing to promote the regionalization and interconnections for public water systems that apply for financing under the DWSRF program in an effort to enhance managerial, technical, and financial capacity for those systems;

- Continuing to encourage communities that apply for financing under the DWSRF program to prepare and submit an asset management plan.
- Continuing to administer the SMLP including assisting EFC with public outreach, evaluating SMLP applications, ranking SMLP projects, publishing an amendment to the DWSRF Intended Use Plan (IUP) to include SMLP projects, and assisting EFC with administering the financing of SMLP projects.
- 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, NYSDOH staff, technical assistance providers, and others; and
- Continuing to post relevant capacity development information on the NYSDOH 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

Appendix B. Environmental Health Manual Item, WSP 210 “Procedure for Granting Approvals to Operate New Community Water Systems and New Nontransient, Noncommunity Water Systems,” can be viewed by contacting the Bureau of Public Water Supply Protection, Design Section, at (518) 402-7650.

Appendix C

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

**NEW SYSTEMS SUMMARY
FFY 2011 – 2013**

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 '13											
NY0215555	LUFKIN ROTATING MACHINERY TECHNOLOGIES	ALLEGANY	WELLSVILLE (T)	NTNC	A	4/15/2013	Y	2013	N		
NY0530075	ERIE CANAL KIDS	CAYUGA	WEEDSPORT (V)	NTNC	A	1/29/2003	Y	2013	N		
NY1120131	CORNELL T&R CENTER NEW	CORTLAND	HARFORD (T)	NTNC	A	9/1/2013	Y	2013	N		
NY1730071	UNION MILLS WATER DISTRICT	FULTON	BROADALBIN (T)	C	A	3/18/2013	Y	2013	N		
NY1930097	ASHLAND WATER DISTRICT	GREENE	ASHLAND (T)	C	A	5/1/2013	Y	2013	N		
NY3530265	MEDIACOM REALTY, LLC	ORANGE	BLOOMING GROVE (T)	NTNC	A	8/19/2013	Y	2013	N		
NY5830093	INGERSOLL DRIVE SA	WAYNE	WOLCOTT (T)	C	A	12/31/2012	Y	2013	N		
NY5930130	1 BYRAM BROOK PL.	WESTCHESTER		NTNC	A	10/1/2012	Y	2013	N		
FFY '12											
NY0430112	CONEWANGO TOWN WATER DISTRICT	CATTARAUGUS	CONEWANGO (T)	C	A	1/1/2012	Y	2012	N		
NY0630102	PORTLAND WATER DISTRICT #7-WEST RT 5	CHAUTAUQUA	PORTLAND (T)	C	A	3/27/2012	Y	2012	N		
NY2510010	TOWN OF GROVELAND WEST LAKE ROAD	LIVINGSTON	GROVELAND (T)	C	A	3/1/2012	Y	2012	N		
NY2730013	EASTMAN BUSINESS PARK	MONROE	ROCHESTER (C)	NTNC	A	11/1/2011	Y	2012	N		
NY4911006	FAYETTE WATER DISTRICT # 6	SENECA	FAYETTE (T)	C	A	8/27/2012	Y	2012	N		
NY5030116	BATH WATER DISTRICT #7	STEUBEN	BATH (T)	C	A	5/7/2012	Y	2012	N		
NY5830090	HURON WD #6	WAYNE	HURON (T)	C	A	4/19/2012	Y	2012	N		
NY5830091	HURON WD #7	WAYNE	HURON (T)	C	A	4/19/2012	Y	2012	N		
NY5830092	PORT BAY WD	WAYNE	WOLCOTT (T)	C	A	4/19/2012	Y	2012	N		
NY6130045	MILO TOWN WD #3	YATES	MILO (T)	C	A	8/7/2012	Y	2012	N		
NY1330699	HOPEWELL GLEN	DUTCHESS	EAST FISHKILL (T)	C	A	12/15/2010	Y	2012	N		
NY3500604	ARK OF LEARNING DAYCARE	ORANGE	CORNWALL (T)	NTNC	A	12/23/2010	Y	2012	N		
NY3530262	THE HUB	ORANGE	DEERPARK (T)	NTNC	A	9/24/2012	Y	2012	N		
NY5503149	MOUNT COMMUNITY	ULSTER	ESOPUS (T)	C	A	9/27/2012	Y	2012	N		
NY5530314	WAWARSING DAY HAB	ULSTER	WAWARSING (T)	NTNC	A	2/24/2012	Y	2012	N		
NY5530316	DBTL REALTY CORP.	ULSTER	SAUGERTIES (T)	NTNC	A	7/13/2012	Y	2012	N		
NY5530317	ABCD AT NEW PALTZ	ULSTER	NEW PALTZ (T)	NTNC	A	8/23/2012	Y	2012	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
NY5430066	MASSEY APARTMENTS	TOMPKINS	ENFIELD (T)	C	A	7/23/2012	Y	2012	N		
NY5430068	ITHACA WALDORF SCHOOL	TOMPKINS	DANBY (T)	NTNC	A	9/24/2012	Y	2012	N		
NY1120041	SUIT KOTE	CORTLAND	PREBLE (T)	NTNC	A	5/24/2012	Y	2012	N		
NY1120121	SQUARE DEAL MACHINING	CORTLAND	MARATHON (T)	NTNC	A	1/12/2012	Y	2012	N		
NY2130064	HERKIMER WD #4 (LOWE'S)	HERKIMER	HERKIMER (T)	NTNC	A	1/1/2007	Y	2012	N		
NY4503249	TRANS BORDER FREIGHT SYSTEMS	SARATOGA	CLIFTON PARK (T)	NTNC	A	9/6/2012	Y	2012	N		
NY4530245	AIM SERVICES	SARATOGA	WILTON (T)	NTNC	A	2/7/2012	Y	2012	N		
NY4530246	PAN AM RAILWAY INTERMODAL FAC (MECH)	SARATOGA	HALFMOON (T)	NTNC	A	4/16/2012	Y	2012	N		
NY5730129	CARMODY PLAZA	WASHINGTON	GREENWICH (T)	NTNC	A	8/17/2012	Y	2012	N		
NY1030262	CAMPBILL GHENT	COLUMBIA	GHENT (T)	C	A	12/20/2011	Y	2012	N		
NY4130332	WESTFALL VILLAGE	RENSSELAER	SAND LAKE (T)	C	A	7/16/2012	Y	2012	N		
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		
NY2230126	ELLISBURG WD 3	JEFFERSON	ELLISBURG (T)	C	A	1/1/2011	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	RENSSELAER	POESTENKILL (T)	C	A	12/2/2010	Y	2011	N		
NY4130346	SCHODACK CEO	RENSSELAER	SCHODACK (T)	NTNC	A	9/1/2011	Y	2011	N		
NY4330054	CHARLES COURT APARTMENTS	ROCKLAND	STONY POINT (T)	NP	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 OFFICE	SARATOGA	CLIFTON PARK (T)	NTNC	A	11/2/2010	Y	2011	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
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		
NY5130191	IGHL	SUFFOLK	BROOKHAVEN (T)	NTNC	A	9/28/2011	Y	2011	N		
NY5230185	DELAWARE VALLEY JOB CORPS.	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 COUNTRY ACRES DAY CARE	TOMPKINS	NEWFIELD (T)	NTNC	A	1/19/2011	Y	2011	N		
NY5530306	KINGS HIGHWAY WATER DISTRICT	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 (QUEENSBURY)	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		

Appendix D

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 NYSDOH 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 NYSDOH 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 NYSDOH 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 NYSDOH will assess whether DWSRF assistance will help to ensure compliance. In addition, the NYSDOH 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 NYSDOH 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 NYSDOH 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 NYSDOH 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 shows the summary for capacity development reviews.

Statewide Capacity Reviews	Totals	System Type:		System Size (population served)		
		CWS	NTNC	<1000	1,000-3,300	>3,300
Passed	20	20	0	12	6	2
Failed	0	0	0	0	0	0
(Failed) Requiring Restructuring	0	0	0	0	0	0
ERP Priority Systems ¹ Requesting DWSRF Assistance	Funded	1	1	0	1	0
	Being Processed	8	8	0	1	3

¹ Projects submitted by systems that lack technical, managerial or financial capacity or are classified as priority systems based on EPA's Enforcement Targeting Tool (ETT) are not eligible for funding unless the proposed project will ensure capacity or compliance. Also, projects whose primary purpose is fire protection or growth/development, dams and reservoirs, or acquisition of land not integral to an eligible project are not eligible.