

Appendix I – Capacity Limitations

The DWSRF program is prohibited from financing projects that exceed a “reasonable amount of growth.” The DWSRF can provide financing for growth up to 10 percent above the amount or capacity needed to serve existing maximum day demand. In addition, federal law makes ineligible any project whose purpose is “primarily to serve future growth.” This is interpreted by State Water Board to mean that excess capacity will not be funded by the DWSRF.

The DWSRF program allows for fire flow consideration in facility design, but restricts the additional capacity for fire flow to no greater than the maximum day demand. In combination, this means that excess capacity, [greater than $(2.00P+0.10P)$, where P is maximum day demand] will not be funded by the DWSRF for the design of source, treatment and storage facilities. Excess capacity can be included in a proposed project but the applicant must identify another means of funding the excess capacity. The State Water Board determines a project as “primarily to serve future growth” when the project is more than double the capacity needed to serve existing water demand. The applicant may decide to pay for additional DWSRF non-fundable excess capacity (no greater than $0.90P$) from another source, however, if the proposed capacity of a major project component, including fire flow, is more than $3.00P$, the entire project is declared ineligible, and excluded from DWSRF funding.

Determine the existing maximum day demand. This should reflect the demand as of the date of submission of the application. Where possible, this maximum day demand should be based on records of usage experienced by the water system during recent periods of highest daily use (e.g., during the past 5 years). Where such records are not available, the applicant must calculate approximate maximum day demand based on annual use, number and type of consumers, etc. using reasonable criteria. In determining existing water demand, be sure to include water delivered to another public water system under an existing contract. In the case of a consolidation, the current water demand of all of the users to be served by the project should be included. The allowable amount of growth in water demand would be the existing amount determined by the above plus 10 percent. Determine the projected growth anticipated to occur within the service area within the next ten years, the resultant projected water demand, and the amount of growth or water demand to be included in the project. (Even though the proposed project may not include all of the capacity needed to serve the 10-year projected demand, the applicant should have a plan for meeting that demand.)

SDWSRF Project Capacity Limitations (Source, Treatment, Storage)		
Terminology	Designation	Explanation and comments
Existing maximum day demand	P	Capacity needed to serve existing water demand

Fundable capacity for fire flow	FF (where $FF \leq P$)	For small water systems, contact District Office for fire flow requirement
Max. fundable fire flow	MFF = P	
SRF Fundable growth	0.10P	10% Max. allowed for growth
Total SRF fundable	$2.10P = P + MFF + 0.10P$	Total SRF fundable = existing max day demand + max. fundable fire flow + SRF fundable growth
Non-SRF fundable growth	0.90P	
Total component capacity allowed with max. fire flow	$3.00P = 2.10P + 0.90P$	Total component capacity allowed with max. fire flow = Total SRF fundable + non-SRF fundable
Component excluded from SRF funding	Capacity of component >3.00P with FF Capacity of component >2.00P without FF	
<u>I</u> neligible <u>C</u> omponent(s)	IC	
<u>E</u> ligible <u>C</u> omponent(s)	EC	
Project excluded from SRF funding	Sum of IC > 50% of sum of EC	Consider only construction cost in this evaluation, not pre-construction costs. (Examples of pre-construction costs: planning, engineering, environmental, etc.)

SDWSRF Project Capacity Limitations (Pipelines)		
Terminology	Designation	Explanation and comments

Existing maximum day demand	P	Capacity needed to serve existing water demand
Required fire flow	ff	Requirement must be in writing based on local fire code or local fire authority
SRF Fundable growth	0.10P	
Total SRF fundable	$1.10P + ff = P + 0.10P + ff$	Total SRF fundable = Existing maximum day demand + SRF fundable growth + required fire flow
Non-SRF fundable growth	0.90P	
Maximum allowable pipeline capacity design	$2.00P + ff = 1.10P + 0.90P + ff$	Maximum allowable pipeline capacity design = total SRF fundable + Non-SRF fundable growth
Pipeline component excluded from SRF funding	(with fire flow) Capacity of component > $2.00P + ff$ (without fire flow) Capacity of component > $2.00P$	

Pipelines where fire flow is **NOT** being considered, the pipeline design may be based on peak hour demand. **If fire flow is included, you MUST NOT use peak hour demand as design criteria for pipeline sizing.**

Determine the design capacity or size of key facilities proposed to be constructed to meet the water demand determined in Step 1 at maximum day demand. This should include any water sources, primary treatment unit processes, pumping and storage facilities, transmission mains, and distribution system pipelines that will be part of the project. The assumptions and criteria used to size the units must be clearly shown. If a specific item of equipment (such as a water main) is not available in the size determined to be eligible, the next larger available size may be used.

While funding to accommodate future growth is limited, applicants can include provisions within the eligible project that will facilitate the construction of additional treatment units in the future. For example, piping and valve arrangements and pipe

“stub-outs” to accommodate future treatment units can be included in the project funding.

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