Sustainable Infrastructure Planning Projects (SIPP) Guidelines

Financing For Water System Planning and
Related Activities That Promote Sustainable Water Infrastructure

SIPP Overview

- Eligible applicants include community and nonprofit non-community public water systems.
- The SIPP program offers 100% forgivable loan awards to hire a third party to perform one of the eligible studies detailed below.
    - Maximum funding amounts are dependent on project type and are specified below.
    - Applicants may undertake up to two project types listed below under a single SIPP award. A system may only apply for a forgivable loan of up to $50,000 if the project includes one of the four applicable project types. Otherwise, the SIPP award may be up to a maximum of $20,000.
    - Funding is disbursed on a reimbursement basis.
- A water system may be awarded SIPP funds once every three years:
    - A water system may only be awarded an additional SIPP award within the 3-year period if the project is to perform a required Seismic Risk Assessment and Mitigation Plan (SRAMP) as part of a full water master plan. May not result in two funding awards in a single year. See SRAMP details below.
    - Exceptions may be made on a case-by-case basis if funding allows.
- Projects must be completed within two years of the day that a funding contract is signed with Business Oregon. Up to a one-year extension may be granted upon request.
- Funding for this program is contingent on funding availability. Priority will be given to systems with less than 300 connections, and project deliverables that include feasibility studies, asset management plans, system partnership studies (that include analysis of physical consolidation), and security risk, vulnerability and/or resiliency studies.

SIPP Application

- There are two deadlines to submit applications annually: February 15 and August 15.
- The Business Oregon Regional Development Officer for your area is available to answer questions about SIPP.
- To submit an application, water systems must submit a completed SIPP application form to SIPP.DW@biz.oregon.gov.
- The most current version of the application form can be found on OHA's SIPP Webpage.
- After the submission deadline, projects will be reviewed for eligibility and rated and ranked by Oregon Health Authority. Eligible projects will be placed on the Project Priority List and posted for a 10-day public notice period prior to funding.
- Business Oregon will follow up with those systems selected for funding to complete the funding process via contract.

- **Water System Master Plans for systems with less than 300 connections**

  Max funding of $50,000

  A Water Master Plan comprehensively evaluates a water system's existing infrastructure, identifies deficiencies or needs under current or future demand, and provides recommendations for system improvements and/or changes in operations and maintenance requirements. This program may fund the creation of a new water system master plan or an update to a previously created water system master plan but must meet the below minimum requirements.

  Eligible applicants are small systems with less than 300 connections that are not subject to OHA master plan requirements (OAR 333-061-0060(5)). As such, SIPP funded master plans are not required to be submitted to OHA for master plan approval.

  At a minimum, a SIPP funded water system master plan must include the following elements:

  - Description of the existing water system, including a narrative discussion and maps/schematics describing the source, storage, pumping, distribution system, and treatment features of the water system.
  - Evaluation of water quality and level of service goals and ability to meet current/future health-based standards.
  - Identification of any present and potential future water system deficiencies and any changes to operation & maintenance requirements that may be necessary.
  - Recommended alternative(s) for achieving the system's level of service goals and correcting deficiencies.
  - Estimates for the cost of recommended alternative(s), considering both initial capital costs and ongoing operation and maintenance costs.
  - Recommended implementation plan, including prioritization of recommended improvements and description of potential funding sources available to finance water system improvements.

  Note: Municipally-owned Public Water Systems with populations of 15,000 or less which have 300 connections or more may be eligible for Technical Assistance grant funding through Business Oregon's Water/Wastewater Financing Program. A Business Oregon Regional Development Officer for your area is available to answer questions about which program is right for assisting with financing a Water Master Plan.

  For additional information on master plan elements that are typically found in a water master plan, visit OAR 333-061-0060(5).

- **Seismic Risk Assessment and Mitigation Plans** (Eligible systems are those with 300 to 3,300 connections)

  Max funding of $50,000

  A SIPP funded Seismic Risk Assessment and Mitigation Plan must:

  - Result in creation of a Seismic Risk Assessment and Mitigation Plan required by OHA as part of a full master plan submittal.
  - Meet the Seismic Risk Assessment and Mitigation Planning requirements outlined in OAR 333-061-0060(5)(a)(J).

  For funding eligibility requirements and access to the earthquake sensitive area map visit Seismic SIPP Details.

- **Feasibility Studies**

  Max funding of $50,000

  Studies to evaluate infrastructure project feasibility. Studies may also include the evaluation of resiliency measures and continuity of operations, including identification of needed infrastructure improvements.

  A SIPP funded Feasibility Study must include the following elements:

  - Analysis of project feasibility (e.g., engineering, regulatory, legal etc.).
  - Analysis of project alternatives and the recommended option.
  - Estimate of project costs including materials, labor, contingency budget, and other expenses adjusted for inflation depending on timeline.
  - Design and/or construction timeline.
  - Operational feasibility analysis including identification of costs for operation, maintenance, and long-term replacement of the improvement.

  The above elements of a SIPP funded feasibility study are intended to assist communities in meeting the minimum documentation required to be submitted with an application under the Safe Drinking Water Revolving Loan Fund Program for low-cost infrastructure financing.

- **System Partnership Studies**

  Max funding of $50,000

  Studies to evaluate the feasibility of system partnership such as consolidation, regionalization, system creation, or system extension.

  Only one SIPP award may be awarded for any given eligible system partnership study. Only one of the eligible water systems involved in the study may serve as the SIPP funding applicant. It is expected that all impacted water systems would be active participants, involved, and kept apprised throughout the study. It is recommended that the system with the most capacity for project management apply. Depending on project type and participants, documentation may be required with the application to confirm project support from all participating decision-making bodies.

  At a minimum, a SIPP funded System Partnership Study must include the elements of a feasibility study:

  - Analysis of project feasibility (e.g., engineering, regulatory, legal etc.).
  - Analysis of project alternatives and the recommended option.
  - Estimate of project costs including materials, labor, contingency budget, and other expenses adjusted for inflation depending on timeline.
  - Design and/or construction timeline.
  - Operational feasibility analysis including identification of costs for operation, maintenance, and long-term replacement of the improvement.

  Depending on the nature of the partnership(s) under consideration and stage in the planning process, other potential costs and study elements may be eligible and beneficial to consider. Additional eligible costs may include:

  - Third-party contracted support to assist with non-engineering tasks related to the study process such as facilitation, community engagement, or legal consultation.
  - Evaluation of managerial and financial capacity of participating water systems, up to and including development of a Business Plan for the resulting system.
  - Evaluation of potential contractual agreement(s) and recommended option.
  - Evaluation of potential governance structure(s) and recommended option.

A range of partnership structures exist, each with its own spectrum of options. For the purposes of SIPP funding, common terms and examples of activities include:

Consolidation occurs when two or more legal entities become one and operate under the same governance, management, and financial functions. Examples include a small town connecting to a nearby city's water system and dissolving its own water department or the merger of two neighboring systems into a single system. A Consolidation Study analyzes the alternatives and feasibility of opportunities to consolidate.

Regionalization takes a broader look at the coordination or integration of water services across an area or group of systems. Regionalization may or may not involve full consolidation. A Regionalization Study may consider a range of activities, such as an assessment of establishing interties to facilitate interlocal agreements for purchasing (e.g., wholesale) or selling water or for providing aid during emergencies. To be eligible under the SIPP program, the study must include an examination of physical interconnection with another water system. It may also include analysis of other aspects such as financial and legal implications of regionalization. Projects that assess creating a new regional community water system by consolidating existing systems must be limited in scope to the service area of the systems being consolidated.

System Creation study assesses the feasibility of creating a new regional community water system that directly mitigates an existing public health risk caused by unsafe drinking water for an area currently on private wells in accordance with 40 CFR Section 35.3520(b)(2)(vi). An eligible applicant may sponsor the study and serve as the applicant on behalf of the community.

System Extension study assesses the feasibility of an eligible water system extending service to an area currently on private wells in order to directly mitigate an existing public health risk caused by unsafe drinking water.

Studies to assess the feasibility of creating a new system or extending water system service to areas currently on private wells must be in response to existing public health problems with health risks caused by unsafe drinking water. The study must be limited in scope to the specific geographic area affected by contamination. Capacity to serve future population growth cannot be a substantial portion of a project.

- **Asset Management Plans**

  Max funding of $20,000

  Asset management planning provides utility managers and decision-makers with critical information on the status and maintenance of capital assets and timing of needed investments. Some key steps for asset management are making an inventory of critical assets, evaluating their condition and performance, and developing plans to maintain, repair, and replace assets and to fund these activities.

  At a minimum, a SIPP funded Asset Management Plan must include the following elements:
  - An asset management planning document that the water system can adopt to ensure planned maintenance is conducted, and capital assets can be repaired, replaced, or upgraded on a scheduled basis to help prevent equipment failures and downtime.
  - A new or updated asset inventory of the system's physical infrastructure and information technology/cybersecurity.
  - A new or updated asset management tracking system for the ongoing use in tracking asset location, condition, and maintenance history.
  - A new or updated budget and accounting system within the asset management plan to help the water system budget for planned maintenance, repair, and/or replacement expenses.

Additional Eligible Costs:

- Purchase of software tracking systems is an eligible cost as part of creating an overall asset management plan.
- Creation of a geographic information system (GIS) to document locations of water system infrastructure or compile other information is an eligible cost as part of creating an overall asset management plan.
- Distribution system locating equipment is an eligible cost as part of creating an overall asset management plan. Water systems are encouraged to ensure necessary training and/or written instructions are provided by the vendor with equipment purchase.

- **Water Rate Studies**

  Max funding of $20,000

  Studies to evaluate water system rate charges, structure, and adequacy.

  At a minimum, a SIPP funded Water Rate Study must:

  - Calculate current and future costs and expenses.
  - Evaluate current revenues.
  - Evaluate rate structure options.
  - Design an appropriate user rate.

- **Leak Detection Studies**

  Max funding of $20,000

  Studies to detect water system leakage and identify possible solutions.

  A SIPP funded Leak Detection Study must include as appropriate:

  - Completion of water audits to identify and quantify water uses and losses.
  - Completion of leak detection activities.
  - Identification of solutions to reduce or eliminate water losses.

  Additional Eligible Costs:

  - Leak detection equipment is an eligible cost as part of the overall study. Water systems are encouraged to ensure necessary training and/or written instructions are provided by the vendor with equipment purchase.

- **Security Risk, Vulnerability, and/or Resiliency Studies**

  Max funding of $20,000

  Studies or assessments to evaluate the security, vulnerability, and/or resiliency of infrastructure and information technology/cybersecurity. Examples of studies include, but are not limited to, evaluation of security measures (including technology, process controls, policies, procedures, communications and personnel), identifying weaknesses and susceptibility to harm, and the ability to withstand and recover from disturbances, whether naturally occurring or human caused.

  At a minimum, a SIPP funded Security Risk, Vulnerability, and/or Resiliency Study must:

  - Identify potential threats, vulnerabilities, and/or weaknesses in the water system that may impact continued operation and public health and safety. Assess the level of risk and potential impacts.
  - Include identification of countermeasures that may reduce risk or increase resiliency for the water system. If capital improvements are identified, include estimates of associated capital costs and ongoing operations and maintenance costs.

- Recommend an implementation plan, including prioritization of recommended improvements and description of potential funding sources available to finance water system improvements.

Additional Eligible Costs:

- Development of security procedures and protocols.
- If computer networks, or automated control or monitoring systems are utilized by the water system, the study may include assessment of cybersecurity measures. The initial cost of purchasing antivirus or anti-malware software is an eligible cost as part of the overall study and recommended improvements.

- **Community Engagement Plans for Water Projects**

  Max funding of $20,000

  A Community Engagement (CE) Plan is a plan to meaningfully engage the community and provide suitable access to decision-making processes in planning for water projects. In accordance with Oregon Revised Statute (ORS) 541.551, SIPP funded CE Plans must utilize the adopted Best Practices for Community Engagement around Water Projects.

  At a minimum, a Community Engagement Plan must include:

  - Description of the water project or planning process around which community input is sought and the community that will be engaged (geographic area, population, service area, etc.).
  - Goals and objectives of engagement, including description of how and when the community engagement will inform and influence the resulting water project or planning process.
  - Outline of the Best Practices to be applied to the engagement and how they will be applied.

    If any of the Best Practices are deemed not appropriate to the project, include a description of why, what alternatives were considered, and which alternatives were selected.
  - Description of engagement strategies or methods to be utilized to engage the community, including strategies that will reduce barriers to participation.
  - Timeline of community engagement activities.
  - Methods for evaluating effectiveness of the engagement.
  - Budget and source of funds for implementation of the CE Plan.
  - Contact information for the team responsible for engagement, if known.

Ineligible Activities

- Activities that include ground disturbance, including construction activities and potholing.
- Engineering design, including design plans and specifications.
- Software subscription costs.
- Costs incurred related to paying in-house staff.
- Operations and maintenance costs.

SIPP Resources

Resources related to Sustainable Infrastructure Planning and Practices can be found on OHA's SIPP Webpage.