



**Department
of Health**

Public Water System Capacity Development Report Federal Fiscal Year 2024

Prepared For:

US Environmental Protection Agency, Region 2- Water Division
Drinking Water & Ground Water Protection Section
290 Broadway, 27th Floor
New York, NY 10007

Prepared By:

New York State Department of Health
Bureau of Water Supply Protection
Empire State Plaza
Corning Tower Rm. 1168
Albany, NY 12237

December 2024

Table of Contents

The Capacity Development Program - An Overview	2
Capacity Development Provisions in the Safe Drinking Water Act	2
Capacity Development Program-New Systems Provision	3
Capacity Development Program-Drinking Water State Revolving Fund Applicants	6
Technical Capacity Assessment	6
Managerial Capacity Assessment.....	7
Financial Capacity Assessment	7
Systems with Inadequate Capacity	7
Capacity Development Program-Existing Systems Provision	8
Capacity Development Program- Asset Management.....	17
Appendix A	19
Capacity Development Program Implementation and Evaluation Plan for New Systems.....	19
Appendix B	21
Environmental Health Manual Item – PWS 210	21
Overview of Legal Authority for Technical Capacity	26
Overview of Legal Authority for Managerial Capacity	27
Overview of Legal Authority for Financial Capacity	28
Appendix C	30
New Public Water Systems Summary – Federal Fiscal Year (FFY) 2022 – 2024	30
Appendix D	32
Federal Fiscal Year 2024 Intended Use Plan – Section 8, Capacity Assessment	32

The Capacity Development Program - An Overview

One of the main focal points of the 1996 Safe Drinking Water Act 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 Safe Drinking Water Act, the capacity development program provides a framework for state agencies, local governments, stakeholder groups or organizations, water systems, and the public to work toward ensuring that drinking water systems acquire and maintain the technical, managerial and financial capacity needed to achieve public health objectives (i.e. compliance with applicable State and Federal drinking water regulations).

Capacity Development Provisions in the Safe Drinking Water Act

The 1996 Safe Drinking Water Act 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.

1. All new community water systems and all new non-transient noncommunity water systems that begin operation after October 1, 1999, must first demonstrate that they possess adequate capacity.
2. States are prohibited from providing Drinking Water State Revolving Fund 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.

3. 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.

The American Water Infrastructure Act of 2018 amended Section 1420(c)(2) of the Safe Drinking Water Act to expand its capacity building framework and required states to include, as appropriate, a description of how the state will:

- encourage the development by public water systems of asset management plans that include best practices for asset management; and
- assist, including through the provisions of technical assistance, public water systems in training operators or other relevant and appropriate persons in implementing such asset management plans.

The asset management description must include 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. The framework is composed of the following five core questions:

1. What is the current state of the utility's assets?
2. What is the utility's required "sustainable" level-of-service?
3. Which assets are critical to sustained performance?
4. What are the utility's best "minimum life-cycle cost" capital improvement plan and operations and maintenance strategies?
5. What is the utility's best long-term financing strategy?

Capacity Development Program-New Systems Provision

Section 1420(a) of the Safe Drinking Water Act, the new system provision, applies to all new community water systems and all new non-transient noncommunity water systems that began operations after October 1, 1999. Under this provision New York State was required to demonstrate to the United States Environmental Protection Agency that it has the legal authority to ensure that all new community water systems and all new non-transient noncommunity water systems 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 Environmental Protection Agency 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 Safe Drinking Water Act.

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

The New York State Department of Health 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 Federal Fiscal Year 2024, the New York State Department of Health 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 Environmental Protection Agency) is provided in Appendix A; and the Environmental Health Manual Item entitled Procedure for Granting Approvals to Operate New Community Water Systems and New Non-transient Non-community 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 Environmental Protection Agency in 1999.

The New York State Department of Health 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 Environmental Protection Agency's Enforcement Targeting Tool. The Environmental Protect Agency considers systems with an Enforcement Targeting Tool score of greater than or equal to 11 to be "priority systems", or public water systems that appear to have the most serious, numerous, or longest lasting uncorrected and unaddressed violations. Of the 28 new drinking water systems in New York State, no system incurred an Enforcement Targeting Tool score greater than or equal to 11.

The documentation found in Appendices A through D indicates that the New York State Department of Health water system review, evaluation, and approval process has been successful. Therefore, the New York State Department of Health will continue to implement the new water system capacity development

plan in Federal Fiscal Year 2025 as approved by the Environmental Protection Agency.

Capacity Development Program-Drinking Water State Revolving Fund Applicants

Section 1452(a)(3) of the Safe Drinking Water Act applies to those public water systems for which assistance is sought from the Drinking Water State Revolving Fund. Under this provision, states are prohibited from providing Drinking Water State Revolving Fund assistance to a public water system that lacks the technical, managerial, and financial capability to ensure compliance with the Safe Drinking Water Act or that is in significant noncompliance with applicable State and Federal drinking water regulations. However, states are allowed to provide Drinking Water State Revolving Fund 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 Drinking Water State Revolving Fund applicant must demonstrate that its water system possesses adequate technical, managerial, and financial capacity prior to receiving Drinking Water State Revolving Fund assistance from New York State.

To comply with the Drinking Water State Revolving Fund provision of the Safe Drinking Water Act, the New York State Department of Health and the Environmental Facilities Corporation conduct capacity assessments of all Drinking Water State Revolving Fund applicants. New York State's capacity development review criteria for Drinking Water State Revolving Fund 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 Drinking Water State Revolving Fund is included in the Intended Use Plan. A copy of the Drinking Water State Revolving Fund Intended Use Plan table that summarizes the capacity development assessments for Federal Fiscal Year 2024 is provided in Appendix D. New York State's capacity assessment review criteria are provided below.

Technical Capacity Assessment

To assure adequate technical capacity, the applicant must demonstrate adequacy of source water, infrastructure and technical knowledge. The New York State Department of Health 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.

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 New York State Department of Health reviews the applicant's managerial capacity to assure that management is involved in the day-to-day supervision of the water system, is aware and responsive to all required regulations, is available to respond to emergencies, is capable of identifying and addressing all necessary capital improvements, is responsive to their customers and is capable of keeping accurate records and assures financial viability. The water system must have a qualified water operator in accordance with the State's existing operator certification regulation (10 NYCRR Subpart 5-4).

Financial Capacity Assessment

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

Systems with Inadequate Capacity

For all systems that seek funding under the Drinking Water State Revolving Fund, the New York State Department of Health 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 Drinking Water State Revolving Fund 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 New York State Department of Health assesses whether Drinking Water State Revolving Fund assistance will help to ensure compliance. In addition, the New York State Department of Health consults with the local health department, which provides the daily oversight and regulation of the water system, to make this assessment.

Capacity Development Program-Existing Systems Provision

Section 1420(c)(2) of the Safe Drinking Water Act 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 2021, the New York State Department of Health convened a diverse group of stakeholders to discuss factors that either enhance or impair water system capacity or asset management. The New York State Department of Health used stakeholder feedback to inform and revise the state's Capacity Development Strategy. The updated Strategy included the 2018, American Water Infrastructure Act requirements, which amended this section of the Safe Drinking Water Act to include additional elements related to asset management. The revised Strategy also considers the following:

- 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 Safe Drinking Water Act 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)];
- re-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)].

On April 26, 2023 the Environmental Protection Agency determined that the 2022 New York State Capacity Development Strategy was consistent with the Safe Drinking Water Act, as amended by American Water Infrastructure Act. The review was to ensure that the requirements of the statute and guidance listed in Section 1420(c)(2)(A-F) were met. On April 27, 2023 the New York State Department of Health began the partial implementation of the revised strategy. Partial implementation is because the newly revised Capacity Assessment form has not been formally rolled out internally. The assessment was field tested at 24 systems across the state, however there are internal policy documents and other program details that need to be finalized before the Department is ready to fully

transition to the new form. Until then, New York State Department of Health is implementing 1999 existing systems provisions.

In the December 2023 Capacity Development Program Implementation Report: Improving the Technical, Managerial and Financial Capabilities of Public Water Systems in New York, the New York State Department of Health indicated that it would continue to implement the existing systems provision of the capacity development program by undertaking the following activities during Federal Fiscal Year 2024:

- 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 Drinking Water State Revolving Fund 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 regionalization and interconnections of public water systems that apply for financing under the Drinking Water State Revolving Fund program in an effort to enhance managerial, technical, and financial capacity for those systems.
- Encouraging communities that apply for financing under the Drinking Water State Revolving Fund program to prepare and submit an asset management plan.
- Implementing the New York State Water Infrastructure Improvement Act and the Intermunicipal Grant Program including assisting Environmental Facilities Corporation with public outreach, evaluating grant applications, ranking grant projects, publishing amendments to the Drinking Water State Revolving Fund Intended Use Plan to include Water Infrastructure Improvement Act and Intermunicipal Grant projects, and assisting Environmental Facilities Corporation with administering the financing of

Water Infrastructure Improvement Act and Intermunicipal Grant 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, New York State Department of Health staff, technical assistance providers, and others; and
- Posting relevant capacity development information on the New York State Department of Health website.

During Federal Fiscal Year 2024, the New York State Department of Health 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 New York State Department of Health 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 New York State Department of Health 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 New York State Department of Health and local health departments addressed technical and managerial capacity issues as they completed 13,395 sanitary surveys at public water systems. Approximately 72,949 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 New York State Department of Health operator certification program assured that water systems were properly operated by certifying 417 new operators and renewing the certifications of 1,439 operators.
- New York State Department of Health 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. Some of the

tools used to address capacity concerns at systems identified as being in need of capacity development included Drinking Water State Revolving Fund project financing, financing provided by New York State Department of Health's partners or through the Co-funding Initiative, Water Infrastructure Improvement Act and Intermunicipal Grant project funding, system consolidation, direct technical assistance provided by New York State Department of Health or its partners, engineering support, and specific training and enforcement actions.

- New York State Department of Health measured improvements in the capacity of each public water system in New York relative to the baseline measure (i.e., Federal Fiscal Year 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 Federal Fiscal Year 2024, and as a result of providing technical, managerial, and financial assistance to public water systems in need of capacity development, 2,296 public water systems demonstrated improvements in system capacity relative to Federal Fiscal Year 2023. In addition, 108 public water systems are no longer considered to be in critical need of capacity development when compared to the Federal Fiscal Year 2023 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 New York State Department of Health and Environmental Facilities Corporation are working to ensure that future projects financed through the Drinking Water State Revolving Fund Program comply with the Smart Growth Public Infrastructure Policy Act.
- As part of an ongoing initiative under the Drinking Water State Revolving Fund program, New York State Department of Health 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 Drinking Water State Revolving Fund assistance decides not to pursue a possible interconnection alternative when it would address the scope of the project with respect to its priority health ranking, then a detailed justification satisfactory to New York State Department of Health 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 Drinking Water State Revolving Fund program, New York State Department of Health and the Environmental Facilities Corporation 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 New York State Department of Health reserves the right to require an asset management plan for any project that has shown deficiencies with respect to technical, financial, and managerial capacity.
- New York State Department of Health, along with Environmental Facilities Corporation, is successfully implementing the State water infrastructure grant programs, which provides \$2 billion over several state fiscal years to support drinking water and wastewater infrastructure improvements throughout New York State. These grant programs were 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 \$2 billion providing much needed capital resources to municipalities for water infrastructure projects.
 - Under the Water Infrastructure Improvement Act grant program, municipal water systems may receive grant funding in an amount up to \$5 million, not to exceed 60% of the project cost, for drinking water projects. Through Federal Fiscal Year 2024 there have been eight rounds of Water Infrastructure Improvement Act grant funding, during which \$1.6 billion has been awarded to 577 drinking water infrastructure projects throughout New York. The total estimated project cost for the 577 projects is approximately \$3.7 billion. Additional grants will be available under the Water Infrastructure Improvement Act program in Federal Fiscal Year 2025.
 - Additional Water Infrastructure Improvement Act grant funding is available for infrastructure projects that specifically address the

emerging contaminants perfluorooctanoic acid (PFOA), perfluorooctane sulfonate (PFOS) or 1,4-dioxane. Through Federal Fiscal Year 2024, approximately \$407 million has been awarded to 94 emerging contaminant drinking water infrastructure projects. Additional grants to address emerging contaminants will be available in Federal Fiscal Year 2025.

- The Intermunicipal Grant program provides \$150 million to support intermunicipal drinking water and wastewater infrastructure improvements throughout New York State. Intermunicipal 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 Intermunicipal Grant program, municipalities received grant funding in an amount up to \$30 million, not to exceed 40% of the project cost. Through Federal Fiscal Year 2024 approximately \$125 million has been awarded for 18 drinking water Intermunicipal Grant projects. The total estimated project cost for the 18 Intermunicipal Grant projects is approximately \$465 million. Additional grants will be available under the Intermunicipal Grant program in Federal Fiscal Year 2025.
- New York State Department of Health and the New York State Department of Environmental Conservation, in consultation with the New York State Department of State and the New York State Department of Agriculture and Markets, continued to implement the Drinking Water Source Protection Program. The goal is to help municipalities develop and implement a drinking water source protection plan for their source of drinking water. New York State Department of Health and New York State Department of Environmental Conservation developed guidance to help municipalities create their drinking water source protection plan. New York State Department of Health staff help communities by creating or strengthening stakeholder groups, updating source water assessments and maps, identifying protection and implementation strategies and assisting with plan management. To date, the program has developed 80 plans, 26 plans have been approved by New York State Department of Health /New York State Department of Environmental Conservation and 100 municipalities are participating in the program. This includes 39 communities which joined the program in January 2024. Another round of technical assistance is anticipated in Fall 2025.
- New York State Department of Health 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 New York State Department of Health has contracted with the New York Rural Water Association for a “circuit rider” assistance program to provide help to small community water systems and non-community water systems. The current contract is effective through July 31, 2028. The circuit riders are assigned tasks that include improving the capacity of the public water systems identified as needing capacity development. During Federal Fiscal Year 2024, NYRWA conducted 205 general technical assistance (TA) on-site visits to 190 different systems, 108 lead TA on-site visits to 103 different systems, and 22 fluoride TA on-site visits to 19 different 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 New York State Department of Health, the Department of State, Environmental Facilities Corporation, Division of Homes and Community Renewal, 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, United States Department of Agriculture Rural Development, and Syracuse University Environmental Finance Center 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.
 - In February 2023, Governor Hochul launched a statewide Community Assistance Team (CAT) initiative to help small, rural, and disadvantaged communities to access water infrastructure funding. Since then, New York State Department of Health, Environmental Facilities Corporation, New York State Department of Environmental Conservation, Department of State, Division of Homes and Community Renewal and United States Department of Agriculture Rural Development have conducted over 28 in-person and virtual events and meetings to engage municipalities and raise awareness of the various drinking water infrastructure funding programs. New York State Department of Health and Environmental Facilities Corporation have also coordinated an

additional 73 one-on-one virtual consultations with municipalities. New York State Department of Health and Environmental Facilities Corporation's outreach highlights the Bipartisan Infrastructure Law funding through the Drinking Water State Revolving Fund as well as the Water Infrastructure Improvement Act grant.

- The Environmental Protection Agency's WaterTA provider, Syracuse University Environmental Finance Center, provides managerial and financial assistance to disadvantaged communities that request assistance. The Center just completed year 1 of their contract and is currently working with 14 New York communities. This assistance included completion and submission of 4 lead service line inventories and submission of 1 funding application. The Department of Health and the Environmental Facilities Corporation meet monthly to review project status and coordinate with each other about technical assistance objectives. Syracuse University Environmental Finance Center anticipates being able to assist 50 communities by the end of the second contract year.
- Training, disseminating information, and providing tools to public water systems are essential components in fostering capacity development. The New York State Department of Health participates in the biannual meeting of the New York Section of the American Water Works Association and the Annual Meeting of the New York Rural Water Association where technical presentations are made on topics ranging from regulations, compliance, financing and other tools available to assist public water systems.
- In April 2022, the New York State Department of Health contracted with Cadmus Group LLC (Cadmus) to deliver Ground Water Systems and Surface Water Systems courses using curricula that meet the requirements of the Environmental Protection Agency, New York State and Safe Drinking Water Act. These curricula are approved by the New York State Department of Health and are designed to prepare participants to identify potential sanitary risks at water systems. Cadmus may hold up to four trainings per year. The current contract expires on March 31, 2027.
- During Federal Fiscal Year 2024, the New York State Department of Health provided guidance and direction to Environmental Protection Agency contractors, New York Rural Water Association, the Rural Community Assistance Partnership, and the Syracuse University Environmental Finance Center that provide assistance to small drinking water systems. Such guidance and direction included information on water systems in need of on-site technical or managerial capacity assistance, and suggested priority training topics for water operators. New York State Department of Health reviews reports from New York Rural Water

Association and Rural Community Assistance Program that summarize technical assistance work conducted in the field.

New York State updated the Capacity Development Program Strategy in Federal Fiscal Year 2022. The update included a new Public Water System Capacity Assessment Form which integrates the five core concepts of asset management. Before formal use of the assessment can begin, New York State Department of Health needs to finalize database logistics and train local health department and district office staff. Until then, New York State Department of Health will continue to implement the previous existing systems provision of the Capacity Development Program which includes 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 Drinking Water State Revolving Fund 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 Drinking Water State Revolving Fund program in an effort to enhance managerial, technical, and financial capacity for those systems;
- Encouraging communities that apply for financing under the Drinking Water State Revolving Fund program to prepare and submit an asset management plan;
- Closing out reporting requirements associated with the financing of water system resiliency projects using funds from the Storm Mitigation Loan Program;
- Implementing the Water Infrastructure Improvement Act and Intermunicipal Grant programs including assisting Environmental Facilities

Corporation with public outreach, evaluating grant applications, ranking grant projects, publishing amendments to the Drinking Water State Revolving Fund Intended Use Plan to include Water Infrastructure Improvement Act and Intermunicipal Grant projects, and assisting Environmental Facilities Corporation with administering the financing of Water Infrastructure Improvement Act and Intermunicipal Grant infrastructure improvement projects;

- Providing guidance and technical assistance to communities on developing and implementing drinking water source protection plans.
- 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 New York State Department of Health website.

Capacity Development Program- Asset Management

As required by the 2018 American Water Infrastructure Act, New York State Department of Health will encourage asset management in the following ways to meet Safe Drinking Water Act requirements:

- New York State Department of Health integrated the 5 core Asset Management questions into the capacity assessment scorecard. Once the assessment has been formally rolled out, the Department will analyze data to assess public water system needs for each core question. Please refer to capacity assessment scorecard on New York State Department of Health’s website:
<https://www.health.ny.gov/environmental/water/drinking/capacity/>.
- Through the Drinking Water State Revolving Fund program, the New York State Department of Health will continue to encourage communities that apply for financing to prepare and submit an asset management plan for their project. The Department may require an asset management plan for any project that has shown deficiencies with respect to technical, financial, and managerial capacity. New York State Department of Health will continue to offer reimbursement for asset management planning through Drinking Water State Revolving Fund’s capital funds.

- Encourage asset management planning through capacity assessment scorecard follow up correspondence.
- Provide technical assistance for asset management planning internally and through partners such as New York Rural Water Association and Rural Community Assistance Partnership.
- New York State Department of Health will consider adding asset management training into the New York Rural Water Association circuit riders' contract for training to water operators.
- New York State Department of Health will consider adding an asset management component to the basic environmental health course, which is required to be taken by New York State Department of Health public health specialists who conduct the sanitary surveys of water systems.
- New York State Department of Health will continue to explore other partnerships and/or contracts to assist public water system development and implementation of asset management plans.
- New York State Department of Health will consider creating asset management templates for public water system use.

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 non-transient, 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 non-transient, 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 to verify the success of the new system assurance program.

Appendix B

Environmental Health Manual Item – PWS 210

POLICY

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

OBJECTIVE

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

PROCEDURE

A. Local Health Department Staff

1. Applicant's engineer submits application for approval of plans for new CWS or new NTNCWS along with an engineering report, plans and specifications.
2. Notify BPWSP field coordinator of the new system application. Provide information on system type (i.e. municipally owned CWS, privately owned CWS, mobile home park CWS, or NTNCWS), system size, and the location of the nearest public water system.
3. Review application, plans and specifications; evaluate the proposed site; determine if professional engineering services requirements of State Education Law apply (see Environmental Health Manual Procedure PWS 131).
4. Confer with applicant or consulting engineer as necessary; obtain modified plans, specifications, addenda, etc. Based on the review of the revised

<p>NEW YORK STATE DEPARTMENT OF HEALTH OFFICE OF PUBLIC HEALTH CENTER FOR ENVIRONMENTAL HEALTH</p> <p>PROCEDURE</p>	<p>ITEM NO: WSP 210 PR DATE: 08/06/07</p> <p>SUBJECT: Procedure for Granting Approvals to Operate New Community Water Systems and Non-transient Noncommunity Water Systems</p> <p>Page 2 of 5</p>
---	---

plans, specifications, and/or addenda, determine whether the proposed new system has adequate technical and managerial capacity. The proposed new system possesses adequate technical capacity if the facility is constructed to provide water meeting applicable State and Federal drinking water regulations in accordance with approved plans and specifications. The proposed new system possesses adequate managerial capacity if it employs an appropriately certified operator. Specific criteria for evaluating technical, managerial, and financial capacity are found in Appendix C of the capacity development strategy report.

5. Notify the BPWSP field coordinator that the proposed new system demonstrates adequate technical and managerial capacity.
6. Receive notification from the BPWSP field coordinator that the proposed new system demonstrates adequate technical, managerial, and financial capacity.
7. Issue appropriate approvals to applicant.

B. BPWSP Staff

1. Applicant's engineer submits application for approval of plans for new CWS or new NTNCWS along with an engineering report, plans and specifications.
2. Notify BPWSP capacity development coordinator of new system application. Provide information on system type (i.e. municipally owned CWS, privately owned CWS, mobile home park CWS, or NTNCWS), system size, and the location of the nearest public water system.
3. Obtain review comments and input from local health department staff.
4. Review application, plans and specifications; evaluate the proposed site; determine if professional engineering services requirements of State Education Law apply (see Environmental Health Manual Procedure PWS 131).

<p>NEW YORK STATE DEPARTMENT OF HEALTH OFFICE OF PUBLIC HEALTH CENTER FOR ENVIRONMENTAL HEALTH</p> <p>PROCEDURE</p>	<p>ITEM NO: WSP 210 PR DATE: 08/06/07</p> <p>SUBJECT: Procedure for Granting Approvals to Operate New Community Water Systems and Non-transient Noncommunity Water Systems</p> <p>Page 3 of 5</p>
---	---

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

C. BPWSP Field Coordinator

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

<p>NEW YORK STATE DEPARTMENT OF HEALTH OFFICE OF PUBLIC HEALTH CENTER FOR ENVIRONMENTAL HEALTH</p> <p>PROCEDURE</p>	<p>ITEM NO: WSP 210 PR DATE: 08/06/07</p> <p>SUBJECT: Procedure for Granting Approvals to Operate New Community Water Systems and Non-transient Noncommunity Water Systems</p> <p>Page 4 of 5</p>
---	---

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

D. BPWSP Capacity Development Coordinator

- 1. Receive notification from BPWSP staff or BPWSP field coordinator of new system application.
- 2. If necessary, provide guidance and assistance to BPWSP staff or BPWSP field coordinator regarding capacity development new system procedures and their technical and managerial review responsibilities.
- 3. Coordinate the review and approval process by:
 - a. Clarifying local health department staff responsibilities for technical and managerial review;
 - b. Determining that the financial capabilities of the proposed new system are under review by the appropriate State agency;
 - c. Arranging for an interagency meeting to discuss the proposed new system's technical, managerial, and financial capabilities, if necessary; and

<p>NEW YORK STATE DEPARTMENT OF HEALTH OFFICE OF PUBLIC HEALTH CENTER FOR ENVIRONMENTAL HEALTH</p> <p>PROCEDURE</p>	<p>ITEM NO: WSP 210 PR DATE: 08/06/07</p> <p>SUBJECT: Procedure for Granting Approvals to Operate New Community Water Systems and Non-transient Noncommunity Water Systems</p> <p>Page 5 of 5</p>
---	---

d. Determining whether the proposed new system demonstrates adequate technical, managerial, and financial capacity.

4. If the proposed new system demonstrates adequate technical, managerial, and financial capacity, notify BPWSP staff or BPWSP field coordinator that final approvals can be issued and that system development can proceed.
5. If the proposed new system does not demonstrate adequate technical, managerial, and financial capacity, notify BPWSP staff or BPWSP field coordinator that final approvals may not be issued and that system development may not proceed until the system deficiencies are corrected.
6. Ensure that tracking and reporting requirements are met.

REFERENCES

10 NYCRR Subpart 5-1

10 NYCRR Subpart 5-4

EHM Procedure PWS 131 – Approval of Plans and Completed Works

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

Overview of Legal Authority for Technical Capacity

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

Control Point	Water Supply Application	Water Supply Application	Proposed Rate Review		
---------------	--------------------------	--------------------------	----------------------	--	--

Overview of Legal Authority for Managerial Capacity

	TYPE OF WATER SYSTEM				
	MUNICIPAL	PRIVATE	MOBILE HOME PARKS	NONTRANSIENT NONCOMMUNITY	
Responsible State Agency	DOH	DOH	DOH - unless less than 1,000 consumers and no treatment (see below)	DOH	
Legal Authority	PHL §225 10 NYCRR Subpart 5-4	PHL §225 Subpart 5-4	PHL §225 Subpart 5-4	PHL §225 Subpart 5-4	
Control Point	Operator Certification	Operator Certification	Operator Certification	Operator Certification	
Responsible State Agency	DEC	PSC	DEC	DOH - if less than 1,000 consumers and no treatment	

Legal Authority	6 NYCRR Part 601	PSL §§89-e(2), 89-b(1) 16 NYCRR Parts 542-545	6 NYCRR Part 601	PHL §225 §5-1.22	
Control Point	Water Supply Application	Proposed Rate Review	Water Supply Application	Plans and Specifications Review	

Overview of Legal Authority for Financial Capacity

	TYPE OF WATER SYSTEM			
	MUNICIPAL	PRIVATE	MOBILE HOME PARKS	NONTRANSIENT NONCOMMUNITY
Responsible State Agency	OSC - under certain financial circumstances	PSC	DOH	DOH
Legal Authority	2 NYCRR Part 85 Town Law §§54, 194(6), 209-f(1), 209-q(13) County Law §§258, 274	PSL §§89-e(2), 89-b(1) 16 NYCRR Parts 542-545	PHL §225 §5-1.22	PHL §225 §5-1.22
Control Point	Approval or disapproval of the establishment or extension of town water districts, the provision of town water improvements and the establishment or extension of county water districts*	Proposed Rate Review	Plans and Specifications Review	Plans and Specifications Review

Responsible State Agency	DOH - when OSC is not involved	DOH - when PSC is not involved		
Legal Authority	PHL §225 §5-1.22	PHL §225 §5-1.22		
Control Point	Plans and Specifications Review	Plans and Specifications Review		

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

ABBREVIATIONS

DEC - New York State Department of Environmental Conservation

DOH - New York State Department of Health

ECL - Environmental Conservation Law

NYCRR - New York Codes, Rules and Regulations

OSC - New York State Office of the State Comptroller PHL - Public Health Law

PSC - New York State Public Service Commission

PSL - Public Service Law

Appendix C

New Public Water Systems Summary for FFY 2022 - 2024

PWS Number	PWS Name	County	City/Town/Village	PWS Type	Activity Date	New FFY	Priority System (ETT >11 Yes/No)
NY5430094	INCHEMA INC	TOMPKINS	ITHACA (T)	NTNC	1/1/2021	2021	N
NY0130054	KENSINGTON WOODS WD	ALBANY	SLINGERLANDS	C	10/19/2021	2021	N
NY2230145	BROWNVILLE (T) WD #2	JEFFERSON	BROWNVILLE (T)	C	1/1/2022	2022	N
NY5903426	SOMERS CONSOLIDATED WATER DISTRICT #1	WESTCHESTER	SOMERS (T)	C	1/1/2022	2022	N
NY2130074	HERKIMER WD #3 (HIGHLAND-STEUBEN)	HERKIMER	HERKIMER	C	2/1/2022	2022	N
NY1030335	ADVENTIST HOME INC. MHP	COLUMBIA	LIVINGSTON (T)	NTNC	3/23/2022	2022	N
NY2830048	GLEN WATER DISTRICT 1	MONTGOMERY	GLEN (T)	NTNC	8/15/2022	2022	N
NY2830049	GLEN WATER DISTRICT 2	MONTGOMERY	GLEN (T)	NTNC	8/15/2022	2022	N
NY3922003	RESTAURANT DEPOT	PUTNAM	BREWSTER (V)	NTNC	8/16/2022	2022	N
NY6000622	COVINGTON WATER DISTRICT #2	WYOMING	COVINGTON (T)	C	8/30/2022	2022	N
NY5530369	WILDFLOWER FARMS	ULSTER	GARDINER (T)	NTNC	9/14/2022	2022	N
NY5930083	LEWISBORO COMMONS	WESTCHESTER	LEWISBORO (T)	C	10/1/2022	2022	N
NY0121401	COLONIE COUNTY CLUB ESTATES WD	ALBANY	SLINGERLANDS	C	1/5/2023	2023	N
NY3290116	VERNON DOWNS	ONEIDA	VERNON (T)	NTNC	3/17/2023	2023	N
NY1330789	HUDSON VALLEY HOSPICE HOUSE	DUTCHESS	HYDE PARK (T)	NTNC	5/9/2023	2023	N
NY3830164	SOUTHSIDE WATER DISTRICT	OTSEGO	ONEONTA (T)	C	7/10/2023	2023	N

NY0530088	FOX HILL MENNONITE SCHOOL	CAYUGA	IRA (T)	NTNC	9/1/2023	2023	N
NY1330798	BIRCHWOOD COMMONS APARTMENTS	DUTCHESS	LAGRANGE (T)	C	12/8/2023	2023	N
NY1330799	WEST CAMPUS WATER DISTRICT EF	DUTCHESS	EAST FISHKILL (T)	NTNC	12/29/2023	2023	N
NY3902403	172 PROSPECT HILL	PUTNAM	SOUTHEAST (T)	NTNC	1/1/2024	2024	N
NY1930124	WHISTLE TREE DEVELOPMENT CORP. (NEW)	GREENE	HUNTER (V)	C	1/23/2024	2024	N
NY3902401	BREWSTER SUBARU	PUTNAM	BREWSTER (V)	NTNC	1/24/2024	2024	N
NY3530348	ADVANCE TESTING	ORANGE	HAMPTONBURGH (T)	NTNC	3/15/2024	2024	N
NY4330057	THE RANCH HUDSON VALLEY	ROCKLAND	RAMAPO (T)	NTNC	5/1/2024	2024	N
NY6130053	TORREY WD 1	YATES	TORREY (T)	C	6/5/2024	2024	N
NY1730094	BRIGHT FUTURES DAY CARE	FULTON	MAYFIELD (T)	NTNC	6/7/2024	2024	N
NY1330802	RUGES SUBARU	DUTCHESS	RHINEBECK (T)	NTNC	8/21/2024	2024	N
NY3530360	HEALEY FORD LINCOLN	ORANGE	GOSHEN (T)	NTNC	9/19/2024	2024	N

“PWS” is Public Water System. “C” is Community Water System. “NTNC” is Non-Transient Non-Community Water System. “ETT” is Enforcement Target Tool

Appendix D

Federal Fiscal Year 2024 Intended Use Plan – Section 9, Capacity Assessment

9.0 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 Drinking Water State Revolving Fund is invested wisely, each Drinking Water State Revolving Fund applicant must demonstrate that its water system has adequate technical, financial and managerial capacity.

9.1 Technical Capacity

To assure adequate technical capacity, the applicant must demonstrate adequacy of source water, adequacy of infrastructure and technical knowledge. The New York State Department of Health 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 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.

9.2 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 Environmental Facilities Corporation criteria. The Environmental Facilities Corporation will review the applicant's financial capacity during the full application process to determine financial viability before the awarding of financial assistance. The Environmental Facilities Corporation'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.

9.3 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 New York State Department of Health 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.

9.4 Systems with Inadequate Capacity

For all systems that seek funding under the Drinking Water State Revolving Fund, the New York State Department of Health 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 Drinking Water State Revolving Fund provided the improvements will ensure compliance and render the water system viable. Using the procedures outlined in Sections 9.1, 9.2, and 9.3 to evaluate the system's technical, financial, and managerial capacity, the New York State Department of Health will assess whether Drinking Water State Revolving Fund assistance will help to ensure compliance. In addition, the New York State Department of Health will consult with the local health department, which provides the daily oversight and regulation of the water system, to make this assessment.

9.5 Long-Term Capacity

Water systems must maintain adequate capacity. The New York State Department of Health and Environmental Facilities Corporation 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 New York State Department of Health 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 New York State Department of Health and Environmental Facilities Corporation 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.

9.6 Annual Reporting Requirements

The State will submit to the Environmental Protection Agency Environmental Protection Agency and include in the Intended Use Plan, documentation that summarizes the results of the capacity assessments conducted on those systems seeking funding under the Drinking Water State Revolving Fund 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 Drinking Water State Revolving Fund 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.

Table 4 - Capacity Development Review Summary (10/1/22 – 9/30/23)

Statewide Capacity Reviews		Totals	System Type:		System Size (population served)		
			CWS	NTNC	<1000	1,000-3,300	>3300
Passed		47	47	0	8	12	27
Failed		0	0	0	0	0	0
(Failed) Requiring Restructuring		0	0	0	0	0	0
ERP Priority Systems ¹ Requesting DWSRF Assistance	Funded	2	2	0	0	1	1
	Being Processed	1	1	0	1	0	0

¹ Projects submitted by systems that lack technical, managerial or financial capacity or are classified as priority systems based on US 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.