



## **CAPACITY DEVELOPMENT PROGRAM IMPLEMENTATION**

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

Federal Fiscal Year 2017



## TABLE of CONTENTS

1. The Capacity Development Program – An Overview.....	1
1.1 Capacity Development Provisions in the Safe Drinking Water Act (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
<b>Appendix A.</b> Capacity Development Program Implementation and Evaluation Plan for New Systems	
<b>Appendix B.</b> Environmental Health Manual Item, “ <i>Procedure for Granting Approvals to Operate New Community Water Systems and New Nontransient, Noncommunity Water Systems</i> ”	
<b>Appendix C.</b> New Systems Summary – FFY 2015 - FFY 2017	
<b>Appendix D.</b> FFY 2017 Intended Use Plan - Section 8, Capacity Assessment	

## 1. THE CAPACITY DEVELOPMENT PROGRAM - AN OVERVIEW

One of the main focal points 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 (EPA) 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 EPA 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 (NYSDEC), 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 2017, 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 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 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 EPA'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 48 new drinking water 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 2017 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 2017 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 ensure 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.

In 1999 and 2000, with the assistance of a stakeholders group of State agencies, public water suppliers, technical assistance providers, local government representatives, and environmental groups, the NYSDOH developed a comprehensive Capacity Development Strategy to assist public water systems that 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 the *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 2016 *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 2017:

- Identifying and prioritizing those public water systems that need assistance with their technical, managerial, and/or financial capacity;
- Providing direct assistance to public water systems in need;
- Measuring improvements in system capacity relative to the baseline measure;
- Utilizing other available resources in New York State to assist public water systems with their technical, managerial, or financial capacity;
- Ensuring 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 CWSs;
- Promoting 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;
- Encouraging communities that apply for financing under the DWSRF program to prepare and submit an asset management plan;
- Administering the on-going reporting requirements associated with the financing of water system resiliency projects using funds from the Storm Mitigation Loan Program (SMLP);
- Administering the New York State Water Infrastructure Improvement Act (WIIA) Grant Program (formerly known as, New York Water Grants Program) including assisting EFC with public outreach, evaluating Water Grant applications, ranking WIIA projects, publishing amendments to the DWSRF Intended Use Plan (IUP) to include WIIA projects, and assisting EFC with administering the financing of WIIA grant infrastructure improvement projects;
- Utilizing the “circuit rider” assistance program to assist non-community and small CWSs with their capacity development needs;
- Providing relevant outreach and training to public water system operators, NYSDOH staff, technical assistance providers, and others; and

- Posting relevant capacity development information on the NYSDOH web site.

During FFY 2017, the NYSDOH conducted the following activities in its continuing effort to implement the existing system provision of the capacity development program:

- In conjunction with local health departments, the NYSDOH 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 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 federal fiscal year, the NYSDOH and local health departments addressed technical and managerial capacity issues as they completed approximately 4,500 sanitary surveys at public water systems. Approximately 78,000 monthly operation reports submitted by public water suppliers were reviewed to identify potential violations and other technical or managerial problems that required appropriate follow-up action. In addition, the NYSDOH operator certification program assured that water systems were properly operated by certifying 342 new operators and renewing the certifications of 1,606 operators.
- The NYSDOH utilized a data management system 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*. Efforts focused primarily on those systems identified as being in critical need of capacity development. Local health departments had the opportunity to request that particular systems be reclassified as critical based on their intimate knowledge of the systems within their jurisdictions. 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.
- 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 2017, and as a result of providing technical, managerial, and financial assistance to public water systems in need of capacity development, 613 public water systems demonstrated improvements in system capacity relative to FFY 2016. In addition, 63 public water systems are no longer considered to be in critical need of capacity development when compared to the FFY 2016 measure of system capacity.

- 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 consolidation, 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 would address the scope of the project with respect to its priority health ranking, then a detailed justification satisfactory to NYSDOH must be provided demonstrating that the interconnection is a technically, financially, or managerially disadvantageous option. Also, a multiagency committee has been established to explore opportunities to consolidate private water systems with public water systems.
- In another 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.

- The NYSDOH continues to administer the SMLP, which offered interest-free financing and grants to eligible public water systems affected by Hurricane Sandy to enhance resilience to flood damage or natural disasters. The total financing assistance available through the SMLP is \$67.9 million. All of the funds have been committed. A total of 13 projects are being funded through the SMLP.
- The NYSDOH, along with EFC, is successfully implementing the WIIA Grant Program, which provides \$1.4 billion over several state fiscal years to support drinking water and waste water infrastructure improvements throughout New York State. The WIIA Grant Program was established as part of the 2015-2016 New York State Budget and initially provided \$200 million in grants over three State fiscal years (2015-16, 2016-17, 2017-18). Additional appropriations authorized by subsequent State budgets have increased the total grant funds available to a total of \$1.4 billion, providing much needed capital resources to municipalities for water infrastructure projects.

Under the WIIA Grant Program, municipal water systems may receive grant funding in an amount up to \$3 million, not to exceed 60% of the project cost, for drinking water projects. Through State Fiscal Years 2015-16, 2016-17 and 2017-18, \$220.4 million has been awarded to 135 drinking water infrastructure projects throughout New York. The total estimated project cost for the 135 projects is approximately \$530.5 million. Additional grants will be available for drinking water projects in subsequent years.

- In addition to the WIIA Grant Program, the NYSDOH and EFC are successfully implementing the New York State Intermunicipal Water Infrastructure Grant Program (IMG), which provides \$150 million to support intermunicipal drinking water and waste water infrastructure improvements throughout New York State. IMG grants are available for projects that serve multiple municipalities and may include a shared water quality infrastructure project or interconnection of multiple municipal water quality projects.

Under the IMG grant program, municipalities may receive grant funding in an amount up to \$10 million, not to exceed 40% of the project cost. To date, about \$4.8 million has been awarded for one drinking water IMG project. The total estimated project cost for this IMG project is

approximately \$12 million. Additional grants will be available under the IMG program in subsequent years.

- DOH serves on the Water Quality Rapid Response Team, which was created by Governor Cuomo in 2016, and is charged with identifying and developing plans to swiftly address critical drinking water contamination concerns, as well as related groundwater and surface water contamination problems across the state.
- Since March 2005, the NYSDOH has contracted with 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 2017, the circuit riders conducted 225 on-site visits to provide direct assistance to approximately 134 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, EFC, New York State Public Service Commission, NYSDEC, New York Association of Towns, New York Conference of Mayors, New York State Association of Regional Councils, NYRWA, 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 collaborates with the EFC Community Assistance Program to provide direct technical assistance to small, rural communities in New York for drinking water projects eligible for DWSRF financing. The goal of the Community Assistance Program is to provide guidance to community leaders to help move infrastructure projects forward to completion as effectively and efficiently as possible. The program consists of project development services and funding coordination. Project development services involve the organization of the project and the project team through identification of specific work tasks, scheduling the sequencing of work, and identifying the expertise

needed to complete the project. A funding coordinator assists communities with the identification of applicable loan and grant funding programs offered by state and federal agencies through the NYS Water and Sewer Infrastructure Co-funding Initiative. Once the community's funding package is established, the funding coordinator continues to work with municipal officials to manage communications between the community and the involved funding agencies.

The NYS Water and Sewer Co-funding Initiative was recommended in the Capacity Development Program Strategy Report and was created to help New York State communities find sources of government funding for their water and sewer projects. These projects may be eligible to receive funding from more than one government program. Learning about these available programs and then applying for funding through the various agencies can be a challenging task. The Co-funding Initiative has taken steps to make the process easier and more effective. A co-funding committee meets on a monthly basis to discuss issues related to sources of funding for water projects. In addition, the Co-funding Initiative maintains a website that provides detailed information on various funding opportunities for water and sewer projects.

- Training, disseminating information and providing tools to public water systems is an essential component in fostering capacity development. The NYSDOH participates in the biannual meeting of the New York Section of the American Water Works Association and the Annual Meeting of the NYRWA where technical presentations are made on topics ranging from regulations, compliance, financing and other tools available to assist public water systems.
- During FFY 2017, the NYSDOH provided guidance and direction to EPA contractors [NYRWA, the Rural Community Assistance Partnership (RCAP), and the Environmental Finance Center at the University of North Carolina Chapel Hill (EFC-UNC)] to provide assistance to small drinking water systems. NYRWA and RCAP were provided with information on water systems in need of on-site technical assistance and EFC-UNC was provided with systems in need of managerial capacity assistance. NYSDOH reviews quarterly updates from NYRWA that summarize work conducted in the field.

In addition, the Water and Wastewater Education and Outreach Committee (WWEOC), of which NYSDOH is a member, continues to work on a campaign to educate the general public on the value of water. The WWEOC is comprised of representatives from federal, state and local government, associations, non-for profits, water and wastewater system owners and operators, educators, water and wastewater

engineering firms. NYSDOH along with the WWEOC sponsored the 31<sup>st</sup> Annual New York State Tap Water Taste Contest (TWTC) open to all public water systems. The TWTC was a non-scientific, friendly competition intended to highlight the best tasting tap water in New York State and to raise awareness on the importance and the value of drinking water. The contest commenced in April 2017 with 21 counties participating in local level competitions, followed by five regional competitions and concluded with a state level competition on August 31, 2017 at the New York State Fair. The winner was the Village of Lyndonville from Orleans County.

New York State did not make any modifications to its existing systems Capacity Development Program Strategy in FFY 2017. 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:

- Identifying and prioritizing those public water systems that need assistance with their technical, managerial, or financial capacity;
- Providing direct assistance to public water systems in need;
- Measuring improvements in system capacity relative to the baseline measure;
- Utilizing other available resources in New York State to assist public water systems with their technical, managerial, or financial capacity;
- Ensuring 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;
- Promoting the consolidation, 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;
- Encouraging communities that apply for financing under the DWSRF program to prepare and submit an asset management plan;

- Administering the on-going reporting requirements associated with the financing of water system resiliency projects using funds from the SMLP;
- Implementing the WIIA and IMG grant programs including assisting EFC with public outreach, evaluating grant applications, ranking grant projects, publishing amendments to the DWSRF Intended Use Plan (IUP) to include WIIA and IMG projects, and assisting EFC with administering the financing of WIIA and IMG infrastructure improvement projects;
- Utilizing the “circuit rider” assistance program to assist non-community and small community water systems with their capacity development needs;
- Providing relevant outreach and training to public water system operators, technical assistance providers, and others; and
- Posting relevant capacity development information on the NYSDOH web site.

# **Appendix A**

## **Capacity Development Program Implementation and Evaluation Plan for New Systems**

# 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 C**

**New Systems Summary – FFY 2015 - FFY 2017**

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

**NEW SYSTEMS SUMMARY  
FFY 2015 – 2017**

PWS NUMBER	PWS NAME	COUNTY	CITY/TOWN	PWS TYPE	ACTIVITY STATUS	ACTIVITY DATE	NEW SYSTEM?	NEW FFY	Priority System (ETT >= 11) Yes/No
<b>FFY '17</b>									
NY0200401	EMPIRE CHEESE, INC.	ALLEGANY	CUBA (T)	NTNC	A	9/14/2017	Y	2017	No
NY0430123	ASHFORD WEST VALLEY TOWN WATER DISTRICT	CATTARAUGUS	ASHFORD (T)	C	A	10/1/2016	Y	2017	No
NY1830045	ALEXANDER TOWN WD2	GENESEEE	ALEXANDER (T)	C	A	1/1/2017	Y	2017	No
NY1830046	TOWNLINE ROAD WDS	GENESEEE		C	A	1/1/2017	Y	2017	No
NY2530023	TOWN OF GENESEO DIST. 3	LIVINGSTON	GENESEEO (T)	C	A	1/31/2017	Y	2017	No
NY3430046	NAPLES TOWN WD 1	ONTARIO	NAPLES (T)	C	A	8/15/2017	Y	2017	No
NY2430063	BURROWS PAPER LYONSDALE	LEWIS	LYONSDALE (T)	NTNC	A	10/13/2016	Y	2017	No
NY1030294	TIERRA FARM	COLUMBIA	KINDERHOOK (T)	NTNC	A	1/4/2017	Y	2017	No
NY5230211	ADELAAR WATER DISTRICT	SULLIVAN	THOMPSON (T)	C	A	12/16/2016	Y	2017	No
NY5230217	LEARNING TREE PROPERTIES LLC	SULLIVAN	BLOOMINGBURG (V)	NTNC	A	2/22/2017	Y	2017	No
NY5530352	BEGNAL MOTORS	ULSTER	ULSTER (T)	NTNC	A	8/28/2017	Y	2017	No
NY1730083	ASPEN HILLS WATER DISTRICT	FULTON	JOHNSTOWN (T)	C	A	1/11/2017	Y	2017	No
NY2130071	PRECISIONMATICS CO.	HERKIMER	WINFIELD (T)	NTNC	A	7/12/2017	Y	2017	No
NY4530235	4300 ROUTE 50 DEVELOPMENT	SARATOGA	WILTON (T)	NTNC	A	11/2/2016	Y	2017	No
<b>FFY '16</b>									
NY5130215	IGHL, SOUTHAMPTON	SUFFOLK		NTNC	A	6/8/2016	Y	2016	No
NY0232116	KLEIN CUTLERY, LLC	ALLEGANY	BOLIVAR (T)	NTNC	A	3/21/2016	Y	2016	No
NY4962316	NORTH SENECA SPORTSMAN CLUB	SENECA	JUNIUS (T)	NTNC	A	6/1/2016	Y	2016	No
NY0891616	HOBBY HILL TRAILER PARK	CHENANGO		C	A	9/19/2016	Y	2016	No
NY3730203	SANDY CREEK TOWN WD#2	OSWEGO	SANDY CREEK (T)	C	A	7/8/2016	Y	2016	No
NY3302777	LAFAYETTE HEAD START	ONONDAGA	LAFAYETTE (T)	NTNC	A	9/23/2016	Y	2016	No
NY1030284	LOSEE MOBILE HOME PARK	COLUMBIA	STUYVESANT (T)	C	A	8/19/2016	Y	2016	No
NY1330730	PRESTIGE MINI OF DUTCHESS COUNTY	DUTCHESS	WAPPINGER (T)	NTNC	A	10/14/2015	Y	2016	No
NY1330731	33 & 35 CORPORATE PARK	DUTCHESS	EAST FISHKILL (T)	NTNC	A	12/14/2015	Y	2016	No
NY1330735	CASTAGNA WELLNESS WATER COMPANY	DUTCHESS	PAWLING (T)	C	A	4/7/2016	Y	2016	

PWS NUMBER	PWS NAME	COUNTY	CITY/TOWN	PWS TYPE	ACTIVITY STATUS	ACTIVITY DATE	NEW SYSTEM?	NEW FFY	Priority System (ETT >= 11) Yes/No
NY1330737	RED BARN PROPERTY	DUTCHESS	RHINEBECK (T)	C	A	8/12/2016	Y	2016	
NY3530279	GODDINGER	ORANGE		NTNC	A	7/1/2016	Y	2016	No
NY5230189	VILLAGES OF CHESTNUT RIDGE	SULLIVAN	BLOOMINGBURG (V)	C	A	1/27/2016	Y	2016	No
NY5230224	BUENA VISTA APARTMENTS	SULLIVAN	LIBERTY (T)	C	A	6/6/2016	Y	2016	No
NY0140001	NEW SALEM WD	ALBANY	NEW SCOTLAND (T)	C	A	1/1/2016	Y	2016	No
NY4708532	NEW YORK POWER AUTHORITY SECURITY	SCHOHARIE	BLENHEIM (T)	NTNC	A	4/10/2016	Y	2016	No
<b>FFY '15</b>									
NY0930204	MACEY LANE WATER DISTRICT	CLINTON	SCHUYLER FALLS (T)	C	A	1/29/2015	Y	2015	No
NY1030269	CARMELITE SISTERS	COLUMBIA	GERMANTOWN (T)	C	A	1/30/2015	Y	2015	No
NY1030279	DARROW SCHOOL NORTH FAMILY WELL	COLUMBIA	NEW LEBANON (T)	NTNC	A	9/16/2015	Y	2015	No
NY1120152	SQUARE DEAL MACHINING 496	CORTLAND	MARATHON (T)	NTNC	A	7/9/2015	Y	2015	No
NY1330718	TACONIC INNOVATIONS	DUTCHESS	EAST FISHKILL (T)	NTNC	A	7/15/2015	Y	2015	No
NY1830003	IROQUOIS NAT. WILDLIFE REFUGE	GENESEE	ALABAMA	NTNC	A	10/1/2014	Y	2015	No
NY1830042	OAKFIELD TOWN	GENESEE	OAKFIELD (T)	C	A	5/1/2015	Y	2015	No
NY2501026	YORK - LEICESTER PUBLIC WATER SUPPLY	LIVINGSTON	LEICESTER (T)	C	A	10/10/2014	Y	2015	No
NY3530273	GLENWOOD SCHOOL	ORANGE	MONROE (T)	NTNC	A	11/13/2014	Y	2015	No
NY3530277	MONROE AMERICAN LEGION POST #488	ORANGE		C	A	4/29/2015	Y	2015	No
NY3914005	CREATIVE KIDS OF KENT	PUTNAM	KENT (T)	NTNC	A	9/1/2015	Y	2015	No
NY4530261	BLACKSMITH DRIVE OFFICE SUITES	SARATOGA	MALTA (T)	NTNC	A	5/14/2015	Y	2015	No
NY4942015	CORNERSTONE MENNONITE SCHOOL	SENECA	VARICK (T)	NTNC	A	1/13/2015	Y	2015	No
NY5030125	CAMPBELL WATER DISTRICT # 3	STEUBEN	CAMPBELL (T)	C	A	10/14/2014	Y	2015	No
NY5230197	SULLIVAN ARC	SULLIVAN	THOMPSON (T)	NTNC	A	1/6/2015	Y	2015	No
NY5230201	FOREST PARK ESTATES	SULLIVAN	THOMPSON (T)	C	A	7/1/2015	Y	2015	No
NY5230210	LEISURE LAKE ESTATES CONDOMINIUMS	SULLIVAN	LIBERTY (T)	C	A	9/15/2015	Y	2015	No
NY5530331	YESHIVA OF OCEAN	ULSTER	WAWARSING (T)	C	A	3/6/2015	Y	2015	No

# **Appendix D**

**FFY 2017 Intended Use Plan – Section 8,  
Capacity Assessment**

## **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	44	44	0	13	13	18	
Failed	0	0	0	0	0	0	
(Failed) Requiring Restructuring	0	0	0	0	0	0	
ERP Priority Systems <sup>1</sup> Requesting DWSRF Assistance	Funded	0	0	0	1	1	0
	Being Processed	2	2	0	2	0	0

<sup>1</sup> 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.