

ATTACHMENT 1 - Worksheet for Assessing State Programs for Ensuring Demonstration of New System Capacity

State Reviewed: _____

Date Completed: _____

Reviewer: _____

General Comments: _____

Purpose:

- In order to avoid a 20 percent withholding, states must ensure that all new community water systems (CWSs) and all new nontransient, noncommunity water systems (NTNCWSs) demonstrate technical, managerial, and financial capacity.
- Refer to the [Guidance on Implementing the Capacity Development Provisions of the Safe Drinking Water Act Amendments of 1996](#) for further information including definitions, control points, and more.
- The questions contained within this worksheet focus on program functionality and ensure that the requirements of the statute and guidance are met.

Suggestions for Regions

- Use this sheet to guide your review of proposed state programs for new system capacity.
- The questions are designed to assist you in evaluating proposed state programs for purposes of making Drinking Water State Revolving Fund (DWSRF) withholding decisions.
- This is not a checklist. Using these questions, you should be able to identify major strengths and/or weaknesses of proposed state programs.

Suggestions for States

- Use this sheet to help guide your description of your capacity development program for new systems.
- This sheet may help you in developing your capacity development program for new systems.
- This is not a checklist. Using these questions, you should be able to identify major strengths and/or weaknesses of your proposed program.

Basis of Authority

- 1) Describe the state's regulations, policies, or other implementing authorities. Include if there are any statutory basis for these items.

- 2) Identify the state or sub-state agencies responsible for implementing the regulations, policies, or other authorities.

- 3) Describe the collaborative arrangements (if any) among the various agencies responsible for implementing these regulations, policies, or other authorities. Identify the means (e.g., memoranda of understanding) used to document the collaborative arrangements among agencies.

Control Points

- 4) Describe each control point outlined in the state program and identify the agency responsible for implementing that control point. Make special note of the control point(s) that permit the state to directly exercise its authority to ensure the demonstration of capacity in new CWSs and NTNCWSs.

- 5) Describe the aspect(s) of capacity (technical, managerial, or financial) evaluated at each of the control points listed above. Ensure that all aspects of capacity are evaluated.

- 6) At each of the control points listed above, what specific action will the state or sub-state agency take to ensure demonstration of technical, managerial, and financial capacity?

Plan for Implementation and Periodic Review

- 7) How will the state evaluate the implementation and on-going effectiveness of its new system capacity development program?

Overall Program Functionality

- 8) How does the state's proposed program ensure that new systems demonstrate technical, managerial, and financial capacity?

ATTACHMENT 2 - Worksheet for Assessing Proposed State Capacity Development Strategies for Existing Public Water Systems

State Reviewed: _____

Date Completed: _____

Reviewer: _____

General Comments: _____

Purpose:

- In order to avoid a 20 percent withholding, states must develop and implement a strategy to assist PWSs in acquiring and maintaining technical, managerial, and financial capacity.
- Refer to the [Guidance on Implementing the Capacity Development Provisions of the Safe Drinking Water Act Amendments of 1996](#) for further information including definitions, control points, and more.
- The questions contained within this worksheet will help ensure that the requirements detailed in both §1420(c) of the SDWA and the associated guidance are met.

Suggestions for Regions

- Use this sheet to guide your review of proposed state strategies for acquiring and maintaining capacity in existing public water systems (PWSs).
- The questions are designed to assist you in reviewing proposed state strategies for the purpose of making DWSRF withholding decisions.
- This is not a checklist. However, using the following questions, you should be able to assess state compliance with the Capacity Development provisions of §1420(c) of the Safe Drinking Water Act (SDWA), as amended in 1996.

Suggestions for States

- Use this sheet to help guide your description of your capacity development strategy for existing PWSs.
- This sheet may help you in developing your capacity development strategy for existing PWSs.
- This is not a checklist. However, using the following questions, you should be able to identify the major strengths and/or weaknesses of your proposed capacity development strategy and make appropriate adjustments.

Solicitation and Consideration of Public Comments

The questions below refer to the solicitation of public comment and the stakeholder process you are using under America's Water Infrastructure Act of 2018 (AWIA), not prior efforts. EPA highly encourages the solicitation of public comment, but AWIA does not require this.

- 1) Describe how the state, in preparing its capacity development strategy, solicited public comment on the program elements listed in §1420(c)(2)(A-F) of the SDWA, as amended in 1996 and in 2018 through AWIA.

- 2) Describe the state's stakeholder involvement process and anticipated timeline to obtain feedback on the state's capacity development strategy.

- 3) Describe how the state considered public comment and stakeholder input on the program elements.

Program Elements

- 4) Describe how the state considered the appropriateness of each program element listed in §1420(c)(2)(A-F) in deciding whether or not to include the element in its capacity development strategy.
 - a) §1420(c)(2)(A): *The methods or criteria that the state will use to identify and prioritize the public water systems most in need of improving technical, managerial, and financial capacity.*

- b) §1420(c)(2)(B): *A description of the institutional, regulatory, financial, tax, or legal factors at the Federal, state, or local level that encourage or impair capacity development.*

- c) §1420(c)(2)(C): *A description of how the state will use the authorities and resources of this title or other means to assist public water systems in complying with national primary drinking water regulations, encourage the development of partnerships between public water systems to enhance the technical, managerial, and financial capacity of the systems, and assist public water systems in the training and certification of operators.*

- d) §1420(c)(2)(D): *A description of how the state will establish a baseline and measure improvements in capacity with respect to National Primary Drinking Water Regulations and state drinking water laws.*

- e) §1420(c)(2)(E): *An identification of the persons that have an interest in and are involved in the development and implementation of the capacity development strategy (including all appropriate agencies of Federal, state, and local governments, private and nonprofit public water system and public water system customers).*

- f) §1420(c)(2)(F): *A description of how the state will, as appropriate, encourage the development by PWSs of asset management plans that include best practices for asset management; and assist, including through the provision of technical assistance, PWSs in training operators or other relevant and appropriate persons in implementing such asset management plans.*

Strategy

- 5) Describe the basis on which the state believes that the program elements it has chosen, when taken as a whole, constitute a strategy to assist PWSs in acquiring and maintaining technical, managerial, and financial capacity.

Implementation

- 6) Describe the state's current implementation efforts for its capacity development strategy.

- 7) Describe the state's future plans for strategy implementation.

Future Considerations

8) Listing of systems with a history of significant noncompliance (§1420(b)(1)).

- States must prepare, update, and submit to the EPA Administrator a list of community water systems and nontransient, noncommunity water systems that have a history of significant noncompliance. States must also, to the extent practicable, provide reasons for the noncompliance of these systems. Under §1420(b)(3), failure to provide this report in will serve as a basis for withholding.

Note: The Enforcement Targeting Tool (ETT) focuses on PWSs that have a history of health-based violations across multiple rules, weights violations based on their public health threat, and identifies PWSs that rise to a level of significant noncompliance. States can use ETT to prioritize PWSs for enforcement response or the use of other Capacity Development tools such as consolidation, restructuring ownership or management, or capital construction loans for infrastructure improvements projects. For more information, please refer to the [Drinking Water Enforcement Response Policy](#).

9) Report to the State Governor (§1420(c)(3)).

- Not later than two years after a state adopts a capacity development strategy, and every three years thereafter, each state's primacy agency must submit a report to the State's Governor and to the public that details the efficacy of the state's capacity development strategy and that outlines the progress made towards improving the technical, managerial, and financial capacity of PWSs in the state, including efforts of the state to encourage development by PWSs of asset management plans and to assist public water systems in training relevant and appropriate persons in implementing such asset management plans. Under §1420(c)(1), failure to provide this report in will serve as a basis for withholding.

Note: EPA encourages states to include the methodology they plan to use to assess the efficacy of their capacity development strategy as part of their strategy. The inclusion of assessment methodology is not mandatory and will not be a basis for withholding DWSRF funding.

ATTACHMENT 3 - Worksheet for Reviewing Current State Asset Management Programs within the Capacity Development Strategy for New and Existing Systems

State Reviewed: _____

Date Completed: _____

Reviewer: _____

General Comments: _____

Purpose:

- In order to avoid a 20 percent withholding, states must develop and implement a strategy to assist PWSs in acquiring and maintaining technical, managerial, and financial capacity.
- Refer to the [Implementation of Capacity Development Program – Related Safe Drinking Water Act Amendments in the America’s Water Infrastructure Act](#) Memo for further information
- The questions contained within this worksheet focus on program functionality and ensure that the requirements of the statute and guidance are met.

Suggestions for Regions

- Use this sheet to guide your review of state asset management programs.
- The questions are designed to assist you in evaluating proposed state programs for purposes of making DWSRF withholding decisions.
- This is not a checklist. Using these questions, you should be able to identify the major activities associated with asset management and identify the strengths and weaknesses of the program.

Suggestions for States

- Use this sheet to help guide your review of your current asset management program, and integrating asset management into your capacity development strategy.
- This is not a checklist. Using these questions, you should be able to identify the major activities associated with asset management and identify the strengths and weaknesses of the program. Refer to the [2018 State Asset Management Initiatives](#) document for more information.

Five Core Question Framework – Asset Management

The asset management framework, which consists of five core questions, guides PWSs through the process of developing an asset management plan. The core questions encourage PWSs to follow asset management best practices, which are designed to improve utility operations. They are a good starting point for both large and small systems. They walk PWSs through all major activities that are associated with asset management and implementation can be tailored to the system. The five core questions are:

- What is the current state of the utility’s assets?
- What is the utility’s required “sustainable” level-of-service?

- Which assets are critical to sustained performance?
- What are the utility's best "minimum life-cycle cost" capital improvement plan and operations and maintenance strategies?
- What is the utility's best long-term financing strategy?

Current Asset Management Approach

- 1)
 - a. Describe how the state promotes the practice of asset management and the development and use of asset management plans.
 - b. Describe the different activities/assistance the state currently uses to assist PWSs to develop and implement asset management programs and plans. Look at the [2018 State Asset Management Initiatives](#) document for further reference of activities.
 - i. Training:
 - ii. Enforcement Actions:
 - iii. Funding Activities:

iv. Regulatory Activities:

v. Technical Assistance:

vi. Other:

2) How has the state addressed asset management or plan to address it in future Reports to the Governor?

3) Describe how the state's current asset management approach and capacity development strategy does or does not meet the AWIA requirements.

Stakeholder Involvement

- 4) Describe the state's stakeholder involvement process to obtain feedback on incorporating asset management into the state's capacity development strategy (e.g., advisory group meetings).

- 5) Describe the state's anticipated timeline to complete the stakeholder process.

Barriers

- 6) Describe any existing or anticipated barriers to adopting asset management activities that are intended to help the state address the AWIA requirements.

- 7) Describe how the state will address these barriers.

Asset Management Strategy

- 8) Describe how integrating the new asset management requirements under AWIA into the state's capacity development strategy will enhance the implementation of the overall capacity development program.
- 9) Describe how the state will use the five-core questions framework, as appropriate, to encourage the development of, and assist in the implementation of, asset management plans.
- 10) Describe how, when taken as a whole, the core components constitute a strategy to promote the use of asset management.
- 11) Identify which of the five core components are weakest within the state strategy and what activities could help strengthen those components.
- 12) Describe the state's future plans for strategy implementation.