



CNMI and EPA Infrastructure Grant Program

October 2025

I. Purpose

This document establishes guidelines by which the Commonwealth of the Northern Mariana Islands will implement a public water system infrastructure grant program. It establishes criteria for program development, public review and input, priority ranking of projects, and awarding of grant funds. Per guidelines established by the U.S. Environmental Protection Agency, grant funds are available only to the Commonwealth Utility Corporation and/or the Bureau of Environmental and Coastal Quality for systems in need of infrastructure funding.

II. Background and Overview

One of the most significant changes introduced in the 1996 Amendments to the Federal Safe Drinking Water Act (SDWA) was the establishment of a program that addressed public water system infrastructure needs. The Act authorizes the U.S. Environmental Protection Agency (EPA) to distribute Federal funds among States, Tribes, and the Territories (which are referred to as American Samoa, Commonwealth of the Northern Marian Islands, Guam, and the Virgin Islands) for needed public water system infrastructure improvements. The SDWA also authorizes EPA to set aside a portion of each year's appropriation and use it to make direct grants (not loans) for capital improvements to public water systems that serve the Pacific Islands. This provision for the Drinking Water Infrastructure Grants Pacific Island (DWIGPI) program is contained in Section 14520 of the SDWA.

The Act directs that financial assistance may be used for public water system expenditures which **will facilitate compliance with the National Primary Drinking Water Regulations or will otherwise further the health protection objectives of the SDWA**. These funds cannot be used to pay for monitoring (sampling and analysis), operation or maintenance expenses.

EPA Region 9 will use existing administrative procedures and regulations to implement this program. In general, the program will work as follows. The CNMI Division of Environmental Quality (DEQ), in coordination with the Commonwealth Utilities Corporation (CUC), has developed project ranking criteria, the purpose of which is to prioritize proposed infrastructure improvement projects. After a period for public comment, EPA Region 9 will review and must approve the project ranking criteria before they can be implemented in the CNMI. Thereafter, and on an annual basis (as described in Section V, below), proposed infrastructure improvement projects will be prioritized into a project priority list by DEQ and CUC and submitted

to EPA for funding. Any proposed changes to the ranking criteria must also undergo public comment and be approved by EPA.

The EPA Region 9 Water Division Office will be responsible for the following:

- final approval of the project ranking criteria and the project priority list;
- overall management of the grant award to insure conformance with all appropriate Federal guidelines and regulations;
- administering and tracking project progress after an award.

III. Funding

The SDWA does not require the Pacific Islands to provide any match to the grants provided by this program. Other sources of funding (CUC funds, Capital Improvement Project [CIP] funds, etc.) may be available to construct these projects. CUC should explore all funding sources. Combining CNMI Drinking Water Infrastructure Grant funds with monies from other federal, Commonwealth, or local loan or grant programs is a perfectly acceptable method of funding a drinking water project.

If sufficient funding is available, multiple projects may proceed concurrently. Additionally, projects may be phased or segmented to reflect available funding and/or to gain economies of scale in project construction costs, provided that each phase or segment, once completed, will be operable without completion of the remaining phases or segments.

DEQ will certify to EPA that any project proposed for EPA funding is consistent with the current project ranking criteria and project priority list. EPA will not fund any project without DEQ certification. EPA will approve any project scope modification.

IV. Environmental Assessments

In accordance with the Federal National Environmental Policy Act (NEPA), prior to the award of any USEPA grant for projects identified and approved on the Priority List, the CUC shall prepare and submit to USEPA an Environmental Information Document (EID), as outlined in 40.CFR.6.506. The EID will be used to prepare environmental assessment and determination of whether an Environmental Impact Statement (EIS) is needed, or a Finding of No Significant Impact or a Categorical Exclusion Determination can be made for a proposed project(s). Should an EIS be necessary, no grant shall be awarded until a final EIS has been prepared and a Record of Decision has been made describing those mitigation measures to be undertaken which will make the selected alternative environmentally acceptable.

In addition, while the purpose of the CNMI Safe Drinking Water Infrastructure Grant Program is to fund improvements in water system infrastructure, some preliminary work (such as feasibility studies and engineering work) is typically necessary to reach that point. **Such** work is an eligible expense for these grant funds and may be funded as discrete projects. Forty- CFR 35, Subpart I, Appendix B, Tables I - 3, must be used to determine grant funding for **facilities**

planning, design, and environmental assessments.

V. Annual Project Priority List Process

DEQ is required annually to submit to EPA a prioritized list of projects for funding. Under current guidelines from EPA, CUC is the only supplier of drinking water in the Commonwealth that is eligible to receive grants from this program. Annually, CUC will submit to DEQ a list of proposed projects. DEQ and CUC will use the table shown below and jointly score the projects using the EPA approved project ranking criteria (as described in Section VI).

CNMI Safe Drinking Water Infrastructure Grant Program FY- Priority Scoring List									
Project Name	Project Description	Population Served	Estimated Cost	Score					
				Sustainability	Reliability	Water Quality Parameters	Safety & Compliance	Costs/ Feasibility	Total

After a public comment period, the prioritized list of projects will be submitted to EPA for approval. As funds are available, CUC (with DEQ certification) will submit a grant application for a project from this list to EPA for review, approval, and grant award.

After the initial year, the annual process will occur in the following sequence of events:

January: DEQ and CUC establish the draft project priority list and any changes to the project ranking criteria. A draft is provided to EPA for informal comment.

March: Public notice period on the project priority list and any project ranking criteria changes.

May: Final project priority list and project ranking criteria (if changed) are submitted to EPA for formal approval.

The schedule shown above can be modified based on when new funding becomes available from EPA. **Changes in the established project priority list or project ranking criteria can occur at any time provided that opportunity is given for public notice and/or public hearing.** Modifications become effective upon approval by EPA.

VI. Project Ranking Criteria Water

Projects will be prioritized based on points accrued in the five categories listed below. In cases where projects receive the same score, the projects will be ranked according to the population served by the project (i.e., the higher the population served, the higher the priority).

Maximum allowable points per category are indicated below, along with maximum

points per subcategory. Each project can receive up to the number of points designated per category. Projects can receive negative points for certain indicated sub-categories, if it increases the burden on the water system.

1. Sustainability (20 points total)
 - a. Project will increase supply (new sources) - 4 points
 - b. Project will reduce water loss in the project area (*i.e. project improves metering and billing by water usage*) - 4 points
 - c. Project incorporates water conservation measures – 4 points
 - d. Project incorporates energy conservation (*i.e. incorporates renewable energy*) measures – 2 points
 - e. Project will reduce O&M required - [-6 points to 6 points]
2. Reliability (20 points total)
 - a. Capacity (*i.e. inadequate storage, #of wells, delivery, etc.*) - 10 points
 - b. Redundancy (*projects improves back up, emergency supply i.e. looping or enables bypasses, etc.*) - 6 points
 - c. Resiliency (*i.e. the design incorporates more resilient infrastructure practices compared to alternatives*) - 4 points
3. Water Quality Parameters (25 points total)
 - a. Primary (15 points total)
 - i. Corrects a primary MCL violation – 10 points
 - ii. Prevents a future primary MCL violation – 5 points
 - iii. Does not impact a primary MCL violation – 0 points
 - iv. Results in a primary MCL violation - [-15 points]
4. Safety and Compliance (25 points total)
 - a. Right of way (5 points total)
 - i. Fixes an ongoing right of way issue – 5 points
 - ii. Does not have any right of way issues – 0 points
 - b. Safety (10 points total)
 - i. Elimination of known acute public health/safety risk to operators or public – 7 points
 - ii. Elimination of possible/future public health/safety risk to operators or public – 3 points
 - iii. Creates a public health/safety risk to operators or public - [-5 points]
 - c. Deficiencies (10 points total)
 - i. Correction of ongoing/identified significant deficiency within water system – 3 points
 - ii. Prevention of future significant deficiency due to project improvements (*ex. wellhead improvements*) - 3 points
 - iii. Correction of minor deficiencies within the water system (if it has not already been identified as significant) - 1 point

- iv. Projects that will result in compliance with a formal enforcement action from BECQ or USEPA (or federal court orders stemming from USEPA enforcement actions) - 3 points
- v. Projects improves or adds sampling monitoring points – 1 point

5. Costs/Feasibility (*10 points*)

- a. Project costs (*up to 5 points total*)
 - i. Project cost is less than \$5,000 per household served – 5 points
 - ii. Project cost is between \$5,000 to \$10,000 per household served – 4 points
 - iii. Project cost is between \$10,000 to \$15,000 per household served – 3 points
 - iv. Project cost is between \$15,000 to \$20,000 per household served – 2 points
 - v. Project cost is between \$20,000 to \$25,000 per household served – 1 point
 - vi. Project cost is between \$25,000 to \$30,000 per household served – 0 points
 - vii. Project cost is more than \$30,000 per household served - [-5 points]
- b. Project consolidates multiple projects in the same area – 2 points
- c. Project is shovel ready – 2 points
- d. Project delivery/timeline (less than 3 years) - 1 points

VII. Project Ranking Criteria Wastewater

The general priority is to provide sewage treatment transport systems and wastewater treatment works (which include on-site systems). The general priority is based on the need for treatment works. Need is a function of the following:

- A. Pollution abatement needs
- B. Improvement of environmental quality and public health to be achieved by the project
- C. Other miscellaneous criteria (see below)

After a project evaluation by the Division of Environmental Quality (DEQ), a priority list is developed and presented by DEQ, CUC, and DPW. After taking into consideration comments from the public, a final list is developed. Both draft and final priority lists are sent to U.S. Environmental Protection Agency (US EPA) for their review and approval.

Projects will be prioritized based on points accrued in the seven categories listed below. In cases where projects receive the same score, the projects will be ranked according to the population served by the project (i.e., the higher the population served, the higher the priority).

Maximum allowable points per category are indicated below, along with maximum points per subcategory. Each project can receive up to the number of points designated per category. Wastewater projects have a total of 443 points and water projects are based on a 100-point scale. To compare water vs wastewater projects the wastewater total score needs to be divided by 4.43 to get the equivalent score to water for overall scoring purposes.

A. Pollution Abatement Needs

1. NPDES Permit Requirements
 - a. The proposed project area/site meets treatment level requirements.
 - i. Almost all the time – 0 points
 - ii. Intermittently – 5 points
 - iii. Rarely – 10 points
 - b. The proposed project area/site has the ability to obtain or maintain a NPDES permit
 - iv. Yes – 5 points
 - v. No – 0 points
 - c. The proposed project will fulfill all or part of a compliance schedule or a legal order
 - vi. Yes – 5 points
 - vii. No – 0 points
2. Existing Pollution Effects on Area Waters (cumulative points). Award points as indicated to each of the following if the noted water use is threatened or impaired: (25 points) severe effect; (20 points) moderate effect; (15 points) intermittent effect; (10 points) suspected effect; (5 points) potential effect; (0 points) no effect.
 - a. Potable water supply (*wells, streams, or catchments*)
 - b. Fresh water swimming (*direct contact*)
 - c. Fresh water aquatic life (*Tilapia, freshwater shrimp, crabs, etc.*)
 - d. Marine swimming (*direct contact*)
 - e. Mangrove, estuarian waters, wetlands
3. Award points as indicated for each of the following if violations now occur in receiving waters/effluent:
 - a. Turbidity, color, or taste – 5 points
 - b. Floating debris, scum – 5 points
 - c. Settleable solids, effluent – 5 points
 - d. Visual effect on aquatic life – 5 points
 - e. Oxygen depletion – 5 points
 - f. Microbiological – 10 points
4. Project proposed Improvements (Cumulative)
 - a. Existing conditions improved to provide primary treatment system – 8 points
 - b. Existing conditions improved from primary level to secondary treatment system – 5 points
 - c. Existing discharges to ground surface removed from public contact – 15 points
 - d. Point of discharge improved or relocated (outfall) – 10 points
 - e. Potable ground water lens protected (collection system) – 15 points
 - f. No discharge to water body and ground water protected – 5 points

B. ENVIRONMENTAL HEALTH IMPROVEMENT

5. Population served has sewage related health problems and project will correct. Award points as indicated.
 - a. Severe problems – 25 points
 - b. Moderate problems – 20 points

- c. Intermittent problems (bi-weekly concerns) – 15 points
- d. Suspected problems (monthly concerns) – 10 points
- e. Potential problems – 5 points

6. Project Cost

- a. Project cost is less than \$5,000 per household – 20 points
- b. Project cost is between \$5,000 to \$20,000 per household – 15 points
- c. Project cost is between \$20,000 to \$25,000 per household – 5 points
- d. Project cost is more than \$25,000 per household – 0 points

7. Miscellaneous Criteria for Evaluation. Up to X Points.

- a. Project is essential to provide system-wide service as intended – 20 points
- b. Project qualifies as innovative or alternative system – 20 points
- c. Project provides for low O&M cost and is not a complex and difficult to understand means of treatment or collection – 20 points
- d. Project will result in increased efficiencies or cost savings in the system – 20 points
- e. Project incorporates renewables – 20 points
- f. Project eliminates a known safety risk to the operators or public – 20 points
- g. Project eliminates possible/future safety risk to operators or public – 10 points
- h. Project is shovel ready – 30 points

VIII. Public Comment Period

A 30-day public comment period shall be provided each year. During the 30-day period, a public hearing will be held by CUC to inform the community and other potentially interested parties about the project ranking criteria (if changed), the project priority list, and the estimated amount of funds to be awarded for each project. The public hearing shall be announced in the two major CNMI newspapers at least one week before the hearing. All comments received shall be forwarded to EPA.

If, in any particular year, no new projects are to be funded (i.e. newly available funds will be used to continue funding of projects that have been prioritized in the previous year) and there are no changes made to the project ranking criteria, it is not necessary to hold a public hearing. In its place, public notice will be made in the two major CNMI newspapers that describes the projects that continue to be funded and the estimated amount of the new funding. All comments received shall be forwarded to EPA.

IX. Project Priority List Implementation

Projects will normally be funded in the order in which they appear on the project priority list (highest scoring project will be listed on top). A project may be bypassed in favor of the next lower priority for any of the following reasons:

- (1) The bypassed project has been funded from other sources,
- (2) The bypassed project's operation is dependent on completion of a lower priority project, or
- (3) CUC demonstrates to the satisfaction of both DEQ and EPA that the bypassed project cannot be constructed in a reasonable time with available and projected funding.
- (4) CUC demonstrates to the satisfaction of both DEQ and EPA that the bypassed project is critical to utility improvements or public health issues and therefore deserving to be funded prior to higher scoring projects.

The only other exception to this rule will be catastrophic events resulting from a typhoon, earthquake or other natural disaster, that present an imminent and substantial endangerment to public health. In such cases, CNMI has the authority to fund emergency projects ahead of the selected process. The projects that are bypassed will receive the highest priority for the next available funding.