

# **ALASKA CLEAN WATER FUND**

## **Intended Use Plan**

**State Fiscal Year 2024**

**July 1, 2023 – June 30, 2024**

**For Federal Base Capitalization Grant  
funds appropriated in Federal Fiscal Year 2023  
and Bipartisan Infrastructure Law General Supplemental  
funds appropriated in Federal Fiscal Year 2022**



**Submitted to the U.S. Environmental Protection Agency  
By  
Alaska Department of Environmental Conservation  
Division of Water – State Revolving Fund Program  
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## Acronyms

AAC	Alaska Administrative Code
ACWF	Alaska Clean Water Fund
ADEC	Alaska Department of Environmental Conservation
ADWF	Alaska Drinking Water Fund
AIS	American Iron and Steel
AWIA	America's Water Infrastructure Act
AWWU	Anchorage Water and Wastewater Utility
BABA	Build America, Buy America Act
BIL	Bipartisan Infrastructure Law
CBR	Clean Water Benefits Reporting
CE	Categorical Exclusion
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DBE	Disadvantaged Business Enterprise
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
FFATA	Federal Funding Accountability Transparency Act
FFY	Federal Fiscal Year
FOCUS	Financial Operations and Cash Flow Utilization System
GPR	Green Project Reserve
IUP	Intended Use Plan
MHI	Median Household Income
OASys	Online Application System
PPL	Project Priority List
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund

## INTRODUCTION

The 1987 amendments to the Clean Water Act (CWA), authorized the Clean Water State Revolving Fund (CWSRF), a low interest loan program to assist public entities with the financing of publicly owned treatment facilities (Section 212) and nonpoint source management activities (Section 319). The 1987 CWA Amendments authorized the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the low-interest loan program. While the 1987 Amendments only authorized funding for the first several years of the loan program, Congress has continued to provide funding as part of its annual appropriations. The Alaska Department of Environmental Conservation (ADEC) State Revolving Fund (SRF) Program administers this funding source through the Alaska Clean Water Fund (ACWF) on behalf of the State of Alaska.

The Infrastructure Investment and Jobs Act of 2021 (also referred to as the Bipartisan Infrastructure Law or BIL) includes two new appropriations for the CWSRF, one of which is an additional capitalization grant that state CWSRF programs can apply for separately from the base grant and is referred to as BIL CWSRF General Supplemental Funding. Both grants are discussed in this document and will be referred to as the base grant and supplemental grant, respectively.

This Intended Use Plan (IUP), required under the CWA, describes how Alaska proposes to use available funds in State Fiscal Year 2024 (SFY24) from July 1, 2023 through June 30, 2024 provided by federal funds allocated to Alaska through the CWSRF Federal Fiscal Year 2023 (FFY23) base capitalization grant as well as the FFY22 BIL General Supplemental grant.

The IUP is the central component of the capitalization grant application and describes how the state will use the CWSRF to meet CWA objectives and further the protection of public health and water quality. This IUP contains the following elements pertaining to both the base and supplemental grants:

- Short and long-term goals of the program.
- Project priority list, including description and size of community.
- Criteria and method used for distribution of funds.
- Description of the financial status of the CWSRF program.
- Description of other activities and percentage of funds, that will be used from the CWSRF capitalization grant, including CWSRF administrative expenses allowance and technical assistance.
- Description of how the program defines a disadvantaged system and the amount of CWSRF funds that will be used for this type of loan assistance.

Once prepared, an IUP must be noticed for a period of at least 30 days to accept comments from the public. Comments on all facets of the draft IUP are accepted. After considering comments received, the IUP is finalized and posted on the SRF Program's website at <https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/intended-use-plans/>.

## PROGRAM UPDATES

Program updates are included in the annual report to EPA; therefore, this section will no longer be included in the Intended Use Plan.

## PROGRAM GOALS

ADEC has identified several long- and short-term goals intended to promote sustainable improvements to the state's infrastructure and help ensure maximum environmental and public health benefits.

### Long-Term Goals

1. Ensure full compliance with all applicable requirements for all SRF loans.
2. Foster coordination with other programs and agencies to improve assistance to water systems in their efforts to achieve compliance and improve capacity.
3. Maintain a working relationship with other infrastructure funding authorities, including but not limited to U.S. Department of Agriculture (USDA) Rural Development, to coordinate financial assistance for eligible projects.
4. Develop program guidelines to improve the pace of loan projects.
5. Establish a marketing and outreach plan to expand program awareness, inform current and potential borrowers of the SRF's wide variety of funding options and benefits, and thereby, expand the borrower pool.
6. Pursue methods for encouraging borrowers to pursue innovative and non-traditional projects, such as green infrastructure, water and/or energy efficiency, climate resilience, and environmentally and financially sustainable projects.
7. Fully implement the Financial Operations and Cash Flow Utilization System (FOCUS), a cash flow model for forecasting fund usage to allow for improved planning and funding allocation decisions and implementation of a long-term lending strategy.
8. Utilize a portion of the capitalization grant technical assistance funding to provide eligible borrowers with guidance and technical assistance.

### Short-Term Goals

1. Coordinate with EPA and EPA funded technical assistance providers to reach new potential borrowers, assess their needs, and provide appropriate assistance with the goal of making SRF funds accessible to this untapped customer base that likely has great need. This goal aligns with a key priority identified in the BIL implementation memorandum<sup>1</sup> to ensure that communities most in need of financial assistance for infrastructure improvements benefit equitably from the opportunities provided through BIL.
2. Recruit and hire additional program support and engineering staff to accommodate implementation of SRF BIL funding.

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<sup>1</sup> Environmental Protection Agency. *Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law*. March 8, 2022.

[https://www.epa.gov/system/files/documents/2022-03/combined\\_srf-implementation-memo\\_final\\_03.2022.pdf](https://www.epa.gov/system/files/documents/2022-03/combined_srf-implementation-memo_final_03.2022.pdf)

3. Ensure that the SRF Program is meeting capitalization grant requirements for the allocation of additional subsidy.
4. Review current subsidy allocation methods to strategically use the CWSRF additional subsidy to achieve affordable compliance, especially for small, disadvantaged communities in accordance with a key priority of the BIL implementation memorandum<sup>1</sup>.
5. Identify workflow processes needed to update and utilize FOCUS, including an improved method to track both the allocation and disbursement of additional subsidy.
6. Complete revisions to the ACWF Operating Agreement.
7. Pursue revisions to the regulations at 18 AAC 76 to increase the SRF Program's agility in response to the needs of borrowers, as well as federal grant conditions. This goal aligns with a fundamental principal of the CWSRF – which is affirmed in the BIL implementation memorandum – to provide flexibility to states and borrowers to address a wide variety of local water quality and public health challenges.
8. Pursue revisions to Alaska Statute at AS 46.03, to broaden ACWF eligibility for private wastewater systems and tribally owned utilities.
9. Develop and distribute guidance materials to current and potential borrowers, including procurement requirements associated with American Iron and Steel and Build America, Buy America Act as well as Davis-Bacon guidance materials.
10. Review results of a survey of potential borrowers to develop effective marketing materials and target their distribution to improve outreach to potential borrowers.
11. Develop an online resource for borrowers that identifies potential sources of infrastructure funding. Also provide an online resource that directs borrowers to potential technical assistance opportunities.
12. Initiate enhancements to the online payment request and quarterly report system to improve the user experience and data collection.
13. Building on the technical assistance provided through an EPA pilot program, continue efforts to identify potential partners for conduit lending to provide financing to private homeowners for onsite decentralized wastewater treatment system and underground fuel storage repairs or replacement.
14. In coordination with the Divisions of Air Quality and Spill Prevention and Response and the Division of Water's Non-Point Source Program pursue an avenue for funding conversion of home heating in the Fairbanks area from wood stoves and diesel fired boilers to natural gas in an effort to reduce nonpoint source pollution in nearby waterbodies while also improving air quality in the PM2.5 Nonattainment Area.
15. Develop webinar material and schedule to offer SRF related training (e.g., SRF 101, Eligibility, etc.) to existing and potential borrowers.

## CRITERIA AND METHOD FOR FUND DISTRIBUTION

### Project Priority List

For a project to be considered for funding from the ACWF, it must be included in the Project Priority List (PPL). The process is initiated when an eligible applicant completes a project questionnaire through the ADEC Online Application System (OASys).

Questionnaires are accepted year-round through OASys and are reviewed by a scoring committee on a triannual basis. The submittal deadlines for questionnaire reviews are February 28, June 30, and October 31. An email was sent to eligible borrowers in January 2023 providing information about the schedule and inviting submittal of project questionnaires to be considered for SFY24 funding assistance.

The project scoring committee, made up of representatives from the SRF Program, as well as the ADEC Drinking Water, Wastewater, Source Water Protection, and Nonpoint Source Programs, evaluates the project questionnaires based on the CWSRF criteria and assigns a numeric score to each project. Projects are added to the PPL in rank order. The rating criteria are provided in Appendix 1.

Appendix 2 includes the PPL, the list of public water systems in Alaska that have submitted a questionnaire to express interest in financing a capital improvement project through the SRF Program.

### Amendments to the Project Priority List

ADEC will amend the PPL to include additional projects after each review and scoring of new project questionnaires. In updates to the PPL, any projects reviewed and scored will be added to the PPL in ranked order. The amended funding list will be publicly noticed for 10 days.

### Project Readiness Bypass Procedures

When available funding exceeds demand, ADEC awards funding to ready-to-proceed projects without regard to project score or ranking because the Program has sufficient funds to finance all projects. This ensures timely utilization of federal funds.

In the event the SRF Program does not have sufficient funds available to offer loans to all projects that are ready to proceed, ADEC will work with potential borrowers with the highest ranked projects on the PPL to ensure that those projects are given a chance to be funded first. However, the final funding selection of projects from the PPL will be based primarily on the projects' readiness to proceed.

Projects that are ready to proceed are prepared to begin design and/or construction and are immediately ready, or poised to be ready, to execute a loan agreement with ADEC. If, for whatever reason, an applicant is not ready to proceed with completing a loan application and initiating a project, ADEC may select a lower ranking project for funding based on its ability to proceed in a timely manner. This bypass procedure is necessary to ensure that the available funds will be disbursed in a timely manner.

ADEC reserves the right to fund lower priority projects over higher priority projects if in the opinion of ADEC, a higher priority project has not taken the steps necessary to expeditiously



prepare for funding and project initiation (e.g., ADEC has not received the required documents to execute a loan agreement, the project is not ready to proceed with construction, or the applicant withdraws the project for consideration).

In addition, a project may be bypassed as necessary for the state to meet federal grant requirements for equivalency and additional subsidy. In the event that two or more projects have the same ranking, preference will be given to projects with the following criteria and in this order: ready to proceed; response to a compliance or legal order with a specific deadline; and inclusion of a green component.

SRF Program staff will regularly evaluate the status of available principal forgiveness funds and the outstanding projects list on the PPL. The intent of this evaluation is to determine if the projects currently identified as receiving principal forgiveness actually are capable of applying for and entering into a loan agreement within the current program year. If during this evaluation, a project is determined to be incapable of meeting the requirements of the program, that project may be bypassed and the corresponding principal forgiveness may be awarded to other eligible projects on the PPL. In addition to readiness-to-proceed, a project may be bypassed due to an applicant's inability to meet all other program requirements, failure to develop an approvable, implementable project, or for other reasons applicable under state or federal law. Any projects bypassed during the program year may be reconsidered for principal forgiveness funds in a future year.

### Removing Projects from the Project Priority List

Projects on the PPL will be monitored to ensure that applicants are proceeding with their projects in a timely fashion. A project may remain on the PPL for a maximum of two years. Projects will retain the same score originally assigned unless a revised questionnaire is submitted and reviewed by the project scoring committee. If an application has not been submitted for a project within eight quarters, the project will be removed from the list and a new questionnaire will be required to relist the project.

### Amendments to Existing Loans

A borrower may request an amendment to an existing loan agreement to modify the project scope, increase the loan amount, or both. Amendments that solely increase the loan amount by no more than 10% of the original loan amount, up to \$100,000, may be completed through an informal request for a loan amendment with the SRF Program Manager's approval. Similarly, minor scope changes that do not affect the location or purpose of the originally proposed project may also proceed with an informal request for a loan amendment with the SRF Program Manager's approval. Amendments that will increase the loan amount by more than 10% of the original loan, or more than \$100,000, and/or include scope modifications that affect the footprint or purpose of the project, are required to be public noticed in a PPL update before the loan amendment is issued.

### Phasing of a CWSRF Project

To make construction and/or funding more manageable, a project may be divided into separate funded phases or segments, at the option of the borrower. However, to be CWSRF-eligible, any



such phase or segment must be of reasonable scope, and when constructed, must have the capability of being placed into immediate full operation, without its full operation being dependent on a subsequent project phase or segment or another outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other project for priority list ranking in later fiscal years.

### Refinancing Existing Debt

Under the CWA, and in accordance with the Code of Federal Regulations (CFR) §35.3120(b), CWSRF funds may be used by a publicly owned system to refinance existing local debt obligations for a project that would otherwise be eligible for SRF funding. Cross-cutter requirements, including environmental review requirements, American Iron and Steel, and Davis-Bacon wage rate requirements apply to these projects. Documentation of an approved environmental determination at the time the project was initially financed must be provided. American Iron and Steel requirements apply to projects with construction after June 10, 2014. Davis-Bacon wage rate requirements apply to projects with construction after October 30, 2009. Refinancing requests will not be eligible to receive principal forgiveness unless the subsidy is committed as part of a coordinated multi-agency funding package prior to initiation of the project.

### Emergency Procedures

For purposes of the SRF Program, an emergency refers to a natural disaster or manmade disaster that damages or disrupts normal wastewater system operations and requires immediate action to protect public health and safety. Upon issuance of an emergency declaration by a federal or state emergency response official, or upon a finding by ADEC, funds may be made available for projects not currently described in an IUP. Bypass procedures may be waived under direct threat of severe public or environmental harm. Reasonable efforts to fund projects in priority order will still be followed under emergency situations.

## FUNDS AVAILABLE

### Capitalization Grants and State Match Requirement

Alaska's allotment from the FFY23 federal appropriation for the base grant is \$4,490,000. The appropriation for the FFY22 BIL supplemental grant for Alaska is \$10,652,000.

For the base grant, Alaska will provide the required 20% state match (\$898,000) from short term bonding by November 2023. In a process that effectively substitutes bond receipts for interest income, the interest income of the Fund is used as collateral to acquire bond receipts and avoids use of any general funds from the State budget. ADEC is required to document that sufficient interest income exists in an amount equal to or greater than the proposed bonding amount, and that this process will still allow the Fund to grow in perpetuity. ADEC's program audits have documented the availability of the required amount of interest.

For the BIL General Supplemental grant, Alaska must deposit an amount equal to at least 10% of the federal capitalization grant (\$1,065,200) into the ACWF. State general funds were appropriated by the Alaska Legislature in the SFY23 capital budget. During the first two years of BIL General Supplemental Funding, a 10% state match is required. The remaining three years of funding will require a 20% state match.

### Cash Draw

Draws for loan funding comes from federal funding and the state match. Previously, the cash draw was split between federal funding and state match following the grant specific proportionality rate method, 83.33% federal and 16.67% state match. However, EPA permanently ended requirement for proportionality on November 30, 2022. Alaska's proposed payment schedule (Table 1) was developed based on projected needs for project construction and execution of loan agreements.

**Table 1. SFY24 Estimated Schedule of Payments**

Grant Type	FFY	Grant Amount	Q1	Q2	Q3	Q4
Base Cap	23	\$4,490,000	\$1,112,500	\$1,112,500	\$1,112,500	\$1,112,500
BIL General Supplemental	22	\$10,652,000	\$2,663,000	\$2,663,000	\$2,663,000	\$2,663,000
BIL Emerging Contaminant	22	\$559,000	\$139,750	\$139,750	\$139,750	\$139,750

### Sources and Uses of Funds

In SFY24, the amount available for base grant loans is the difference between the funds available and total program commitments, plus two years of projected future loan repayments, for a total of approximately \$119.8 million. The following table summarizes funding sources, loan commitments, and expenditures since the inception of the ACWF that are associated with the base grant.

**Estimated Available Funding – Base Grant**

<b>Sources of CWSRF Funds</b>	
Federal Grants Received (cumulative through FFY22)	\$303,695,962
FFY23 Federal Capitalization Grant	\$4,490,000
FFY23 State Match	\$898,000
State Match, prior years	\$55,751,189
Investment Income	\$53,471,816
Repayments through SFY23 (principal + interest collected)	\$308,088,065
Projected Repayments through SFY25	\$33,768,088
<b>Total Sources</b>	<b>\$760,163,120</b>
<b>Uses of CWSRF Base Funds</b>	
Existing Loan Commitments	\$564,381,771
Transfer from ACWF to ADWF (SFY08)	\$29,000,000
Administrative and Technical Assistance Set-Asides	\$10,057,914
Previous Bonding and Transaction Costs	\$36,044,450
SFY24 Bonding and Transaction Costs	\$900,000
<b>Total Uses</b>	<b>\$640,384,135</b>
<b>Total Available for CWSRF Loans from Base Grant</b>	<b>\$119,779,785</b>

The BIL Supplemental Grant provides an additional \$11,078,080 in available loan funds.

<b>Estimated Available Funding – BIL General Supplemental Grant</b>		
<b>Source of Funds</b>		
BIL General Supplemental Federal Grant FFY22		\$10,652,000
State Match		\$1,065,200
	<b>Total Sources</b>	<b>\$11,717,200</b>
<b>Uses of Funds</b>		
Technical Assistance (2% of grant)		\$213,040
Administration (4% of grant)		\$426,080
	<b>Total Uses</b>	<b>\$639,120</b>
<b>Total Available for CWSRF Loans from Supplemental Grant</b>		<b>\$11,078,080</b>

### Administrative Fees

Since December 29, 2000, assistance recipients have been assessed an administrative fee in the amount of 0.5% of the total dollars disbursed as prescribed in Title 18, Chapter 76 of Alaska Administrative Code (18 AAC 76). Fee revenue is kept in the ACWF Fee Account, separate from the regular loan fund, and is used exclusively to pay program administrative costs.

As noted in 18 AAC 76.086, ADEC will use administrative fees for direct costs including salaries, supplies, travel, and professional service contracts. In SFY24, the SRF Program intends to use the 4% administrative base and supplemental allowances for \$600,000 in administrative expenses. SRF Program administrative costs in excess of \$600,000 will be drawn from the ACWF fee account. In addition, SRF Program administrative expenses associated with the ADWF in excess of \$723,500 will be charged to the ACWF fee account.

### Loan Terms and Interest Rates for Eligible Projects

ADEC adopted revisions to the finance charge calculations in 18 AAC 76 on September 10, 2017. The revised regulations modified the calculation of finance charges to reflect current market trends based on the Bond Buyer’s Municipal Bond Index, as shown in the following table. The state regulations also allow for a maximum loan repayment term of 30 years. The finance rate includes the interest rate and an administrative fee.

<b>Finance Rates (effective September 10, 2017)</b>		
<b>Loan Term</b>	<b>Finance Rate for any Bond Rate*</b>	<b>Finance Rate for Bond Rate*</b>
	<b>Less than 4 %</b>	<b>Greater than 4 %</b>
20-30 Years	2	2 + (0.75 x [Bond Rate* – 4])
5-20 Years	1.5	1.5 + (0.625 x [Bond Rate* – 4])
0-5 Years	1	1 + (0.5 x [Bond Rate* – 4])
<1 Year	0.5	0.5

*\*Bond Buyer’s Municipal Bond Index Current Day – Yield to Maturity*

## Fund Transfer

Under the SDWA, the state is allowed to transfer fund assets of the DWSRF program and the CWSRF program. ADEC may take advantage of this flexibility between the CWSRF and DWSRF programs in order to assure adequate capacity to meet all funding demands. In accordance with the SDWA Section 302 fund transfer provisions, ADEC hereby reserves the authority "to transfer an amount up to 33 percent of the DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program."

## Program and Non-Program Income

In SFY24, program income is estimated to total \$22,450 (0.5% of the capitalization grant award of \$4,490,000). Program income is defined at 40 CFR 31.25(b) as "gross income received by the grantee or subgrantee directly generated by a grant supported activity or earned only as a result of the grant agreement during the grant period."

Non-program income is estimated based on the difference between total anticipated deposits to the ACWF Fee Account less the program income. Based on all pending SFY24 repayments, fees collected will total \$729,481 in SFY24. Non-program income is estimated at \$707,031 (ACWF Fees of \$729,481 less the program income of \$22,450).

## Administration of the SRF Program (4%)

Three options exist with regard to the amount used for this administration set-aside as listed below:

- Four percent of the capitalization grant,
- Flat \$400,000, or
- 1/5 percent of the total valuation of the state revolving fund balance.

The SRF Program plans to use 4 percent of its expected base capitalization grant (\$179,600) and 4 percent of the BIL General Supplemental grant (\$426,080) for program management, including funding staff, and paying operational expenses.

## Technical Assistance Allowance (2%)

The CWA allows each state to use up to 2 percent of each capitalization grant to fund technical assistance services to borrowers. For SFY24, two percent of the base capitalization grant (\$89,800) and two percent of the BIL General Supplemental grant (\$214,800) will be used for technical assistance to communities to address wastewater and water quality issues.

## **GREEN PROJECT RESERVE AND ADDITIONAL SUBSIDY**

Each year, ADEC identifies funding levels for Green Project Reserve and additional subsidization based on administrative and funding requirements.

### **Green Project Reserve (GPR)**

The Consolidated Appropriations Act, 2023 requires the use of not less than 10% of the base grant and the supplemental grant for green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities to the extent that there are eligible projects. Alaska's Green Project Reserve (GPR) amount for the base grant is \$494,400. For the supplemental grant, the GPR amount is \$1,074,000.

To incentivize borrowers to include water and energy conservation or other green aspects in their projects, ADEC awards 25 additional points in the project questionnaire scoring process for eligible GPR work. GPR projects are listed on the PPL by green project type: green infrastructure; water or energy efficiency improvements; or other environmentally innovative activities. Projects initially not listed as GPR qualified may be considered GPR qualified after the loan application is evaluated.

Projects initially identified to satisfy the federal grant GPR requirement have been identified in the PPL. These projects will be further reviewed during the loan application process to ensure that each project, in whole or in part, qualifies for the GPR. Applicants will be required to provide a Green Project Assessment form with applicable backup documentation. Several additional projects also will potentially qualify as GPR projects, and as more cost information becomes available, the GPR applicability will be defined for those projects moving forward with applications.

As necessary, ADEC will seek out other potential GPR eligible projects not initially listed in the IUP, which meets GPR project eligibility, to make up any shortfall in meeting current or past GPR requirements.

### **Additional Subsidy – Disadvantaged Community Assistance**

Under the base grant, a minimum of 20% to a maximum of 40% of the grant will be offered in the form of additional subsidy. Exactly 49% of the supplemental grant must be awarded as additional subsidy. State regulations require the SRF Program to provide additional subsidy to disadvantaged communities. Alaska provides additional subsidy in the form of loan forgiveness.

A key priority of the BIL is to ensure that disadvantaged communities benefit equitably from the BIL funding. The EPA encouraged states to review and revise existing criteria for defining disadvantaged communities. Alaska's previous criteria was based on Median Household Income (MHI), unemployment rates, and population trends.

In the revised criteria, several factors are considered in identifying disadvantaged communities including those related to the household burden associated with income and the cost of water and wastewater service, as well as socioeconomic factors including the percentage of households utilizing assistance programs, the percentage of households below the federal poverty level, unemployment rates, and long-term population trends in the community. ADEC also includes

several priority project types that impact the economic viability of a water system, including the presence of emerging contaminants. These factors, considered in total, are used to determine tiers of criticality for disadvantaged status with associated levels of principal forgiveness. More information about the disadvantaged community criteria is provided in Appendix 3.

Based on the points assigned in regard to household burden, socioeconomic factors and priority project types, each project on the PPL is assigned to a tier. To the extent that additional subsidy funds are available, disadvantaged communities may receive loan forgiveness associated with the base and supplemental capitalization grants as shown in the following table.

<b>Tier</b>	<b>Point Range</b>	<b>Maximum Loan Forgiveness</b>
Tier 1	0 to 3	No loan forgiveness
Tier 2	4 to 6	\$500,000
Tier 3	7 to 10	\$1,000,000
Tier 4	10+	\$2,000,000

### Additional Subsidy – Micro Loan Projects

Subsidy allocations for Micro Loan projects will range from 50% to 90% of the total project cost. Two Micro Loan projects are included on the PPL (Appendix 2). If additional Micro Loan projects are proposed during subsequent updates to the PPL during the rest of SFY22, principal forgiveness will be offered to each Micro Loan project. The amount of subsidy offered will be determined based on the community’s capacity as demonstrated by the Operation and Maintenance Best Practices score and the affordability of the utility’s current user rates. The Operation and Maintenance Best Practices is a criteria developed in 2015 by the ADEC Facilities Programs in collaboration with the Rural Utility Business Advisor Program and the Alaska Native Tribal Health Consortium. The Best Practices criteria is used to assess operations and maintenance capacity of rural water and wastewater utilities.

In 2018, ADEC developed an affordability indicator for use in determining whether a community’s users can afford the annual operation, maintenance, repair, equipment and capital replacement costs of their water, wastewater, or solid waste facilities. This Alaska Village Rate Affordability Index will be used as a factor in determining the amount of subsidy to be allocated to Micro Loan projects.

Projects that are initially identified to receive principal forgiveness must meet the following milestones in order to retain eligibility of subsidy:

- Submit a loan application within six months of the project being listed on the PPL; otherwise, subsidy funds may be made available to the next highest ranked eligible project.
- Initiate design and/or construction of the project within one year of completion of a loan agreement; otherwise, the loan agreement may be amended to remove principal forgiveness.



Micro Loan Subsidy Matrix		Best Practices Score	
		50-75 pts	76-100 pts
User Rate Affordability	Unaffordable (High Burden)	70%	90%
	Mid-Affordable(Medium Burden)	50%	70%

Any uncommitted subsidies that exist after one year of publication of the IUP will be distributed to projects with existing subsidies, or to those projects which are the furthest along in completion of construction. The SRF Program will aim to allocate required subsidy as quickly as reasonably possible; all required subsidy will be allocated within three years of the grant award to ensure compliance with the federal grant conditions.

### Sustainable Infrastructure Planning Projects

ADEC offers a program to assist wastewater systems with loan financing for wastewater system planning and related activities that promote sustainable infrastructure. For each Sustainable Infrastructure Planning Project (SIPP) on the PPL, a maximum of \$75,000 in loan principal may be forgiven for those borrowers that are considered disadvantaged communities.

A maximum of \$75,000 in loan forgiveness for SIPP will be allotted to per project and per borrower during SFY24. If one borrower submits multiple planning projects for consideration, the \$75,000 in potential loan forgiveness will be divided between the SIPP projects. A maximum of \$1,000,000 in SIPP loan forgiveness has been allotted by the SRF Program for SFY24.

Examples of eligible projects are described below:

- Feasibility 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.
- Asset Management Plans for managing wastewater system infrastructure assets.
- Consolidation Studies to evaluate potential for wastewater system consolidation.
- Wastewater Rate Analysis to evaluate wastewater system rate charges, structure, and adequacy.
- Infiltration and Inflow Studies to detect inflows and identify potential solutions.
- Wastewater System Master Plan to evaluate the needs of the wastewater system in the long term and make recommendations for future improvements.

Any wastewater system receiving a loan that includes principal forgiveness for a SIPP must enter into a loan agreement within six months of receiving notification that the project has been added to the PPL. The project must be completed within two years after signing the loan agreement.

## FEDERAL REQUIREMENTS

Loan agreements will include all applicable federal requirements. All funding recipients must comply with the following:

### American Iron and Steel

All recipients of SRF funding for wastewater and stormwater facility construction projects must meet the American Iron and Steel (AIS) requirements. Projects may use only specific iron and steel produced in the United States. ADEC includes provisions addressing the AIS requirements in all funding agreements. Compliance with Build America, Buy America (BABA) iron and steel provisions will satisfy the AIS requirements.

### Davis-Bacon Act Prevailing Wage Rates

ADEC will require borrowers to include specific EPA Davis-Bacon language in bid specifications and contracts for all treatment works projects and will confirm that these contracts include the correct wage determinations. In addition, ADEC will collect certifications of Davis-Bacon compliance via online project quarterly report statements.

### Environmental Project Review

All CWSRF-funded projects involving the construction of treatment works, regardless of the source of the funding (e.g. capitalization grant, prior year appropriations, state match, interest earnings, principal repayments, etc.), must undergo an environmental review in conformance with the EPA-approved State Environmental Review Process.

### Cost and Effectiveness Certification

In accordance with amendments to Section 602(b)(9) of the CWA effective June 10, 2014, funding recipients are required to submit a certification, signed by a professional engineer, stating that a cost and effectiveness study has been completed.

### Fiscal Sustainability Plans

The CWA requires CWSRF loan recipients for publicly owned treatment works (POTW) projects to develop and implement a Fiscal Sustainability Plan (FSP) that includes the following minimum elements:

- An inventory of critical assets that are part of the system;
- An evaluation of the condition and performance of the critical assets;
- A plan to maintain, repair and replace the critical assets and to fund those activities; and
- A certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan.

Applicants can self-certify that the FSP, or its equivalent, has been developed and implemented prior to the final disbursement for the project.

## Federal Equivalency Projects

Per EPA's Standard Operating Procedures for the CWSRF, specific requirements, referred to as federal equivalency requirements, apply only to a subset of loans equal to the amount of the capitalization grant, rather than to all loans funded by the SRF Program. In SFY24, ADEC intends to take full advantage of the flexibility offered by equivalency to reduce the burden of the federal grant conditions, listed above, for many applicants. For SFY24, the Anchorage Water Wastewater Utility (AWWU) Pro Fi loan will be required to meet all federal grant conditions in order to fulfill the equivalency requirement associated with the base grant.

For the CWSRF, the specific equivalency requirements, in addition to the requirements applicable to all projects, are listed below:

### Architectural and Engineering Services Procurement

Loan recipients identified by ADEC as equivalency projects are required to procure A/E services in accordance with federal requirements found in Chapter 11 of Title 40 U.S. Code. These services include, but are not limited to, program management, construction management, feasibility studies, preliminary engineering design, engineering, surveying, mapping, and architectural-related services.

### Build America, Buy America Act (BABA) Provisions

This provision that was included in the BIL requires domestic preference procurement for iron and steel products, manufactured products, and construction materials.

### Disadvantaged Business Enterprise (DBE)

Loan recipients and their contractors must comply with the federal DBE requirements.

### Signage to Enhance Public Awareness

For base grant equivalency projects, the SRF Program will post a notice on the SRF Program website.

For construction projects funded in whole or in part through the BIL General Supplemental grant, recipients must place a physical sign at construction sites that displays specific information. The EPA [Investing in America Signage](#) website provides more information about how to comply with the signage requirement.

### Single Audit

Borrowers who have received federal funds through ADEC's SRF Program may be subject to the requirements of the Single Audit Act and 2 CFR 200.

### Prohibition of Certain Telecommunication and Video Surveillance Services

In compliance with Section 889 of Public Law 115-232, restrictions are placed on the use of some telecommunication and surveillance equipment.

## **ASSURANCES AND CERTIFICATIONS**

The Operating Agreement specifies numerous conditions that must be met. Each capitalization grant typically contains additional conditions that must be met. ADEC is committed to compliance with all conditions in both the Operating Agreement and capitalization grant.

### **Expeditious and Timely Expenditure**

ADEC will enter into binding commitments to provide assistance in an amount equal to 120% of the FFY23 federal capitalization grant within one year after receipt of the grant payment. The PPL includes an estimated date for the beginning of construction for each project to indicate a proposed project schedule.

Additionally, to assure expeditious and timely expenditure of funds, ADEC continues to require that applicants initiate the project within one year of execution of the loan agreement and submit the first disbursement request within two years of execution of the loan agreement. If either condition is not met, ADEC may take action to recall the loan; however, an extension may be granted upon an applicant's request, if there is reasonable justification.

### **Federal Funding Accountability Transparency Act**

FFATA reporting requirements apply in an amount equal to the capitalization grant. ADEC will report loans with a dollar value equaling the most recent federal capitalization grant award to comply with FFATA requirements. Information will be reported no later than the end of the month following the date of the finalized loan agreement.

Additional loans may be identified to include all federal requirements (including those associated with equivalency) to ensure that ADEC has sufficient projects to report for FFATA in case any projects fail to fully disburse the loan amount as initially planned.

### **Federal Reporting**

EPA's SRF Data System (previously identified as the Clean Water Benefits Reporting (CBR) database) collects project level information and anticipated environmental benefits associated with CWSRF projects. This system is also used to collect annual financial information which was formerly collected through the National Information Management System (NIMS). This annual information submittal is used to produce annual reports that provide a record of progress and accountability for the Program. EPA uses the information provided to oversee the CWSRF state programs and develop reports to the US Congress concerning activities funded by the CWSRF Program. ADEC commits to entering benefits information on all projects into the SRF Data System by the end of the quarter in which the assistance agreement is signed. ADEC also commits to entering all program information into the SRF Data System on an annual basis as EPA requests.

### **Generally Accepted Accounting Principles**

Amendments to Section 602(b)(9) of the CWA, effective June 10, 2014, require states to have loan recipients maintain project accounts per Generally Accepted Accounting Principles as issued by the Governmental Accounting Standards Board. This provision requires assistance recipients to use standards relating to the reporting of infrastructure assets. ADEC includes this

information in the loan agreements and reviews compliance annually during Single Audit reviews.

## **PUBLIC REVIEW AND COMMENTS**

A notice of availability of the draft IUP was emailed directly to past, present and potential SRF borrowers throughout the state. In addition, the notification was distributed to 165 local governments through the Alaska Municipal League. The notice of public comment was also posted on the ADEC Public Notice website. The draft IUP was also available on the ADEC SRF Program website throughout the 30-day public comment period.

In addition, the SRF Program made three public presentations regarding the SFY24 IUPs and the revised disadvantaged community criteria. Those presentations were provided:

- in-person at the Alaska Municipal Water and Wastewater Association conference in Anchorage on May 9, 2023;
- via a webinar hosted by the Alaska Municipal League on June 6, 2023; and
- via a DEC-hosted webinar, also on June 6, 2023.

Comments were posted in an online application through the DEC Public Notice website.

Appendix 4 includes the public comments received as well as responses for each comment.

Appendix 1.  
Priority Criteria for SFY24 CWSRF Projects



# Alaska Clean Water State Revolving Fund

## Priority Criteria for Point Source Project – Reference Sheet

PUBLIC HEALTH CONSIDERATIONS <i>(Select only one)</i>		POINTS
<p>This project will correct the cause of a human disease event documented by ADEC or a recognized public health organization. Documentation required.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Outbreaks of Hepatitis, Giardiasis or Cryptosporidiosis.</li> <li>• Upgrading facilities to meet new EPA/ADEC regulations or resolve violation(s) of a wastewater permit with short term compliance deadline (<math>\leq 1</math> year).</li> <li>• Installation of new sewer mains in an area where there is documented well contamination resulting from sewer main leaks.</li> </ul>	100	
<p>This project will correct conditions severe enough that a disease event may occur, although an event may have not yet been reported.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Violations of a wastewater permit with longer term compliance deadlines (<math>&gt; 1</math> year). Documented failure of on-site disposal systems.</li> <li>• Correction of documented Inflow and Infiltration issues that prevent the WWTP from meeting permit limits.</li> <li>• Construction to address documented surface water contamination violation.</li> </ul>	75	
<p>This project will minimize public health threats where the potential for a disease event exists.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Correction of documented issues with a high potential to violate a wastewater permit condition or ADEC design criteria.</li> <li>• Replacement of pipes or facilities with documented leaks or constructed of inferior materials (example – asbestos cement pipe, structurally impaired lift station wet well).</li> <li>• Improvements to a collection system prone to freeze-up.</li> <li>• Installation of new sewer mains to an area that is currently served by on-site systems and has a high potential of regulated contaminants exceeding safe standards.</li> </ul>	50	
<p>This project will minimize potential future public health problems. There is no current threat of a disease event.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Replacement of collection system components that are at end of life, but no documentation of significant failure. Wastewater Treatment Facility upgrades to increase capacity and/or replace obsolete equipment that is not related to a permit violation correction.</li> <li>• Improve system security, such as fencing, remote monitoring, access cards, etc. SCADA upgrades, backup power to a critical system component.</li> </ul>	25	
<p>This project will not address any significant health related issues.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Sewer main alignment changes (rerouting mains that have little to no improvement on operation). Sewer main expansion for future development.</li> <li>• Wastewater treatment plant or collection system studies, unless required by compliance conditions.</li> <li>• Master plans, backup power to a tangential facility.</li> </ul>	0	
WATER QUALITY CONSIDERATIONS <i>(Select only one)</i>		
PROTECTION OF UNIMPAIRED WATERBODY		
The goal of the proposed project is prevention of water pollution in an unimpaired waterbody (Category 2 or Category 3) as reported in the Integrated Report ( <a href="https://dec.alaska.gov/water/water-quality/">https://dec.alaska.gov/water/water-quality/</a> ).	35	
This project does not prevent water pollution in an unimpaired waterway.	0	
RESTORATION OF IMPAIRED OR POLLUTED WATER BODY <i>(Select only one)</i>		
The goal of the proposed project is to reduce pollution/improve water quality in a waterbody identified as impaired or polluted (Category 4 or Category 5) in the Integrated Report ( <a href="https://dec.alaska.gov/water/water-quality/">https://dec.alaska.gov/water/water-quality/</a> ).		
This project will reduce pollution specifically related to the impairment.	35	
This project will reduce pollution to the waterbody that may not be specifically related to impairment.	25	
This project will minimize the potential for future pollution event.	10	
This project has minimal impact on future pollution event.	0	
RECEIVING WATERS		
This project addresses the following adverse impacts to receiving waters: <i>(Select only one)</i>		
Direct impacts to surface water or groundwater.	10	
Direct impacts to marine waters or estuaries.	5	
Indirect impacts to surface water or groundwater.	5	
This project will not address adverse impacts to receiving waters.	0	
ADMINISTRATIVE		POINTS
PROJECT READINESS <i>(Select only one)</i>		
Engineering plans and specifications have been approved by the ADEC Engineering Support and Plan Review (ESPR) Program in	50	



## Priority Criteria for Point Source Projects

addition to having an approved environmental review. Documentation is required for both.			
Engineering plans and specifications have been approved by the ADEC ESPR Program. Documentation required.			40
Substantial engineering plans and specification (at least 65% complete) have been prepared. Documentation required.			30
A feasibility study, facility plan and/or set of engineering plans and specifications (at least 35% complete) has been prepared and are attached. Documentation required.			20
An up-to-date comprehensive study, master plan, a current project cost estimate, and/or approved environmental review has been prepared and is attached. Documentation required.			10
No project development has been accomplished.			0
<b>ASSET MANAGEMENT</b> <i>(Select only one)</i>			
An asset management plan that incorporates an inventory of all assets, an assessment of the criticality and condition of the assets, a prioritization of capital projects needed, and a budget, has been adopted and implemented within the past 5 years. Documentation is required.			30
An asset inventory has been prepared and are attached. The asset inventory must meet the requirements as outlined in the SRF Asset Inventory Guidance ( <a href="https://dec.alaska.gov/media/ntcj1ess/srf-asset-inventory-guidance.pdf">https://dec.alaska.gov/media/ntcj1ess/srf-asset-inventory-guidance.pdf</a> ). Documentation is required.			20
An asset management plan will be prepared or updated as part of the proposed project. Completed plan to be provided to SRF.			15
An asset inventory will be prepared as part of the proposed project. Completed inventory to be provided to SRF.			10
Employees have attended an asset management training, approved by ADEC Operator Training and Certification Program for Continuing Education Units (CEUs), within the last year. Documentation is required.			5
The system has not planned, developed, or implemented an asset management plan or inventory, and staff have not attended asset management training.			0
<b>FUNDING COORDINATION</b> <i>(Select only one)</i>			
This loan will be used to match other state or federal funds, or this project will be coordinated with another municipal/state/federally funded project (e.g. DOT road construction). Documentation is required to identify each funding source.			15
Other funding sources have not been identified.			0
<b>SUSTAINABILITY PROJECTS</b> <i>(Select only one)</i>			
<b>Fix it First Projects</b> – These are projects currently located in an established area which is still suitable for use and should be encouraged over project in undeveloped areas. The repair, replacement, and upgrade of infrastructure in these types of areas are encouraged.			50
<b>Effective Utility Management</b> – Plans, studies and projects that improve the technical, managerial, and financial capacity of assistance recipients to operate, maintain and upgrade their infrastructure. Improved stewardship of the existing infrastructure will help improve sustainability and extend the useful life of the system.			25
<b>Planning</b> – Preliminary planning, development of alternatives, and capital projects that reflect the full life cycle cost of infrastructure, conserve natural resources or use alternative approaches to integrate natural systems in the built environment.			25
Not applicable.			0
<b>OPERATOR CERTIFICATION</b> <i>(Select only one)</i>			
The system employs, or has on contract, an operator certified to the level of the system.			5
The system does not employ, or have on contract, an operator certified to the level of the system.			0
<b>AFFORDABILITY CRITERIA</b> <i>(Select only one)</i>		<b>Monthly Wastewater Cost/Monthly Income</b>	
	High	>2%	15
	Medium	1.0% - 1.9%	10
	Low	<1.0%	5

### To Be Completed by ADEC

<b>EQUIVALENCY</b>			
This project will be used as an equivalency project.			50
<b>GREEN PROJECTS</b>			
The applicant has sufficiently demonstrated eligible Green components under the project.			25



# Alaska Clean Water State Revolving Fund

## Priority Criteria for Nonpoint Source Project – Reference Sheet

WATER QUALITY CONSIDERATIONS		POINTS
<b>PROTECTION OF UNIMPAIRED WATERBODY</b> ( <i>Select only one</i> )		
1	The goal of the proposed project is prevention of nonpoint source water pollution in an unimpaired waterbody (Category 2 or Category 3) as reported in the Integrated Report.	60
2	This project has minimal impact protecting water quality.	0
<b>RESTORATION</b> ( <i>Select only one</i> )		
The goal of the proposed project is to reduce pollution/improve water quality in a waterbody identified as impaired or polluted (Category 4 or Category 5) in the Integrated Report.		
1	This project will reduce pollution specifically related to the impairment.	75
2	This project will reduce pollution to the waterbody that may not be specifically related to impairment.	50
3	This project has minimal impact on restoring water quality.	0
<b>ADMINISTRATIVE</b>		
<b>PROJECT READINESS</b> ( <i>Select only one</i> )		
1	Engineering documents have been prepared and are attached. Documentation is required.	15
2	Preliminary engineering documents have been prepared and are attached. Documentation is required.	10
3	Key planning document(s) (e.g. TMDL, Watershed Plan, Corrective Action Plan, Comprehensive Plan) have been prepared and are attached. Documentation is required.	5
4	A feasibility study that demonstrates the need and costs for the project have been prepared and are attached. Documentation is required.	2
5	No project development has been accomplished.	0
<b>FUNDING COORDINATION</b> ( <i>Select only one</i> )		
1	This loan will be used to match other state or federal funds. Documentation is required to identify each funding source.	5
2	Other funding sources have not been identified.	0

**To Be Completed by ADEC**

2021 – 2025 NONPOINT SOURCE STRATEGY IDENTIFIED PRIORITIES		
1	The project is located in an underserved community.	15
2	The project monitors waters for Best Management Practices (BMP) Effectiveness at reducing nonpoint source pollution.	10
3	The project conducts education or outreach related to reducing nonpoint source pollution.	10
4	The project evaluates which BMPs are most effective for Alaska's environment to reduce nonpoint source water pollution.	10
<b>GREEN PROJECT</b>		
1	The applicant has sufficiently demonstrated eligible Green components under the project.	25
<b>EQUIVALENCY</b>		
1	This project will be used as an equivalency project.	50

### Resources

- **Integrated Report** can be found on the following webpage: <https://dec.alaska.gov/water/water-quality/>
- For additional information on **Nonpoint Source** water pollution control, visit: <https://dec.alaska.gov/water/nonpoint-source-control/>

Appendix 2.  
Project Priority List

**Alaska Clean Water Fund - State Fiscal Year 2024 (SFY24) Project Priority List - Base and BIL General Supplemental Funding**

Available funding: The total available for the SRF Base Program is \$119.8 million.

Available funding: The total funding available through BIL General Supplemental is \$10.74 million.

(1) Within Funding Limits column indicates that the project is within the current fundable limit of the Alaska Drinking Water Fund. Large projects (over \$5 million) may be phased based on projected funding needs during the next year. Loan applications may be submitted for any project within the funding limits that is ready to proceed.

(2) Loan forgiveness is subject to change depending on the readiness of projects to proceed. Maximum loan forgiveness to be awarded from SRF Base and Supplemental Funds = \$6.6 million.

(3) Loan terms will be finalized when a loan agreement is offered. The finance rate will be based on a calculation identified in Alaska Administrative Code (18 AAC 76).

(4) Individual Pro Fi projects are reviewed and assigned a weighted score based on the total project cost. The overall score for the Pro Fi questionnaire is the sum of weighed scores for all of the Pro Fi projects.

Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community	SUBSIDY <sup>(2)</sup> Loan Forgiveness	Green Project Category & Amount	Sustainability Policy	Requested Loan Term (years) <sup>(3)</sup>	Estimated Construction Start	Added to PPL
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**POINT SOURCE PROJECT QUESTIONNAIRES**

1	210	X	AKG573029	III-B	<b>Bristol Bay Borough</b>	<b>King Salmon Lagoon Upgrade</b> - Upgrade current lagoon system to a ultraviolet (UV) treatment system to ensure discharges are compliant with permit requirements.	\$3,100,000	Tier 2	\$500,000		Fix It First	5 to 20	5/30/2023	SFY23-Q1
2	185	X	AKG572028	I	<b>Ketchikan Gateway Borough</b>	<b>Mountain Point Wastewater Treatment Plant Upgrades</b> - Install new vector waste intake at headworks, install new ultraviolet disinfection system, extend influent piping to reduce odors, new flow meters and additional basin instrumentation. These improvements will improve the quality of wastewater discharged to the ocean.	\$2,250,000	Tier 3	\$1,000,000		Fix It First	20 to 30	6/30/2024	SFY23-Q1
3	175	X	AK0021440	III-B	<b>Ketchikan</b>	<b>Water Street Sewer Main Replacement</b> - Replace or rehabilitate existing sewer lines that have been determined to be significant contributors to inflow and infiltration at the Charcoal Point Wastewater Treatment Plan and also contribute to a general decline in water quality in the area.	\$3,900,000	Tier 3	\$1,000,000		Fix It First	20 to 30	7/1/2024	SFY22-Q4
4	175 <sup>(4)</sup>	X	AK0022551	I III-A III-B	<b>Anchorage AWWU</b>	<b>SFY24 Programmatic Financing (Pro Fi) Loan</b> - The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for wastewater infrastructure projects that may be financed through the SFY23 Pro Fi loan agreement (see attached Pro Fi project list).	\$9,101,791	Tier 1		Energy Efficiency \$2,000,000	Fix It First	20	5/1/2023	SFY24-Q1
5	170	X	AK0021245	III-B	<b>Homer</b>	<b>Beluga Sewer Lift Station Improvements</b> - Reconfigure and rehabilitate the lift station to reduce corrosion and allow for greater ease of maintenance.	\$2,937,353	Tier 2	\$500,000	Energy Efficiency TBD	Fix It First	20 to 30	1/17/2022	SFY22-Q3
6	170	X	AK0021245	IV-A	<b>Homer</b>	<b>Bunnell-Charles Way Sewer Main Extension</b> - Extend the wastewater collection system to provide piped service to 23 developed central business district lots that currently use temporary service connections, holding tanks, or outhouses for sanitary service.	\$631,834	Tier 2			Effective Utility Mgmt	20 to 30	8/1/2021	SFY22-Q1
7	170	X	AK0021245	IV-A	<b>Homer</b>	<b>Mission Road Sewer Trunk Line</b> - Install approximately 5,340 feet of 8-inch HDPE sewer trunk line pipe. This project would provide piped service to four homes located directly adjacent to the main and provide the opportunity to serve many more homes in nearby subdivisions.	\$1,493,506	Tier 2			Effective Utility Mgmt	20 to 30	8/1/2021	SFY22-Q2
8	165	X	AK0021385	I	<b>Haines Borough</b>	<b>Wastewater Treatment Plant Influent Upgrade</b> - Demolish the existing wet well located within the control building and provide a new exterior wet well and a below-grade valve vault. This project will prevent debris from entering the plant during significant storm events and provide for safer working conditions within the plant.	\$2,115,758	Tier 3			Fix It First	20 to 30	6/1/2022	SFY23-Q1
9	165		AK0021440	III-B	<b>Ketchikan</b>	<b>Park Avenue and Harris Street Revitalization</b> - Replace deteriorated aging corrugated metal sewer pipe with new corrosion resistant piping.	\$1,900,000	Tier 3			Fix it First	5 to 20	7/1/2024	SFY24-1
10	159 <sup>(4)</sup>	X	AK0022551	I III-A III-B	<b>Anchorage AWWU</b>	<b>SFY23 Programmatic Financing (Pro Fi) Loan</b> - The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for wastewater infrastructure projects that may be financed through the SFY23 Pro Fi loan agreement (see attached Pro Fi project list).	\$22,511,580	Tier 1		Energy Efficiency \$2,000,000	Fix It First	20	5/1/2023	SFY23-Q1
11	155	X	AK0022951	I	<b>Juneau</b>	<b>Mendenhall Wastewater Treatment Plant (MWWTP) Influent Piping</b> - Install new piping to bypass the now obsolete screening equipment located one floor above the rest of the treatment plant.	\$994,000	Tier 1		Energy Efficiency \$994,000	Fix It First	20 to 30	1/1/2022	SFY22-Q2
12	145	X	AK0021890	I	<b>Seward</b>	<b>Lowell Point Lagoon Blower Improvements</b> - Remove and replace the main blowers at the Lowell Point wastewater treatment plant with high efficiency blowers.	\$547,500	Tier 2		Energy Efficiency TBD	Fix It First	5 to 20	8/5/2022	SFY23-Q1

**Alaska Clean Water Fund - State Fiscal Year 2024 (SFY24) Project Priority List - Base and BIL General Supplemental Funding**

Available funding: The total available for the SRF Base Program is \$119.8 million.

Available funding: The total funding available through BIL General Supplemental is \$10.74 million.

(1) Within Funding Limits column indicates that the project is within the current fundable limit of the Alaska Drinking Water Fund. Large projects (over \$5 million) may be phased based on projected funding needs during the next year. Loan applications may be submitted for any project within the funding limits that is ready to proceed.

(2) Loan forgiveness is subject to change depending on the readiness of projects to proceed. Maximum loan forgiveness to be awarded from SRF Base and Supplemental Funds = \$6.6 million.

(3) Loan terms will be finalized when a loan agreement is offered. The finance rate will be based on a calculation identified in Alaska Administrative Code (18 AAC 76).

(4) Individual Pro Fi projects are reviewed and assigned a weighted score based on the total project cost. The overall score for the Pro Fi questionnaire is the sum of weighed scores for all of the Pro Fi projects.

Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community	SUBSIDY <sup>(2)</sup> Loan Forgiveness	Green Project Category & Amount	Sustainability Policy	Requested Loan Term (years) <sup>(3)</sup>	Estimated Construction Start	Added to PPL
13	145	X	AK0021890	I	Seward	<b>Lowell Point Lagoon Fine Bubble Aeration</b> - Upgrade 30-year old coarse bubble diffuser with new fine bubble diffuser to increase bacteria efficiency and reduce lagoon odors.	\$637,500	Tier 2		Energy Efficiency TBD	Fix It First	5 to 20	5/27/2022	SFY23-Q1
14	145	X	AK0022591	I	Juneau	<b>Mendenhall Wastewater Treatment Plan (MWWTP) FOG (Fat, Oil and Grease)/Grit Removal</b> - Design and construct pre-treatment FOG/grit removal process to moderate inputs into the sequencing batch reactor, improve treatment efficiency, and aid compliance with discharge standards.	\$6,250,000	Tier 1				5 to 20	1/2/2024	SFY23-Q4
15	145	X	AK0022591	I	Juneau	<b>Mendenhall Wastewater Treatment Plan (MWWTP) Microscreens</b> - Design and construct pre-treatment microscreens and associated piping to reduce influent organic loading to the sequencing batch reactors and improve compliance with discharge standards.	\$9,501,000	Tier 1				5 to 20	1/2/2024	SFY23-Q4
16	135	X	AK0053481		Kodiak Island Borough	<b>Leachate Treatment Plant / Stage 3 Landfill Closure</b> - Design and construct a new building and pre-treatment system to remove calcium carbonate that has damaged existing plant. Place final and interim cover on landfill to reduce the volume of leachate that needs to be managed through the onsite leachate treatment plant. An existing SRF loan will be amended to include this increased cost and the modified scope of work for this project.	\$6,152,265	Tier 2			---	30		SFY23-Q3
17	130	X	AKG573004	III-B IV-A	Dillingham	<b>Waterfront Wastewater System Upgrade (Design)</b> - Complete design for the extension and rehabilitation of the existing wastewater collection system in the Dillingham waterfront area.	\$44,125	Tier 2			Effective Utility Mgmt	20 to 30	6/1/2021	SFY22-Q1
18	130	X	AKG573004	III-B IV-A	Dillingham	<b>Waterfront Wastewater System Upgrade (Construction)</b> - Based on the proposed design plan for the waterfront area, construct improvements including the extension of the wastewater system as well as rehabilitation of the existing collection system.	\$603,550	Tier 2			Effective Utility Mgmt	20 to 30	7/1/2021	SFY22-Q1
19	120	X	---	III-B	Kotzebue	<b>Fire Hall Lift Station and Sewer System</b> - Replace sections of existing gravity main with 8-inch insulated pipe, replace the existing Fire Hall Lift Station, construct an additional 8-inch insulated arctic force main to allow for increased capacity in transmission of wastewater to Lagoon Cell 1 from existing lift stations.	\$2,662,000	Tier 3			Fix It First	5 to 20	9/1/2022	SFY23-Q2
20	115	X	AKG573025		Togiak	<b>Lagoon Dredging</b> - Due to lack of treatment volume, the sewage lagoon discharge is not meeting permit requirements. This project will involve a de-watering design, engineering services, dredging of the lagoon to re-attain the original design treatment volume, de-watering the sludge, and landfill costs for de-watered sludge.	\$2,000,000	Tier 4				30		SFY23-Q4
21	115	X	AK0020036	I	Soldotna	<b>Refurbish Headworks Building</b> - Update the existing headworks building to include air sensors, screening, dewatering, compacting, and grit removal. The existing equipment has been in place more than 30 years and has exceeded its useful life.	\$850,000	Tier 2			Fix It First	5 to 20	1/1/2027	SFY23-Q2
22	115	X	2007-DB0003		Nome	<b>Equipment Response / Storage / Office Facility</b> - Construct a building to support sewer utility, amalgamate ancillary facilities, reduce operating costs, protect equipment, and improve health and safety of the work environment. The facility will also support the drinking water utility. The cost of construction would be split between the Alaska Clean Water Fund and the Alaska Drinking Water Fund.	\$5,025,000	Tier 2		Energy Efficiency \$1,000,000	Effective Utility Mgmt	20 to 30	1/17/2022	SFY22-Q2
23	105	X	AK0020036	I	Soldotna	<b>Biosolids Dewatering System</b> - Design and construct dewatering belt press replacement including equipment selection, facility modifications, and installation.	\$1,200,000	Tier 2			Fix It First	5 to 20	7/1/2023	SFY23-Q2
24	100	X	----		Anchorage	<b>Anchorage Regional Landfill Leachate Lagoon Upgrade</b> - Replace leachate lagoon liners, lagoon piping and pre-treatment equipment. Expand Lagoon 2 to increase the storage capacity. Install jet aeration system. Construct ramps to aid in lagoon cleaning. Relocate truck loading station for transport of leachate to wastewater treatment plant.	\$13,000,000	Tier 1			Fix It First	5 to 20	1/1/2023	SFY23-Q4

**Alaska Clean Water Fund - State Fiscal Year 2024 (SFY24) Project Priority List - Base and BIL General Supplemental Funding**

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Available funding: The total funding available through BIL General Supplemental is \$10.74 million.

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Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community	SUBSIDY <sup>(2)</sup> Loan Forgiveness	Green Project Category & Amount	Sustainability Policy	Requested Loan Term (years) <sup>(3)</sup>	Estimated Construction Start	Added to PPL
25	95	X	AK0025402	III-B	Whittier	<b>Lift Station Replacement</b> - Design and construct a new Lift Station No. 5 including installation of wet well vault, pumps, valves, piping and controls. Work will also involve demolition of existing lift station inside Septic Tank No.1. Work associated with this project will also involve improvements to Lift Station No. 4 including installation of a new electrical control panel in a new enclosure.	\$820,000	Tier 3			Fix It First	5 to 20	7/1/2023	SFY24-1
26	85	X	AKG521030	III-B	Homer	<b>Fish Grinder Building Replacement</b> - Replace the corroded and rusted City-owned building housing the grinder that processes fish carcasses to a slurry before discharging the waste into Kachemak Bay in accordance with the wastewater discharge permit.	\$300,000	Tier 2			Fix It First	5 to 20	6/1/2023	SFY23-Q4
27	85	X	AKG521030	III-B	Homer	<b>Lift Station Electrical Upgrades</b> - Upgrade the electrical panels in seven lift stations.	\$254,286	Tier 2			Fix It First	20 to 30	4/30/2023	SFY24-1
28	80	X	AK0023213	I	Juneau	<b>Juneau Douglas Wastewater Treatment Plant Supervisory Control and Data Acquisition (SCADA) and Instrumentation Upgrades</b> - Upgrade the existing SCADA system, sensors and instrumentation to assist in automating and managing the wastewater treatment process.	\$450,000	Tier 1			Effective Utility Mgmt	5 to 20	6/3/2024	SFY23-Q4
29		X	AK0021890	---	Seward	<b>Lowell Point Lagoon Fence</b> - Replace security fencing around wastewater treatment lagoon.	\$49,094	Tier 2				<5 years	5/1/2022	SFY22-Q4
30	80	X	2003DB0096-1016	I	Craig	<b>Wastewater Treatment Plant Roof Replacement</b> - Replace leaking roof to protect treatment plant components. Upgrade insulation designed for corrosive environment.	\$400,000	Tier 3				5 to 20	8/15/2022	SFY23-Q1
31	80	X	AK0023213	I	Juneau	<b>Juneau Douglas Wastewater Treatment Plant Structural Improvements</b> - Structural assessment and design of reinforced superstructure	\$4,500,000	Tier 1			Fix It First	5 to 20	1/2/2024	SFY23-Q4
32	75	X	AKG521030	III-B	Homer	<b>Wastewater Treatment Plant Pond Effluent Box</b> - Rebuild the electrical components of the effluent box at the lagoon.	\$73,000	Tier 2			Fix It First	20 to 30	6/15/2023	SFY24-1
33	75	X	AKG521030	III-B	Homer	<b>Wastewater Treatment Plan Transfer Switch Station</b> - Replace the generator transfer switch.	\$33,000	Tier 2			Fix It First	20 to 30	7/24/2023	SFY24-1
34	70	X	AKG521030	III-B	Homer	<b>Wastewater Treatment Plant Clarifier Coating Replacement</b> - Remove the existing coating in the clarifiers and apply a new coating consistent with industry standard as corrosion protection for the concrete tanks/vats.	\$369,439	Tier 2			Effective Utility Mgmt	20 to 30	6/15/2023	SFY24-1
35	70	X	AKG521030	III-B	Homer	<b>Wastewater Treatment Plant Digester Coating Replacement</b> - Remove the existing coating in the digesters and apply a new coating consistent with industry standard as corrosion protection for the concrete tanks/vats.	\$231,806	Tier 2			Effective Utility Mgmt	20 to 30	6/15/2023	SFY24-1
36	65	X	AK0023451	I	Fairbanks	<b>Golden Heart Utilities Wastewater Treatment Plant Grit Capture</b> - Install two grit capture units with combined capability to process peak flows of 11 million gallons per day. Grit capture is a required process needed to support ultraviolet wastewater treatment in accordance with Alaska Pollution Discharge Elimination System requirements.	\$1,700,000	Tier 1			Fix It First	5 to 20	1/31/2024	SFY24-1
37	65		AK0023451	I	Fairbanks	<b>Golden Heart Utilities Wastewater Treatment Plant Ultraviolet (UV) Disinfection</b> - To comply with lower permit levels for total residual chlorine in effluent, Golden Heart Utilities has agreed to replace the existing hypochlorite injection process with UV disinfection by 2025. Project specific work may include structure modification to existing chlorine contact chambers, installation of an in-channel UV disinfection system and other necessary modifications.	\$5,000,000	Tier 1			Fix It First	5 to 20	1/31/2024	SFY24-1

**Alaska Clean Water Fund - State Fiscal Year 2024 (SFY24) Project Priority List - Base and BIL General Supplemental Funding**

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38	55		AK0020036	I	Soldotna	<b>Water Treatment</b> - Study and treat groundwater at existing municipal wells to limit concentrations of metals (copper and zinc) from the City's wastewater treatment plant effluent discharges to the Kenai River in accordance with anticipated new permit limits.	\$2,600,000					5 to 20	7/1/2025	SFY23-Q2
39	55		AK0020036	I	Soldotna	<b>pH Control at Wastewater Treatment Plant</b> - Design and construct modifications to allow continuous monitoring of effluent pH levels.	\$260,000					5 to 20	3/1/2023	SFY23-Q2
40	40		AK0021890	IV-A	Seward	<b>Maple Avenue Sewer</b> - Design and construct approximately 850 feet of 8-inch sewer main. This project would provide piped service to approximately 11 residential parcels adjacent to Maple Avenue. Six of these parcels are currently developed.	\$255,000	Tier 2			Effective Utility Mgmt	5 to 20	5/31/2023	SFY24-1
41	40		----		Anchorage	<b>Anchorage Regional Landfill Cell 9B/8C</b> - Design improvements associated with the cell liner including leachate and stormwater collection and control systems.	\$1,530,000	Tier 1				5 to 20	11/30/2023	SFY23-Q4
42	40		----		Anchorage	<b>Anchorage Regional Landfill Cell 9B/8C</b> - Construct improvements associated with the cell liner including leachate and stormwater collection and control systems.	\$11,230,000	Tier 1				5 to 20	5/15/2024	SFY23-Q4
43	30		9725DB005		Bethel	<b>Refinance USDA RD Loan for Construction of Jetty at Sewage Lagoon</b> - Refinance principal balance of existing loan/grant issued by US Department of Agriculture Rural Development for construction of a jetty and the purchase of two sewage haul trucks.	\$913,000	Tier 3			---	5 to 20	6/22/2022	SFY23-Q2
44			---	IV-A	Cordova	<b>Harbor Waste Handling</b> - Install a marine boat sewage pump station to allow boats to dispose of sewage and gray water.	\$35,000	Tier 2				20 to 30	1/2/2022	SFY22-Q1
<b>POINT SOURCE SUBTOTAL</b>							<b>\$130,412,387</b>		<b>\$3,000,000</b>	<b>\$7,994,000</b>				

**SUSTAINABLE INFRASTRUCTURE PLANNING PROJECT QUESTIONNAIRES**

1	65	X	AKG521030	Plan & Assess	Homer	<b>Wastewater Master Plan</b> - Update the sewer system portion of the 2006 Water and Sewer Master Plan.	\$78,303	Tier 2	\$75,000			5	6/1/2021	SFY23-Q3
2	55	X	AKG573004	Plan & Assess	Dillingham	<b>Wastewater Rate Study</b> - Update the 2014 Rate Study to reflect current conditions and future planning considerations. The Rate Study will include both water and wastewater utility rates; the cost of the study will be split evenly between the Alaska Drinking Water and Clean Water Funds.	\$30,000	Tier 2	\$30,000			5	6/1/2021	SFY22-Q1
3	55	X	AKG573004	Plan & Assess	Dillingham	<b>Wastewater Master Plan</b> - Update the wastewater portion of the 2003 Water and Sewer Master Plan.	\$69,183	Tier 2	\$45,000			5	6/1/2021	SFY22-Q1
4	55	X	AK0022951	Plan & Assess	Juneau	<b>WWTP Comprehensive Facility Plan</b> - Prepare an integrated, optimized strategy that includes specification of wastewater treatment elements ranging from source control for specific SIUs, collections system improvements to reduce infiltration and inflow, treatment plan enhancements and SCADA installations for integrated command and control.	\$1,200,000	Tier 1	---			5	7/3/2023	SFY23-Q4
<b>SUSTAINABLE INFRASTRUCTURE PLANNING LOAN SUBTOTAL</b>							<b>\$1,377,486</b>		<b>\$150,000</b>					

**MICRO LOAN QUESTIONNAIRES (UPPER LIMIT OF \$500,000)**



**Alaska Clean Water Fund - State Fiscal Year 2024 (SFY24) Project Priority List - Base and BIL General Supplemental Funding**

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Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community	SUBSIDY <sup>(2)</sup> Loan Forgiveness	Green Project Category & Amount	Sustainability Policy	Requested Loan Term (years) <sup>(3)</sup>	Estimated Construction Start	Added to PPL
1	180	X	AKG380006	III-B	Seldovia	<b>Seldovia Slough Sewer Improvement Project</b> - Repair or replace failed service connections, manholes and sewer cleanouts. This loan would be used to finance the cost of portions of the project that are ineligible to be included in a project funded through Village Safe Water.	\$495,000	X	\$495,000	Energy Efficiency \$40,000	Fix It First	10		SFY24-1
2	125	X	AKG380006	III-B	Seldovia	<b>Lift Station Pump Replacement</b> - Purchase and install two new pumps in the Beach and Slough lift stations and purchase one additional pump to serve as backup in case one pump fails.	\$48,125	X	\$24,063	Energy Efficiency \$40,000	Fix It First	10		SFY22-Q1
3	125	X	AKG573025	III-B	Togiak	<b>Lift Station Pump Replacement</b> - Rebuild/replace three lift station pumps including new impellers, bearings and armatures and purchase three backup pumps. Purchase a small backhoe specifically for the purpose of repairing/replacing utility lines. Purchase a new jetter truck for sewer line maintenance.	\$500,000	X	\$450,000	Energy Efficiency TBD	Fix It First	20		SFY23-Q2
4	55	X	----		Hooper Bay	<b>Equipment Purchase</b> - Replace aging equipment used to maintain the sewer lagoon and to repair sewer lines damaged due to extreme weather events and other hazards.	\$500,000	X	\$450,000	Energy Efficiency \$40,000	Fix It First	10		SFY24-1
<b>MICRO LOAN SUBTOTAL</b>							<b>\$1,993,125</b>		<b>\$1,419,063</b>	<b>\$80,000</b>				

**NONPOINT SOURCE PROJECT QUESTIONNAIRES**

1	100	X	---	VI-B	Homer	<b>Ohlson and Bunnell Storm Drain</b> - Install storm drain in conjunction with a planned roadway improvement project.	\$324,000	Tier 2	\$324,000			5 to 20	5/1/2022	SFY24-1
2	97	X	---	VI-B	Homer	<b>Baycrest Storm Drainage</b> - Design and construct a system to capture and convey stormwater away from highly erodible bluffs. The project would include property acquisition as well as storm drain and retention basin construction in conformance with state and federal permitting requirements. Through the conveyance system, concentrated runoff may be used to generate hydroelectricity.	\$1,000,000	Tier 2	\$176,000	Environmental Innovation TBD		5 to 20	5/1/2022	SFY22-Q4
3	97	X	---	VI-C	Kotzebue	<b>Storm Drain Planning, Design and Construction</b> - Conduct inflow and infiltration study for Lift Station 8. Conduct hydrologic study to identify areas draining toward Lift Station 8 to estimate stormwater flow diversion needs, assess snow storage methods and locations. Construct storm drain with thaw wire. Based on recommendations of snow management planning, implement eligible capital improvements for snow management in catchment area.	\$2,456,000	Tier 3	\$1,000,000			5 to 20	9/1/2022	SFY23-Q2
4	87	X	---	VI-B	Homer	<b>Bishop's Beach Stormwater Pollution Control</b> - Design and construct a system to channel untreated stormwater into a green infrastructure feature before discharge to Beluga Slough and Kachemak Bay. Project would include acquisition of 2.49 acres of land and construction of green infrastructure features in conformance with state and federal permitting requirements.	\$290,978	Tier 2		Environmental Innovation TBD		5 to 20	7/1/2022	SFY22-Q4
5	80	X	---		Nome Joint Utility System	<b>Tank Farm Relocation</b> - Relocate the existing tank farm to a more stable location. Due permafrost and climate change, the existing tank farm location is subject to differential settling that requires ongoing leveling and maintenance to avoid tank failure. The bulk fuel tank farm supports community electric power generation needs which in turn provides essential support to the community water and sewer system. The tank relocation site is a former US Air Force contaminate site that will require specific site development and construction attributable to the brownfield site. These costs are proposed for financing through the Clean Water Fund as a nonpoint source project.	\$4,500,000	Tier 2				5 to 20	5/15/2023	SFY23-Q2

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6	62	X	---	VI-B	Homer	<b>Beluga Wetland / East Kachemak Drive</b> - This project would involve the acquisition, or conservation easement designation, of 80 acres of wetland in a predominately industrial area to be used as a stormwater retention and treatment area. Design and construct storm drain and outfall in conformance with state and federal permitting requirements.	\$1,000,000	Tier 2		Environmental Innovation TBD		5 to 20	1/31/2022	SFY22-Q4	
7	77	X	---	VI-B	Homer	<b>Homer Spit Storm Drain</b> - Design and construct storm drain infrastructure to collect runoff from several parking lots and convey the runoff to a storm water treatment device that will trap sediments, hydrocarbons and other contaminants before the runoff is discharged into Kachemak Bay.	\$1,198,628	Tier 2				5 to 20		SFY24-1	
8	75	X	---	VII-J	King Cove	<b>Landfill Cell Capping and Closure</b> - Install a partial closure system as required by state regulations (18 AAC 60.390) to stabilize slopes, minimize infiltration of liquids and soil erosion, and protect against the release of hazardous constituents to the environment at the King Cove Landfill.	\$67,318	Tier 3				5 to 20	10/1/2021	SFY22-Q3	
9	45	X	---	VII-J	Fairbanks North Star Borough	<b>Cell 4 Expansion</b> - Design and construct a new lined landfill cell. Costs specifically associated with landfill leachate collection and treatment may be eligible for financing through the SRF Program.	\$7,000,000	Tier 1				5 to 20	3/15/2022	SFY23-Q1	
10	25	X	---		Ketchikan	<b>Schoenbar Culvert Rehabilitation</b> - Rehabilitate a failing corrugated metal culvert to maximize hydraulic capacity for a creek that is a documented floodway. Rehabilitation of this culvert will avoid failure that would harm water quality in a stream that provides spawning and rearing habitat for coho and pink salmon as well as cutthroat trout. This project has also received approval for Congressionally directed spending funds that are being administered through the EPA.	\$1,950,000	Tier 3				5 to 20	6/1/2023	SFY23-Q4	
<b>NONPOINT SOURCE SUBTOTAL</b>							<b>\$19,786,924</b>		<b>\$1,500,000</b>						

**AMENDMENT TO EXISTING LOAN AGREEMENT**

	na	X	AK0021385	IV-A	Haines Borough	<b>Wastewater Influent and Pump Station Upgrade (Loan 395261-S)</b> - Loan amendment to modify the scope of the existing loan agreement to include construction of 500 linear feet of sewer main at the correct and depth an alignment to tie into the original main. The project scope has also been amended to include Supervisory Control and Data Acquisition (SCADA) system and PLC upgrades to monitor and track the system remotely.	---	Tier 3				20		SFY23-Q1
	na		2007-DB0003	III-B	Nome	<b>Nome Bering Street Sewer Improvements (Loan 627251-SG)</b> - Loan amendment to modify the scope of the existing Bering Street loan agreement to include replacement of sewer lines along Seppala Drive. No additional loan funds are requested.	---	Tier 2				20		SFY22-Q1
	na	X	AK0021458	III-B	Petersburg	<b>Pump Station 4 Force Main Replacement (Loan 685301-S)</b> - Loan amendment to increase the existing loan amount by \$2,977,177 and revise the scope as follows: Realign and replace existing force main away from tidal influences, install gravity main to convey the force main discharge to the existing collection system. Replace existing pumps, install new wetwell and valve vault. New electrical controls will be installed, and a new generator shed will be constructed to house the existing standby generator.	\$2,977,177	Tier 3	\$500,000			20		SFY24-2

**Alaska Clean Water Fund - State Fiscal Year 2024 (SFY24) Project Priority List - Base and BIL General Supplemental Funding**

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	na	X	AK0021393	I	North Pole	<b>Sewage Effluent Outfall Project (Loan 633021-S)</b> - Loan amendment to increase existing loan amount by \$350,000 and amend project scope as follows: A modification to the current outfall location for the wastewater treatment plant is needed due to a change in surface water flow in the Tanana River. This project will design a solution using the current outfall location.	\$350,000	Tier 1				20 to 30		SFY23-Q3
	na		---		Unalakleet	<b>Covenant Lift Station (Loan 88001-S)</b> - Loan amendment to revise project scope as follows: The current scope of the project is for rehabilitation of the lift station and continued use of the existing wet well. However, further review has shown issues that require the design and construction of a completely new lift station to be located adjacent to the existing facility.	---	Tier 4				20		SFY24-1
	na		AK0021555	III-B	Kodiak	<b>Lift Station 5 and Force Main Replacement (Loan 503181-E)</b> - Loan amendment to revise project scope as follows: Design and construct a new wet well; replace all pumps, electrical controls and equipment; construct a new lift station building to house the pump equipment and controls; replace influent piping and manholes; replace a generator; and replace 1,500 feet of 16-inch force main from the lift station to the WWTP headworks. The scope of work also includes a temporary bypass system to include the following: excavate two existing 16-inch gate valves installed in 2019 and extend the 16-inch bypass piping to the existing ground surface. At the surface two new valves boxes and stem extensions would be installed. Additional scope includes discharge piping, valving, connection to existing piping, manifold for piping, pipe supports, thrust blocking, bypass pump system pad, and roadway grading.	---					20		SFY24-1
							<b>\$3,327,177</b>		<b>\$500,000</b>					
							<b>\$156,897,099</b>		<b>\$6,569,063</b>					
<b>TOTAL FUNDING REQUESTED (ALL CATEGORIES)</b>							<b>\$156,897,099</b>		<b>\$6,569,063</b>					

<b>EPA Needs Category Codes</b>	I Clean Water Treatment - Secondary Treatment Plant III-A Clean Water Treatment - Infiltration/Inflow Correction	III-B Clean Water Treatment - Sewer System Replacement/Rehabilitation IV-A Clean Water Treatment - New Collector Sewers & Appurtenances	VI-B Green Infrastructure VII-F Nonpoint Source Resource Activity - Marinas	VII-J Nonpoint Source Resource Activity - Sanitary Landfills XII Nonpoint Source Resource Activity - Individual/Decentralized Systems
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## Alaska Clean Water Fund Programmatic Financing (Pro Fi) Projects

Applicant: Anchorage Water and Wastewater Utility

SFY23 Loan Request: \$22,511,580

SFY24 Loan Request: \$9,101,791

Loan Repayment Term: 20 years

Year	#	Project Name	Description
SFY23	---	C-19-05c King Street Warm Vehicle Storage	Design and construct a storage building to house equipment, necessary to operate and maintain the AWWU water and sewer infrastructure.
SFY23	---	C-19-05e King Street Main Building Upgrade	Design and construct various improvements to AWWU's King Street O&M Facility Administrative Building. Improvements include expanding and remodeling interior spaces and systems, and enclosing covered areas to increase the capacity, productivity, and efficiency of AWWU's support maintenance group.
SFY23	SFY24	C-19-05f King Street Fuel Storage Improvements	Relocate the existing fuel storage and dispensing system. This project will also streamline the traffic pattern within the facility.
SFY23	---	C-20-25 Pump Station 2 Rehabilitation	Rehabilitate Pump Station 2 in order to reduce the risk of sanitary sewer overflows, emergency repairs. Replace high voltage electrical system, aging and corroding piping, valves, control systems, and various site improvements for Pump Station 2.
---	SFY24	C-22-01 E 42nd Ave Upgrade - Sewer	To prevent sewer backups associated with bellies and damaged pipe, re-route a section of sewer main to a new alignment in a dedicated sewer easement within MOA right-of-way. The replacement sewer and manholes will be constructed on helical piles.
SFY23	SFY24	C-22-02 Pump Station 12 Force Main Interceptor C - Gravity Junction Rehab	Assess and rehabilitate Pump Station 12, force mains, gravity junction box, and the receiving 48-inch gravity sewer. The culverts that support the force mains for the Campbell Creek crossing will also be assessed and rehabilitated as part of the project.
SFY23	SFY24	C-22-03 Turpin Septage Receiving Station	Assess and rehabilitate the Turpin Septage Receiving Station.
---	SFY24	C-22-04 W 72nd Ave Trunk Rehabilitation	Rehabilitate a corroded 15-inch corrugated metal sewer main. This project will either line with cured-in-place pipe or directly replace the failing pipe.
SFY23	SFY24	C-23-01 D-2-4 Trunk Improvements	Design and construct improvements to the D-2-4 trunk main to improve the ability to access and maintain the line and to enhance capacity to avoid sanitary sewer overflows.
---	SFY24	Girdwood Sanitary Sewer R&R Phase 1	Install cured-in-place pipe (CIPP) liner and CIP manholes. The project also includes, but is not limited to, a sewer main flow control; and protecting, re-purposing, re-installing any existing amenities to remain.
---	SFY24	ERWWTF UV and Washwater Upgrades	Increase ultraviolet (UV) disinfection capacity to address current Alaska Pollutant Discharge Elimination System (APDES) permit limits for fecal coliform effective March 1, 2020. Rehabilitate deficiencies identified during the preparation of the Eagle River Wastewater Treatment Facility (ERWWTF) Plan.

Appendix 3.  
Disadvantaged Community Criteria

# Defining Disadvantaged Communities

Providing resources for water and wastewater infrastructure projects  
Alaska State Revolving Fund

## Introduction

The Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA) allow states to define communities most in need of financial assistance through affordability criteria. State Revolving Funds (SRFs) are required to provide subsidy to disadvantaged communities based on conditions established in the annual Clean Water and Drinking Water SRF capitalization grants. The Alaska SRF Program provides this subsidy in the form of principal forgiveness of low interest loans.

In 2023, the Alaska SRF Program reviewed current criteria used to identify disadvantaged communities and proposed a revised method. The SRF Program has historically focused on metrics such as income, unemployment and population to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a project. In an effort to develop a more comprehensive definition of what it means to be a disadvantaged community, the Alaska SRF Program proposed a range of metrics by which SRF applicants will be evaluated to include other social, economic, and demographic information.

This summary describes the federal and state requirements associated with defining disadvantaged communities, the objectives identified for the Alaska SRF Program's analysis of this issue and summarizes the changes to the criteria. The revised definition of disadvantaged communities is presented in the State Fiscal Year 2024 (SFY24) Intended Use Plans for the Alaska Clean Water Fund and the Alaska Drinking Water Fund. Public review and comments are welcomed through the public notice and comment process.

## Disadvantaged Community Criteria - Federal and State Requirements

Under the Drinking Water State Revolving Fund (DWSRF) program, states may establish separate eligibility criteria and special funding options for economically disadvantaged communities. Section 1452 of the SDWA defines a disadvantaged community as “the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located.” Under this section, states may provide additional subsidies (including forgiveness of principal) to communities that meet the established criteria, or that are expected to meet these criteria as a result of a proposed project.

In 2014, the Water Resources Reform and Development Act (WRRDA) revised the CWA to require all CWSRF programs to develop affordability criteria to be used by the state when

determining which CWSRF borrowers are economically disadvantaged and eligible for additional subsidy. Pursuant to WRRDA, the affordability criteria must be based on the income data, unemployment rates, and population trends, as well as any other components deemed relevant by the state.

In Alaska, state regulations limit the distribution of subsidy through the SRF Program to borrowers who meet the state definition of a disadvantaged community. As noted in regulations for the Alaska Clean Water Fund (Alaska Administrative Code, Title 18, Chapter 76.035 (18 AAC 76.035)), “the department may provide a subsidy to an applicant in the form of principal forgiveness...if the applicant demonstrates that it meets affordability criteria.” Similarly, the Alaska Drinking Water Fund regulations indicate that “the department may provide a subsidy to a disadvantaged system in the form of principal forgiveness.”

## **Additional Subsidy**

The SDWA mandates that states use at least 12% but no more than 35% of the annual base capitalization grant to provide additional subsidization for state defined disadvantaged communities.

Additionally, in recent years, Congress has included further additional subsidization requirements through the annual appropriation language. For Federal Fiscal Year 2022 (FFY22), the Congressionally mandated subsidy requirement is 14% of the capitalization grant with no specific eligibility requirements. The two required groups of subsidy are additive, meaning that the state is obligated to offer 26 to 49% of the FFY22 grant funds as additional subsidy. As noted previously, Alaska regulations restrict subsidy eligibility to disadvantaged communities.

The CWA mandates that states use at least 10% but no more than 30% of the annual base capitalization grant to provide additional subsidization for:

- any municipalities that meet the state’s affordability criteria;
- municipalities that do not meet the state’s affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class; or
- entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction.

For SFY23, the Congressionally mandated subsidy requirement is 10% of the capitalization grant with no specific eligibility requirements. As with the DWSRF, the two groups of subsidy are additive.

## **Bipartisan Infrastructure Law (BIL)**

A key priority of the BIL is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. Disadvantaged communities can include those with environmental justice concerns that often are low-income. Disadvantaged communities

experience, or are at risk of experiencing, disproportionately high exposure to pollution—whether in air, land, or water.

The BIL mandates that 49% of funds provided through the DWSRF General Supplemental Funding and the DWSRF Lead Service Line Replacement Funding be provided as grants and forgivable loans to disadvantaged communities. The BIL also requires that at least 25% of funds provided through the DWSRF Emerging Contaminants Funding be provided as grants and forgivable loans to disadvantaged communities or public water systems serving fewer than 25,000 people.

For the CWSRF, the law mandates that 49% of funds provided through the CWSRF General Supplemental Funding be provided as grants and forgivable loans to communities that meet the state's affordability criteria or certain project types, consistent with the CWA.

To accomplish this, the Environmental Protection Agency (EPA) recommends that states may need to:

- Evaluate and revise, as needed, the DWSRF disadvantaged community definition and CWSRF affordability criteria.
- Evaluate the SRF priority point system for project ranking commensurate with need.
- Use technical assistance funding to help disadvantaged communities identify needs and access funding.
- Engage residents and community stakeholders in disadvantaged communities.

## **Objectives in Analysis of Disadvantaged Community Criteria**

As suggested by EPA, the Alaska SRF Program evaluated the current criteria used to define disadvantaged communities and affordability for both the DWSRF and CWSRF with the goal of determining their effectiveness in reflecting the current affordability issues within Alaska.

In considering potential criteria revisions, the SRF seeks to ensure:

- Any changes are relevant and applicable to SRF Program objectives, and compliant with rules, regulations, and intent of the disadvantaged community criteria.
- Data sources are accessible, reliable, and regularly updated.
- Data is available at the necessary granular geographic level as applicable, e.g. community, borough, or census area.
- The methodology for determining status of communities is straightforward, simple, and easy to implement.
- The criteria selected is common between the two loan funds.
- The data must represent Alaskan communities.



## Previous Criteria for Defining Disadvantaged Communities

Prior to SFY24, the disadvantaged community criteria used by the Alaska SRF Program categorized communities as either disadvantaged or not disadvantaged. For example, the Alaska Drinking Water Fund relied primarily on two characteristics of the community: median household income (MHI) and unemployment rate. The Alaska Clean Water Fund also relied on MHI and unemployment rate information and, in addition, also included a measure of population trend in compliance with CWSRF requirements. For both loan funds, communities with income below the statewide average or an unemployment rate for the borough or census area above the statewide average qualified as disadvantaged. Those communities that had a higher MHI than the statewide average or lower unemployment rates than statewide automatically did not qualify as disadvantaged.

Among the communities that qualified as disadvantaged, all had the same status. There was no ranking to indicate which communities were most in need; therefore, a community with a household income far below the statewide median was eligible for the same level of assistance as one just below the cutoff. This method of identifying disadvantaged communities was easy to administer but not necessarily effective.

## Revised Criteria for Defining Disadvantaged Communities

The revised disadvantaged community status is determined by considering four factors: household burden, socioeconomic indicators, rural community status and priority projects. Points are assigned for each factor as noted below.

### Household Burden

The Household Burden indicator focuses on household income and the affordability impacts on those households most effected by the cost of utility service. Income quintiles are a socioeconomic measure that groups a community's household income data into five equal parts. Each quintile represents 20% of the population.

Upper limit of lowest quintile income (LQI) – Income quintiles group a community's household income data into five equal parts. Each quintile represents 20% of the population.

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If the LQI is greater than the statewide LQI	No points
If the LQI is less than the statewide LQI	1 point
If the LQI is less than 80% of the statewide LQI	2 points

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Cost of service as a percentage of LQI – The annual cost of service for both water and wastewater service (user fees) for residential connections is divided by the upper limit of the LQI to provide an indicator of the burden on lowest income earners in the community.

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If the Cost of Service/LQI is less than 4%	No points
If the Cost of Service/LQI is greater than 4%	1 point
If the Cost of Service/LQI is greater than 6%	2 points

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## Socioeconomic Factors

Socioeconomic factors are used to consider a variety of indicators that may demonstrate economic stress in a community including the percentage of household receiving public assistance, the percentage of households below the poverty level, unemployment rates, and population trends.

Percentage of households receiving Supplemental Nutrition Assistance Program (SNAP) benefits relative to the statewide average.

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If the % of households receiving SNAP is less than statewide average	No points
If the % of households receiving SNAP is greater than statewide average	1 point
If the % of households receiving SNAP is 150% of statewide average	2 points

---

Percentage of households below poverty level relative to the statewide average. The poverty level is determined by the U.S. Census Bureau.

---

If the % of households below poverty level is less than statewide	No points
If the % of households below poverty level is greater than statewide	1 point
If the % of households below poverty level is 150% of statewide or greater	2 points

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Unemployment Rate – The monthly unemployment rates posted by the Alaska Department of Labor for the borough or census area where the community is located for the previous calendar year are averaged and compared to the statewide unemployment rates.

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If the unemployment rate is less than statewide rate	No points
If the unemployment rate is greater than statewide rate	1 point
If the unemployment is 150% of statewide rate or greater	2 points

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Population Trend – The 2010 population from the decennial Census data compared to the 2020 population.

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If the community population increases or decreases by less than 10%	No points
If the community population changes by 10-20%	1 point
If the community population change exceeds 20%	2 points

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## Rural Communities

Rural communities will receive two additional points in the scoring process. The following definition is used for a rural community:

- (1) A community that is eligible for assistance under the Village Safe Water Act, or
- (2) A community that meets each of the following criteria:
  - (a) is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
  - (b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
  - (c) has a population that exceeds 25 but is less than 4,500.

Rural community status	2 points
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## Priority Projects

Eligibility for loan forgiveness will also be assessed based on the project type. If the project aligns with one of the priority types listed below, points will be added to the project's score as noted.

Priority Project Type	Points
Project will result in completion of a Lead Service Line Inventory or replace known lead service lines.	6
Project will provide treatment to address an emerging contaminant.	6
Project will resolve a health-based violation of the SDWA.	6
Project will install domestic wastewater treatment to meet the minimum treatment requirements of 18 AAC 72.050	6
Project will result in consolidation of two or more public water systems or wastewater systems to address violations	6
A water distribution system will be expanded to provide service to replace private sources that exceed the MCL for a primary drinking water contaminant.	6
A wastewater collection system will be expanded to provide service to individual services that use on-site wastewater	6
Project will improve the water quality of an impaired water body.	5
Project will result in development of an Asset Management Plan.	4

## Data Sources

Data sources for the information included in the Household Burden and Socioeconomic indicators are listed below:

Category / Metric	Source
Income and Poverty	
Lowest quintile income	American Community Survey
% below poverty level	American Community Survey
% Public Assistance/SNAP	American Community Survey
Labor Force	
Unemployment rate of borough/census area	Alaska Department of Labor
Demographics	
Population Trend	Decennial Census

## Disadvantaged Community - Tiers

Each loan applicant will be assessed based on household burden and socioeconomic factors to represent a base score for the community. Depending on the type of project proposed, additional points may be assigned to specific priority projects based on the criteria in the preceding section. Based on the points allotted, each project will be assigned to a tier with an associated percentage of loan forgiveness. To the extent that additional subsidy funds are available, disadvantaged communities may receive principal forgiveness associated with the base and supplemental capitalization grants as shown in the table below.

Tier	Point Range	Maximum Loan Forgiveness per Community/System	
		Clean Water Projects	Drinking Water Projects
Tier 1	0 to 3	Not applicable	Not applicable
Tier 2	4 to 6	\$500,000	\$1,500,000
Tier 3	7 to 10	\$1,000,000	\$2,500,000
Tier 4	10+	\$2,000,000	\$3,500,000

## Disadvantaged Communities – Base Scores and Tiers

The table below shows the Household Burden and Socioeconomic Factors scores for several communities throughout the state. The communities represented in this table are either past or present SRF borrowers or have expressed an interest in pursuing financing through the SRF Program.

The base score in this table combines the Household Burden and Socioeconomic Scores. The disadvantaged community tier in this table reflects only the base score for the community. If a

community proposes a “priority project” as defined by the SRF Program, then additional points may be added to a particular project.

<b>Community</b>	<b>Household Burden Score (1)</b>	<b>Socioeconomic Factors Score (2)</b>	<b>Rural Community (3)</b>	<b>Base Score (1)+(2)+(3)</b>	<b>Base Score Tier</b>
Anchorage	0	2	0	2	Tier 1
Bethel	2	5	2	9	Tier 3
Cordova	0	3	2	5	Tier 2
Craig	1	5	2	8	Tier 3
Dillingham	1	3	2	6	Tier 2
Fairbanks	0	3	0	3	Tier 1
Gustavus	0	6	2	8	Tier 3
Haines	1	6	2	9	Tier 3
Homer	1	5	0	6	Tier 2
Hoonah	0	8	2	10	Tier 4
Juneau	0	2	0	2	Tier 1
Kenai	1	6	0	7	Tier 3
Ketchikan	1	6	0	7	Tier 3
King Cove	0	6	2	9	Tier 3
King Salmon	0	4	2	6	Tier 2
Kodiak	2	4	0	6	Tier 2
Kotzebue	2	5	2	9	Tier 3
Nome	0	3	2	5	Tier 2
North Pole	1	2	0	3	Tier 1
Palmer	0	5	0	5	Tier 2
Petersburg	0	4	2	7	Tier 3
Sand Point	0	6	2	9	Tier 3
Seldovia	0	5	2	7	Tier 2
Seward	1	5	0	6	Tier 2
Sitka	1	3	0	4	Tier 2
Skagway	1	7	2	10	Tier 4
Soldotna	0	4	0	4	Tier 2
Talkeetna	1	7	0	8	Tier 3
Togiak	1	7	2	10	Tier 4
Unalakleet	1	8	1	11	Tier 4
Unalaska	0	2	1	3	Tier 1
Valdez	0	3	0	3	Tier 1
Wasilla	1	8	0	9	Tier 3
Whittier	1	6	0	7	Tier 3
Wrangell	0	6	2	8	Tier 3
Yakutat	0	4	2	6	Tier 2

Appendix 4  
Comments and Responses

**Appendix 4**  
**State Fiscal Year 2024 (SFY24) Intended Use Plans**  
**Comment and Response Document**

A 30-day comment period was provided for the State Fiscal Year 2024 (SFY24) Intended Use Plans. Interested parties were asked to submit comments by June 12, 2023. The purpose of this document is to present the comments received, the SRF Program's responses to the comments, and explain how the comments were considered in finalizing the IUPs.

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**Name:** Janette Keiser  
**City:** Homer, Alaska  
**Submitted By:** City of Homer

**Comment:** The City of Homer supports the ADEC's proposed Intended Use Plans and is grateful for the support for our water, sewer and storm water projects. We appreciate the ADEC staff's thoughtful deliberations regarding the health and environmental benefits of each project. We particularly appreciate addition of non-point source storm water projects. It is very difficult to get funding for such projects elsewhere; for example such projects cannot be funded through our water/sewer rate structure. We also appreciate the ADEC's support for planning projects, which are also difficult to fund, but totally necessary for proper utility planning. Thank you again, Janette Keiser, PE, Public Works Director/City Engineer

**Response:** Comment noted.

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**Name:** Wayne Flint  
**City:** Anchor Point, Alaska  
**Submitted By:** Anchor Point Safe Water Corporation

**Comment:** Anchor Point Safe Water appreciates the opportunity to be able to submit a comment concerning ACWF and ADWF. Just one point concerns me as a former Alaska Department of Fish and Game employee developing King Salmon Enhancement. Communities along essential king salmon spawning grounds are growing. With king salmon populations dwindling, habitat protection is essential. So the dilemma is we want fiscal growth for utilities but protecting essential king salmon spawning grounds. While communities may be small and not qualify for grants and funding for wastewater disposal- an insidious ground water pollution continues degrading water runoff quality. If we want to preserve this amazing fish heritage, grant standards and funding really should be available to preemptively address sewage control and run-off in critical river and stream management areas. As it stands now, the Anchor Point Community is too small for normal grant and funding for wastewater treatment. This issue will only be realized when it's too late for salmon habitat such as the greater Seattle area. A wastewater package plant "facultative bioreactor" would take septic wastewater and purify it so the discharge would actually be cleaner than the Anchor River itself. After more than 5 years experience installing and maintaining "Biocycle" aerobic package plants and UAA advanced studies, I sincerely believe this is an issue that I hope these funding measures would take into consideration.

Otherwise, it just falls through the cracks and isn't recognized until its too late. A "small turn of the ecological rudder" now can have an amazing ecological impact for the good in the immediate future. Thank you, Wayne Flint- level 2 Operator Anchor Point Safe Water Corporation

**Response:** Projects that address water quality issues are eligible for financing through the Alaska Clean Water Fund. The Alaska Clean Water Fund primarily uses low-interest loans as the mechanism to finance eligible projects. Because Anchor Point is unincorporated, the community itself is not an eligible borrower. However, if another eligible entity is willing to sponsor the project, and a funding source for repayment of a loan can be identified, then a project of this nature to protect water quality would be eligible for financing through the State Revolving Fund Program.

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**Name:** Melissa Haley

**City:** Sitka, Alaska

**Submitted By:** City and Borough of Sitka

**Comment:** I have a concern about the use of some of the proposed criteria for the household and socioeconomic burden. Specifically, for the % household below poverty level using the poverty level set by census bureau does not address the extremely high cost of living in some areas of Alaska. A family in Sitka may well be living in poverty with a household income higher than what is set by the census bureau. Similarly, comparing the lowest income quintile to the state as a whole may disadvantage communities with a higher cost of living, where income is often higher to compensate. I would propose that there be some way to adjust/account for cost of living for these areas.

**Response:** The disadvantaged community criteria proposed by the SRF Program uses several factors, one of which is the percentage of households below the poverty level, to identify economic stress in communities. By using multiple factors rather than relying on one or two factors, the intent is to capture information indicative of those communities that are most in need of financial assistance.

One way that the Disadvantaged Community Criteria considers the high cost of living in rural communities is by calculating the percentage of the lowest income quintile being used to pay the water and sewer utility bill. Those rural communities that need to charge higher user fees in order to operate and maintain their water and wastewater systems are recognized in this factor.

In recognition of the comments about the economic burden faced by rural communities, an additional Rural Community factor was added to the Disadvantaged Community Criteria. As explained in the revised Appendix, rural communities will receive two additional points in the scoring process. The following definition is used for a rural community:

- (1) A community that is eligible for assistance under the Village Safe Water Act, or
- (2) A community that meets each of the following criteria:
  - (a) is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
  - (b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
  - (c) has a population that exceeds 25 but is less than 4,500.



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**Name:** Sarah E. McClellan  
**City:** McGrath, Alaska  
**Submitted By:** City of McGrath

**Comment:** Keep in mind that most remote communities in Alaska have very limited revenue and no guarantee of future income. Population in Alaska is dwindling and this hits small remote villages hard. Out-migration cuts user fees supporting services in remote communities, like water & sewer. State fees for services (especially those hidden fees we get hit with and don't even know it! Grrr...) and interest rates on loans are intolerable for our stressed operating budgets.

**Response:** In recognition of the comments about the economic burden faced by rural communities, an additional Rural Community factor was added to the Disadvantaged Community Criteria. As explained in the revised Appendix, Rural communities will receive two additional points in the scoring process. The following definition is used for a rural community:

- (3) A community that is eligible for assistance under the Village Safe Water Act, or
- (4) A community that meets each of the following criteria:
  - (a) is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
  - (b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
  - (c) has a population that exceeds 25 but is less than 4,500.

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**Name:** Jill Weitz  
**City:** Juneau, Alaska  
**Submitted By:** Central Council of Tlingit and Haida Indian Tribes of Alaska

Central Council of Tlingit & Haida Indian Tribes of Alaska (Tlingit & Haida) is the largest federal and state recognized Tribe in Alaska, representing over 35,000 Tribal citizens.

In rural communities, it is hard to fund and train state certified water system operators. Those who do hold water operator certifications tend to take jobs in larger communities that can pay more. This often leads to small community water systems hiring personnel who are inadequately trained for the job. This lack of experience and training becomes apparent as we see frequent boil water notices, main line failures, and pump or purification system malfunctions.

To help prepare for these expected failures, Tlingit & Haida's Tribal Emergency Operations Center (TEOC) has purchased numerous water purification units that can be loaned out to communities in need. These units are limited in the quantity of water that can be purified before servicing. This leads to these units only being used to supply the most vulnerable populations with clean drinking water. Other community members must often gather and boil water on their own.

In the last two years alone, Tlingit & Haida's TEOC has responded with assistance to Saxman, Craig, Angoon, and Hydaburg related to water systems being out of commission. We have provided water purification systems and pallets of bottled water during emergencies. Additionally, the community of Kake had over a 6-month long boil water notice in 2021.

In the face of a rapidly changing climate and on the heels of the Covid-19 pandemic, rural communities in Alaska should be prioritized to receive the federal funds made available to the State of Alaska for the issuance of low-interest loans for planning, designing, and constructing sanitation and drinking water facilities. Investment should also be made in training local operators. The State of Alaska's existing criterion to determine need has not been updated since 2015 and does not consider the above challenges, including the inflated costs of living.

Luckily, the 2021 bipartisan Infrastructure Investment and Jobs Act has set aside significant hundreds of millions of dollars for the development of sanitation infrastructure in rural Alaska. Tlingit & Haida urges the State of Alaska to prioritize our rural areas, especially those communities off the road system and lacking basic sanitation infrastructure. 95 of 196 communities in Alaska do not meet the minimum threshold for funding through the Village Safe Water Program, and if the state continues to use the "best practices" score to determine eligibility and priority, then it will run the risk of having federal infrastructure (IIJA/BIL) funds expire or be reallocated elsewhere before they can be used to help these communities. How can we expect best practices from a community if their basic need for water is not being met? The State of Alaska must prioritize communities in greatest need.

**Response:**

The Alaska Clean Water Fund and the Alaska Drinking Water Fund are available, as low-interest loans to eligible borrowers as defined in Alaska Statutes 46.03.032 and 46.03.036, for water and wastewater infrastructure improvement projects, as well as activities to protect public health and achieve or maintain compliance with the Clean Water and Safe Drinking Water Acts. All proposed projects are evaluated and scored based on established criteria that prioritize the public health impact the project will provide, with the highest scoring projects prioritized for funding.

Historically, most rural Alaskan communities have sought sanitation infrastructure improvement funding through the State of Alaska's Village Safe Water Program and the Indian Health Service as these programs provide grant funding with no financial contribution required from the community. Despite the loan finance rates and extended financing terms, many rural Alaskan communities are not financially positioned to take on debt to fund their sanitation improvements and, therefore, have not generally sought funding through the SRF Program. Recently, in an effort to make SRF funding more accessible and to assist rural communities in addressing system deficiencies, the Alaska SRF created a microloan program offering substantial loan forgiveness targeted specifically at rural communities that have not been tradition borrowers.

As noted in the comment, the Infrastructure Investments and Job Act, also known as the Bipartisan Infrastructure Law, has created a unique opportunity to address a greater volume of need by allocating substantially larger amounts of funding to the SRF over the course of five years, as well as increasing the amount of those funds that must be offered as loan forgiveness to disadvantaged communities, making SRF funding a more viable option for some communities than in the past.

Based on comments received during the public comment period, and in recognition of economic burden faced by rural communities, an additional Rural Community factor was added to the Disadvantaged Community Criteria. As explained in the revised Appendix, Rural communities will receive two additional points in the scoring process. The following definition is used for a rural community:

- (1) A community that is eligible for assistance under the Village Safe Water Act, or
- (2) A community that meets each of the following criteria:

- (a) is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
- (b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
- (c) has a population that exceeds 25 but is less than 4,500.
- 

**Name:** Kathy Leary

**City:** Gustavus, Alaska

**Submitted By:** City of Gustavus

The scope of the current and proposed criteria for identifying disadvantaged communities would benefit from consideration of a segment of rural communities whose unique financial circumstances pose a significant hardship in raising the revenue necessary to finance water and wastewater projects.

### **HOUSEHOLD BURDEN**

#### **Household income: Lowest Quintile Income (LQI)**

As the gateway community to Glacier Bay National Park, the economy of Gustavus is primarily based on its largest employer, the National Park Service, including an influx of seasonal workers, and a seasonal tourism industry of lodges and charter fishing from end May (Memorial Day) to September (Labor Day). Another large segment of the population consists of retirees living on a fixed income. Aside from fixed income population, this retiree population would not be included in the unemployment calculation when comparing the percentage of state totals and for which points are given. Additionally, those who are chronically unemployed or who choose not to apply for work, do not show up in unemployment data. Year-round residents other than NPS and a few school employees, mostly rely on seasonal construction and fishing employment with a few scattered service industry employees. There is a dwindling number of commercial fishing boats, resulting from a reduction in fishing quotas and declines in fisheries populations. The decline in fishery resources is also affecting the charter fishing industry, which has to travel longer distances at greater expense to reach viable fishing grounds, reducing the number of businesses and visitors to the area.

The determination of the community's mean/average income is skewed by several management salaries paid by the NPS to its year-round staff (up to \$183,500 for the Park Superintendent). The community has a bimodal income distribution between the haves and the have nots. In addition, unemployment and food stamps are faulty metrics to apply to a community whose employment resources are largely seasonal and whose residents live subsistence lifestyles. Community members most in need often are unable to secure social benefits due to our location and challenges with communications to offices with services. Half of the community lacks cellular coverage, not all areas have access to internet, and our land line phone system has seen degradations from poor maintenance.

#### **Proposed household burden indicator: water and sewer bills**

The proposed indicator for determining household and socioeconomic burden: monthly and annual water and sewer bills, does not take into consideration the financial burden on a small, rural community without municipal water and dependent on septic systems. The expenses of living without a municipal system should be considered, such as:

- Reliance on sewage pumping trucks transported from Juneau by barge or ferry to pump septic tanks, (approx. \$1500).
- Reliance on shallow water table wells (most are less than 20' in well-drained sandy soil, so surface/ground water interactions are prevalent), which require water softeners and filtration systems for minerals, contaminants, and sediment, not including the electrical costs of the water pump, or alternative construction of rainwater catchment cisterns, with costs of treatment and

maintenance. A significant portion of our community has non-potable water from PFAS contaminants from the use of AFFF at our airport that has yet to find meaningful resolution.

- Without platting, zoning, or building permit authority, Gustavus has several subdivisions with 1-acre parcels. The shallow wells and proximity to leach fields on the property or adjacent properties leads to interactions, including drinking water with fecal coliform.

## **SOCIOECONOMIC FACTORS**

Our second-class city supports a small clinic, a school, city staff of 8 with only 2 being full time (FTE), and a handful of small businesses and nonprofits. Gustavus has one of the highest effective per kw residential electrical rates in the state. (Due to PCE being a lower rate for this utility) Additionally, the residential community doesn't have the financial capacity to form an organized borough in order to impose property taxes, and the seasonal boost in sales, bed, and fish tax receipts is limited to a 3–4-month window.

### **Affordability impacts**

Gustavus is not on the road system and is dependent on a variable ferry system schedule, fuel barges, landing craft, and expensive air transportation and cargo for food, heating and motor fuel, supplies, and building materials. There is only a small clinic, and residents have to pay to travel out of town for medical and dental appointments, including lodging and transportation costs. Costs of transportation for the provision of basic goods and services, as well as the increased cost of goods and services should be considered as an indicator of the socio-economic burden of a rural community.

### **Changing demographics**

The population of Gustavus is growing (48% between 2020 and 2010 with a 2020 population of 655), with an increase in building construction, reliance for drinking water on a shallow water table, and increased expansion of septic systems. Gustavus's small population does not include large revenue streams. It has a small government, whose size and capacity to design projects and find funding resources is limited. Without qualifying as a disadvantaged community, and without community financial resources to develop municipal water services, the fragility of the community's health may be at a tipping point. In 2022, there were a cluster of giardia cases that were not connected to at risk water consumption patterns.

We would encourage you to include additional scoring points for 1- Economies of scale for small populations, irrespective of disadvantaged status, where building infrastructure (including a large match requirement) is unattainable by virtue of population size and therefore limits local tax and per capita governmental revenues. 2 - geographically isolated locations where transport of goods and services are both limited and expensive, 3 - the costs of maintaining well water and septic systems, 4- high electrical and other utility costs as indicators in defining a disadvantaged community or at least otherwise included in the scoring rubric.

### **Response:**

**Income:** With regard to comments about income, it is agreed that measures of income for a community may be skewed by a small number of high-income households. By using the Lowest Income Quintile in the analysis, focus is placed on 20% of the households with the lowest incomes in the community. The Disadvantaged Community Criteria does not use average or median income as a factor.

**Communities without municipal water or sewer systems:** The SRF Program is limited to providing financing for public water systems, publicly owned treatment works for sewage, and certain types of decentralized sewage treatment systems. By including a factor that identifies the cost of utility service, the Disadvantaged Community Criteria recognizes rate affordability.

**Rural community impacts** – In recognition of the comments about the economic burden faced by rural communities, an additional Rural Community factor was added to the Disadvantaged Community Criteria. As explained in the revised Appendix

Rural communities will receive two additional points in the scoring process. The following definition is used for a rural community:

- (3) A community that is eligible for assistance under the Village Safe Water Act, or
- (4) A community that meets each of the following criteria:
  - (a) is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
  - (b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
  - (c) has a population that exceeds 25 but is less than 4,500.