

# **ALASKA DRINKING WATER FUND**

## **STATE WATER LOAN PROGRAM**

### **INTENDED USE PLAN FINAL**

**FFY12 Grant Allotment**

**State Fiscal Year 2013**



**Submitted to the U.S. Environmental Protection Agency**

**By**

**Alaska Department of Environmental Conservation**

**Division of Water**

**June 2012**

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# **ALASKA DRINKING WATER FUND**

## **State Drinking Water Loan Program**

### **Intended Use Plan**

#### **FINAL**

**June 2012**

#### **INTRODUCTION**

DEC continues to make updates to the Alaska Drinking Water Fund IUP for providing better service to funding recipients and meeting program goals. Primary updates this year include incorporation of EPA's Sustainability Policy into the project questionnaire scoring and ranking process, and the decision by DEC to continue to offer Green Project Reserve credit and subsidy to projects with eligible components.

#### **PROGRAM OVERVIEW**

The purpose of the Alaska Drinking Water Fund (ADWF) is to make low interest loans available to Alaskan municipalities and other qualified entities for financing drinking water projects.

Loans can finance up to 100 percent of a project's eligible costs for planning, design and construction. In addition, loans can serve as local match for the Alaska Department of Environmental Conservation (DEC) Municipal Water, Sewer and Solid Waste Matching Grants Program or most other federal or state funding sources.

A range of projects and associated costs are eligible for funding under the ADWF loan program, as described in Title 18, Chapter 76 of the Alaska Administrative Code.

#### **Examples of Projects Fundable Under ADWF**

- Planning and Design of Facilities
- Water Source Rehabilitation
- Water Treatment Facilities
- Water Storage Facilities
- Water Transmission and Distribution Systems

The federal government, through the Drinking Water State Revolving Fund (DWSRF) Program, provides the primary source of funding for the ADWF. In turn, the ADWF funds planning and construction for eligible drinking water projects throughout the state. Other eligible activities funded this year include:

#### **Other Activities Funded by the ADWF**

- Administration of the Fund
- Small System Technical Assistance

- Capacity Development Program
- State Drinking Water Program Management
- Drinking Water Protection: Wellhead Protection Program and Source Water Assessments, and PWS Security and Emergency Preparedness

## **PROGRAM GOALS**

The DEC administers the Alaska Drinking Water Fund, guided by the following long and short term goals:

### **Long Term**

1. Protect public health, minimize the potential for drinking water contamination, and promote the completion of projects and non-project activities using best management practices and affordable and applicable technology.
2. Support the state's goal of ensuring that all public water systems in Alaska provide water that is safe to drink.
3. Fully implement a Capacity Development program for increased public health protection and public water system compliance with Safe Drinking Water Act requirements.
4. Develop and effectively manage a self-sustaining loan program, to facilitate compliance by all public water systems with the Safe Drinking Water Act (SDWA)(42 U.S.C. 300f – 300j) and the State of Alaska's Drinking Water Regulations (Title 18, Chapter 80 of the Alaska Administrative Code).
5. With implementation of new loan program management software, ADEC will consider a more aggressive lending policy based on the needs of the communities.

### **Short Term**

1. Provide low interest loans of \$10.1 Million dollars for planning, design and construction of facilities that will reduce acute health risks and provide safe drinking water.
2. Implement a new quarterly project status reporting requirement for all loans issued under the SFY13 IUP.
3. Implement a time limit for borrowers to initially utilize funds under a loan issued under the SFY13 IUP.
4. Provide to the extent there are sufficient eligible project applications and funds available, a funding subsidy incentive for projects meeting at least one Green Project Reserve category for water or energy efficiency improvements.
5. Provide at least 20% of the capitalization grant amount as a form of funding subsidy.
6. Provide \$529,525 to the Wellhead Protection Program and overall drinking water protection activities to implement and assist owners, operators and communities in the development and implementation of drinking water protection programs throughout Alaska. EPA Region 10 approved Alaska's Drinking Water Protection Program (combined Wellhead Protection and source water assessments of public water systems, April 4, 2000.)
7. Provide \$179,500 for operator training and technical assistance for communities with a population of less than 10,000 through Small Systems Technical Assistance Program.
8. Provide \$816,725 to Capacity Development to fund activities to support and improve the technical, managerial and financial capacity of public drinking water systems (PWS) in Alaska.
9. Provide \$897,500 to supplement State Drinking Water Program Management for SDWA compliance, continued primacy implementation, and public health protection activities.
10. Complete the next capitalization grant agreement with the U.S. Environmental Protection Agency (EPA) for federal fiscal year (FFY 13) Drinking Water Fund Allocation.

## PROGRAM FUNDING – Funds Available

During State Fiscal Year (SFY) 13 a total of \$10.1 million dollars is expected to be available for loans. The following table summarizes the monies contributed and the commitments and expenditures made since the inception of the program. The difference between funds available and total program commitments is the amount available for project loans in SFY 13 ADEC proposed to provide all \$10.1 million in the form of direct loans to eligible drinking water systems. No other forms of assistance, such as insurance guarantees, will be offered.

### Alaska Drinking Water Detailed Summary

#### Funding Sources:

Federal Grants		\$ 145,553,600
FFY12 Federal Capitalization Grant Request		8,975,000
FFY12 State Match Appropriation		
Bond Proceeds		1,795,000
State Match, prior years		
General Funds	\$ 14,137,600	
Bond Proceeds	14,966,760	
Total State Match		29,104,360
Investment Interest		11,502,329
Repayments		
Loan Principal	\$ 40,916,252	
Loan Interest	8,364,298	
Total Repayments		49,280,552
Projected 2013 Repayments and Investment Earnings		8,267,845
Transfer from ACWF		29,000,000
Total Funding		<u>\$ 283,478,686</u>

#### Program Commitments:

Loan Commitments		
Standard Loans Executed	\$ 211,285,470	
Standard Loans Pending	23,449,050	
Disadvantaged Assistance Loans Executed	7,821,000	
Total Loan Commitments		\$ 242,555,520
Bonding and Transaction Costs to be Paid		1,800,000
Program Set-Asides		
Administrative Set-Aside	6,181,144	
Source Water Assessment Program	2,682,000	
Capacity Development	6,190,049	
State Drinking Water Program Management	8,222,500	
Wellhead Protection Program	4,275,099	
Small System Technical Assistance	1,486,869	
Total Program Set-Asides		29,037,662
Total Commitments		<u>273,366,182</u>
Net Available for Loans		<u>\$ 10,112,504</u>

The following describes more fully each item in the previous table:

Funding Sources:

- “Federal Grants” is the total amount of federal EPA capitalization grants awarded to Alaska up to FFY 12.
- “FFY 12 Federal Allocation” is the amount of federal funding available to be requested in the grant application to be submitted to EPA.
- “FFY 12 State Match Appropriations” includes state funds provided as match for the grant which includes both general funds and bond receipts.
- “State Match, prior years” includes all the state match funding provided in years prior to FFY 12. It includes both general funds and bond proceeds.
- “Investment Interest” includes interest received on funds invested in the ADWF. These funds are listed in the amount available at the end of SFY 12.
- “Repayments” is the total amount of principal and interest repayments made by communities who have borrowed monies from the ADWF.
- “Projected 2013 Repayments and Investment Earnings” is the amount of interest payments, principal repayments and investment earnings anticipated to be received in SFY 13.
- “Transfer from ACWF” is the amount of funds transferred from the Alaska Clean Water Fund.

Program Commitments:

- “Loan Commitments, Standard Loans Executed” represents the actual loan agreements that have been executed.
- “Standard Loans Pending” represents loan agreements which are currently pending execution.
- “Loan Commitments, Disadvantaged Assistance Loans/Grants Executed” represents grants that were made to certain economically disadvantaged communities early in the life of the program, and currently loans with subsidies in the form of principle forgiveness.
- “Bonding and Transaction Costs to be Paid” are anticipated administrative, bond sale and interest costs that will result from the sale of bonds in SFY 13.
- “Administrative Set-Aside” is the amount of funding that has been set aside for program administrative purposes up to the end of SFY 13.
- “Program Set-Asides, Source Water Assessment Program” is the total amount of funding that has been set aside for the Source Water Assessment Program up to the end of SFY 04. No further funding is requested to be set aside for this program as all of the Source Water Assessments were completed by June 30, 2004.
- “Program Set-Asides, Capacity Development” is the total amount of funding that has been set aside for the Capacity Development Program up to the end of SFY 13.
- “Program Set-Asides, State Drinking Water Program Management” is the amount of funding requested for the State Drinking Water Program Management program up to the end of SFY 13.
- “Program Set-Asides, Wellhead Protection Program” is the total amount of funding that has been used for the Wellhead Protection Program up through SFY 13.
- “Program Set-Asides, Small System Technical Assistance” is the total amount of funding that has been set aside for the Small System Technical Assistance Program up through SFY 13.



## Set-Asides

A detailed financial picture of the prior and proposed uses of the set-asides follows:

### Use of Safe Drinking Water Act Set-Asides

Program	Total Amount Requested	Used Through SFY 12	Use in SFY 13	"Banked" Amount
Source Water Assessment	\$ 2,682,000	\$ 2,682,000	\$ -	
Capacity Development	\$ 6,190,049	5,577,176	816,725	
State Drinking Water Program Management	\$ 8,222,500	7,444,627	897,500	
Wellhead Protection	\$ 4,275,099	3,705,203	529,525	
Small System Technical Assistance	\$ 1,801,086	1,307,369	179,500	493,716
Administrative Assistance	\$ 6,181,144	5,822,144	359,000	

## State Match

A capital budget bill that authorizes the required state match of \$1,795,000 necessary to capture the FFY 12 grant is pending before the State legislature. These funds are short-term bond funds. The bonding transaction costs are estimated to be \$5,000. These monies will be available for program use in the state fiscal year that begins on July 1, 2012.

## Fund Accounting Separation

Two DEC divisions, Environmental Health and Water, will conduct ADWF activities, but their administrative efforts will be unified through department management. The Alaska Drinking Water Fund, a separate enterprise fund of the State, was created by statute to account for funds for project activities. Other accounts have been established for the set-aside activities. Project and non-project activities will always be kept separate and distinct in character and will be easy to audit. Alaska will provide assistance for activities carried out in response to Section 1452(k) of the Safe Drinking Water Act (SDWA), but DEC will not establish a separate revolving fund for 1452(k) activities. Only the ADWF will be a revolving assistance fund for construction of drinking water projects for the foreseeable future.

## Fund Draw Procedures

ADEC draws administrative funding at 100% federal. Draws for loan funding are split between state match and federal funding at a ratio that ensures the full state match requirement is met for the overall award, despite the 100% federal treatment of administrative funds. This loan funding ratio is currently 33.3491% state match, 66.6509% federal.

## Administrative Fees

ADEC has instituted an administrative fee structure and has been collecting fees since December 29, 2000. As of March 30, 2012, \$2,557,424 has been collected. ADEC anticipates collecting more fees during SFY 13. Federal law limits the use of these funds to program administration. ADEC anticipates beginning to draw on these fees to pay for program administration in three to four years.

## Interest Earnings Assumption

Projections assume that the earnings on invested funds continue at 2.5%. The interest rate charged to borrowers has been reduced to 1.5%. All loans, both current and new will have this

new rate. This rate consists of 1% applied toward interest, and 0.5% applied toward an administrative account.

## **Funding History**

The ADWF was first capitalized in SFY 97 with an initial value of \$27,984,253. Fund value has grown steadily to its present (March 30, 2012) value of \$263,395,164.

### **Historical Facts about the ADWF Project Fund**

As of March 30, 2012:

- 88 projects have reached construction completion and are in repayment status.
- \$48,234,875 has been received in repayment principal and interest.
- \$2,557,424 has been received in fees.
- 120 loans for a total of \$207,710,570 have been made to 20 communities.
- 10 loans for disadvantaged assistance for a total of \$7,821,000 have been made to 10 communities.
- \$11,502,329 in investment interest has been earned through June, 2011.
- Administrative funds of \$5,822,144 have been set aside to cover program operating costs.
- \$2,682,000 has been set aside for source water protection activities.
- \$5,373,324 has been set aside for capacity development activities.
- \$7,325,700 has been set aside for state drinking water program management activities.
- \$3,745,516 has been set aside for wellhead protection.
- \$1,307,369 has been set aside for small system technical assistance.

## **Growth of the ADWF**

The DEC maintains projections of the future value of the ADWF. Key variables used in the projections include:

- Capitalization rate
- Interest earnings
- Set-aside use

### **1. Capitalization Rate Assumptions**

Projections assume that the state will continue to receive approximately \$9.7 million in annual federal capitalization grants. It is also assumed that the state will continue to issue short-term bonds for the purpose of generating a portion of the required state match and retiring bond debt with interest earnings from the fund.

### **2. Set-Aside Use Assumptions**

Set-asides have a negative effect on fund growth as they divert money from the fund to other uses. Projects assume the following set-aside use:

- Administrative – 4% of the federal capitalization grant
  - Small System Technical Assistance – 2% of the federal capitalization grant
  - Drinking Water and Wellhead Protection
  - Capacity Development
  - State Drinking Water Program Management – 10% of the federal capitalization grant
- 15% of the federal capitalization grant



# PROJECT ASSISTANCE AND ACTIVITIES

## Selection of Projects

### 1. Identification of Priority Projects

A mailing was done on December 30, 2011 informing eligible recipients that the ADWF questionnaire was available electronically (on-line) for completing and submitting questionnaires. In the solicitation, eligible recipients were informed of new funding provisions which included consideration of loan subsidies and green related projects.

### 2. Compliance Review

Before a project can receive loan fund assistance, system owners must demonstrate that they have, or will have, the technical, financial and managerial capacity to operate the system in compliance with state and federal law.

ADEC verifies compliance in several ways. First, at the time a system owner submits a questionnaire, the system history is reviewed to determine if it is in compliance with major federal and state requirements or if the project will bring the system into compliance. In this step, if a system is not in compliance, it is assessed to determine what is needed to bring it into compliance. An applicant must then enter into a formal agreement with the Department to take steps to bring its system into compliance before it can be further considered for assistance.

This formal agreement can be in the form of a Compliance Order by Consent (COBC) or a compliance schedule proposed by the applicant and approved by the ADEC Drinking Water Program. The schedule can be supported by a technical document such as a project feasibility study or water master plan. All proposed compliance schedules must also be reviewed and approved by the Department. The project proposed must be part of the agreement and have a primary goal to bring the system into compliance. If a system fails to comply with the COBC or its compliance schedule, then loan disbursements will cease and the system will be subject to enforcement action.

After compliance status has been determined, a system is evaluated for its overall capacity. Once an applicant's project is found to be within the fundable portion of the final priority list, the Department will assess capacity using the program guidance approved by EPA. This guidance is reflected in a document called the Capacity Assessment Worksheet, included as Appendix II. This worksheet is designed to give the Department a broad, overall picture of a system's capacity.

Additional information may be required from the loan applicant prior to executing a loan agreement. If a system cannot demonstrate sufficient capacity, the Department will determine what steps need to be taken, and decide whether the system will be able to achieve capacity within a reasonable amount of time. If a system is determined to be unable to achieve capacity in a reasonable time, it will be by-passed in the current year's funding cycle. Staff from the Environmental Health Division of ADEC participates in this process to ensure that all systems are either in compliance or that proposed projects will bring them into compliance with state and federal program requirements.

### **3. Scoring Criteria**

After compliance review, newly submitted questionnaires were scored and ranked by ADEC staff, using the criteria contained in Appendix III, “Alaska Drinking Water Fund Priority Criteria.”

All projects were placed in numerical order by score, from the highest to the lowest. In the event of ties, projects with the lowest median household income receive the higher ranking. This is done as fairly as possible, to provide low interest loans first to those eligible entities with the greatest financial need. However, if a project is needed to meet minimal required subsidy funding, an eligible project will be placed higher in ranking. Once review was complete, this ranking formed the draft priority list for SFY 13. Further discussion of these lists can be referenced under “Distribution of Funding for Projects.”

The priority list along with the other proposed non-project uses of the ADWF, are the key components of the IUP. The draft funding and planning priority lists will be sent to all qualified recipients for review and comment. Notice will be published in a major newspaper advertising the availability of the draft IUP and inviting comment. The IUP will also be published on the Department’s web site. Comments solicited during this public notice period and ADEC responses will be published in Appendix VI.

### **Distribution of Funding for Projects**

Appendix IVa shows projects proposed for funding in SFY 13. The total amount needed to fund all of the projects on the priority list is \$19,718,542. The total amount available, as described on page 5 is \$10,112,504. While the Department intends to fund projects on the priority list in their ranking order, funding down to the Bethel – Institutional Corridor project exceeds available funding by \$9,606,038. We intend to negotiate with the Bethel for a phased approach to appropriate pieces of this project to utilize the available funds.

Appendix IVb contains the “planning portion” of the priority list for SFY 13. The planning portion includes those projects that did not score high enough to be eligible for funding initially. In the event that projects in the funding portion are by-passed, projects from the planning portion may be considered for funding in rank order.

Appendix V contains a description of each project on the funding list in alphabetic order by utility name. Projects will be funded in priority order to the limit of the funds available. To the extent possible, ADEC will follow the funding order of this list. If it becomes necessary to fund a project out of the listed order, ADEC will use the by-pass procedures described below for determining which project is next eligible for assistance.

### **Emergency Procedures**

The Department may make loans for projects that request funds under emergency conditions such as natural disasters and terrorist actions. Upon a declaration of an emergency by federal or state emergency response officials or upon a finding of the ADEC, funds may be made available for projects not currently described in this IUP. By-pass 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.

## **By-pass Procedures**

In the event that an applicant notifies ADEC that it will not be able to execute a loan as planned, the funds will be offered in priority order for those remaining projects on the unfunded planning priority list. A by-passed project retains its priority and will be offered available funds before offering funds for lower priority projects. For each and every occasion that these by-pass procedures are exercised, ADEC will document that the funds were offered in priority order (except as noted). It is the State's intention to adhere to the funding priority to the maximum extent possible and to work with by-passed projects to ensure that they remain eligible for future funding.

ADEC also recognizes that the realities of operating a loan program occasionally require the use of by-pass procedures to ensure that program commitments are met. ADEC is required to execute a certain number of binding commitments each year or risk losing future federal grant funds. If a system owner has not applied for a loan after four (4) months of a project being on the funding priority list, ADEC will, without justification, by-pass that project, regardless of priority, to fund projects on the planning list that are ready to proceed. Exception to this rule is discussed in the following paragraph.

This year's federal funding of the ADWF requires meeting minimal funding needs for offering loans with subsidies. To meet this mandated minimal funding need, the Department will if necessary bypass a priority listed project with the next highest scored eligible project off the planning list which meets these requirements. This bypassing will be done until funding requirements are minimally met for funding subsidized projects. Further information on these funding requirements may be referenced on page 12 and 13.

## **Additional Loan Fund Policies**

### **1. Small Community Participation**

Of the amount of funding being proposed for SFY 13, over 20 percent (which includes the State match) would go to communities with a population of less than 10,000. Since the program's inception, 50 percent of the loans or \$89 million have been provided to small systems. This exceeds the 15 percent goal \$32 million program requirement for participation by small systems. Although ADEC does not expect to need this, ADEC will bank the excess \$57 million for future years when the number of small system loans may fall short of the percent goal.

### **2. Privately Owned Systems**

Beginning July 1, 2002, project loan assistance can be provided to privately owned systems that are certificated and economically regulated by the Regulatory Commission of Alaska (RCA). Since then, ADEC has executed 17 loans totaling \$8,824,162 with privately owned drinking water utilities.

### **3. Financial Terms of Loans**

Loan terms are contained in Title 18, Chapter 76, Section 255 of the Alaska Administrative Code and are summarized below:

## Loan Interest Rates

Loan Term	Interest Rate Based upon Amount Borrowed
1 year or less	0.5%
1 to 5 years	The greater of (a) 1.0% or (b) 12.5% of the current bond rate as defined by the Municipal Bond Index at the time the loan is made
5 to 20 years	The greater of (a) 1.5% or (b) 18.75% of the current bond rate as defined by the Municipal Bond Index at the time the loan is made

#### 4. Additional Subsidization – Disadvantage Community/System Assistance

The FFY12 federal capitalization grant (\$8,975,000) requires that a least 20% (\$1,795,000) and no more than 30% (\$2,692,500) of the grant amount be in the form of additional subsidies. The Department has chosen to offer principal forgiveness in an amount up to 35% of the value of a loan made by the State's drinking water loan program. However, only a \$500,000 cumulative maximum subsidy amount per community/system is allowed for all projects in receipt of funding to the community/system. Additionally, for projects with qualifying Green Project Reserve components, a 6% subsidy or a \$50,000 cumulative maximum subsidy amount per community/system will be made available. Please note, prior to the expiration of this IUP the Department reserves the right to make any necessary changes to this method of subsidy allocation and the subsidy offered to projects listed in the Priority Project Lists of this IUP to ensure all subsidized funds are fully committed to projects moving forward.

For project eligibility, the Department has chosen to give loan subsidies as disadvantaged community assistance and/or if the project has an eligible Green Project Reserve component.

1. Disadvantaged communities are provided a subsidy as part of their project assistance to help alleviate economic hardships for constructing a capital project. Note, a non-publically owned for water system may be considered disadvantage only upon Department consideration of the system's financial capacity. A community is considered disadvantaged if its:

- MHI (Median Household Income) is less than the state average MHI that is currently published by the Alaska Department of Commerce, Community and Economic Development or by the U.S Census Bureau, whichever is greater. For non-publically owned water systems, the MHI is based on the community/system in which the system resides.

OR,

- Rate of unemployment is above the state average unemployment rate that is currently published by the Alaska Department of Commerce, Community and Economic Development or by the U.S Census Bureau, whichever is greater. For non-publically owned water systems, the rate of unemployment is based on the community/system in which the system resides.

For a community/system to qualify for disadvantaged assistance, they need to meet one of the above criteria. For Borough's of the State, the above criteria can be used for a specific community/system within the Borough if the project is solely benefitting just that community/system.

2. Communities with eligible Green Project Reserve components are provided a subsidy to help promote Green infrastructure within their systems. The subsidy is intended to help offset higher capital costs for incorporating Green components into a project. A community does not have to be a disadvantage to qualify for the Green subsidy.

If a community/system meets their maximum cap on one or more of higher ranking project(s), and has additional projects listed on either list, those projects will only be funded with no subsidy. Additionally, the priority lists on Appendix Ia demonstrates that at least 20% of the capitalization grant amount will be provided via principal forgiveness. Any subsequent revision to this Fundable Project Priority list will likewise demonstrate that at least 20% of the grant will be provided via principal forgiveness.

#### **5. Green Project Reserve**

To the extent there are sufficient eligible project applications; applicants are strongly encouraged to submit projects that include Green infrastructure components under the following category types: green infrastructure, water or energy efficiency improvements, and environmental innovative activities. Green projects are listed under Appendix IVa and IVb by indication of green project category type and whether project justification is either categorical, or requires a business case demonstration.

Under this IUP, five projects listed on the Project Priority list have been identified as being a Green project based on State current guidance. The cumulative amount of these projects is \$4,284,760.

#### **6. Sustainability Policy**

DEC is committed to promoting sustainable design and management of wastewater utilities, and clean water resources. Projects that meet DEC's sustainability criteria are eligible for up to 50 bonus points in the priority ranking system. Further details on sustainability criteria may be referenced under Appendix III.

#### **7. Davis-Bacon**

EPA's FY2012 Appropriations bill requires the application of Davis-Bacon prevailing wage rates to all treatment works projects funded in whole or in part by the CWSRF. Davis-Bacon applies to construction contracts over \$2,000 and their subcontractors (regardless of the subcontract amount).

To ensure compliance with these requirements, DEC will confirm that the correct wage determinations are being included in the bid specifications and/or construction contracts. DEC will also provide assistance recipients with the specific EPA Davis-Bacon contract language that is to be included in bid specifications and/or contracts. In addition, DEC will collect Certifications of Davis-Bacon compliance from assistance recipients with disbursement requests.

## NON-PROJECT ACTIVITIES

Non-project activities are those activities defined by the SDWA Amendments of 1996 as uses of DWSRF money that are not related to construction of public water systems or modification of infrastructure. DEC intends to make as much capitalization loan money available as possible, while at the same time recognizing that there is more to the delivery of safe drinking water than simply constructing or modifying a water system. In addition to the administrative and technical assistance uses of the SRF described in the Projects Section of the IUP, submitted by the Division of Water, other non-project activities intended to be funded by the SRF are outlined below:

### Non-Project Activities Funded by the DWSRF

- Administration of the Fund
- Small System Technical Assistance
- Capacity Development Program
- Drinking Water and Wellhead Protection Program
  - Source Water Assessment Activities
  - PWS Security and Emergency Response Planning
- State Drinking Water Program Management

#### Administration of the Fund

The Safe Drinking Water Act allows for up to four percent of the state's annual federal allotment to be used to administer the loan program. In SFY 13, ADEC intends to use \$359,000 to administer the fund. Activities include evaluating loan applications, reviewing and processing payments, assisting system in capacity reviews and performing project audits. This level of expenditure is expected to remain reasonably stable for several more years.

#### Small System Technical Assistance

The Small System Technical Assistance (SSTA) activity can use up to two percent of the federal capitalization grant; (\$8,975,000 multiplied by two percent equals \$179,500). The funds used under the 2% Small System Technical Assistance Set-Aside will provide onsite training and technical assistance to rural water operators through the Remote Maintenance Worker Program. ADEC intends to use \$179,500 of the available amount and will provide a detailed work plan to EPA for approval of all SSTA-funded activities.

#### Local Assistance and Other State Programs Set-Aside

The state can request up to 15% of the DWSRF capitalization grant on an annual basis for Wellhead Protection, Capacity Development, and other appropriate Technical Assistance activities; however, no more than 10% of the capitalization grant may be used for Wellhead Protection, Capacity Development, or any other specific activity each year.

#### 1. Capacity Development Program

Under the SDWA Section 1452(k)(1)(B), the state is requesting \$816,725 for Capacity Development activities. The funds for Capacity Development activities will be used to both modify and fully implement the state's current EPA-approved Capacity Development Strategy.



These Capacity Development activities include, but are not limited to: providing technical and compliance assistance to PWS owners and operators during sanitary surveys, comprehensive performance evaluations (CPE), and Technical Assistance Providers (TAP) Group; assisting water system owners in completing water system capacity self assessments; and providing interactive workshops and public outreach on water system capacity (technical, managerial, and financial) issues and assessments. Additionally, the funds may be used for follow-up activities with PWS owners and operators from the completed onsite status component assessments for those Alaska's PWS using a surface water source or ground water under the direct influence of surface water.

The Drinking Water Program (DWP), a sub-unit of the Division of Environmental Health is planning to utilize \$538,500 of the total amount requested under this set-aside. A detailed work plan for Capacity Development activities will be provided to EPA for approval.

The Operations Assistance Programs (OAP), a sub-unit of the Facilities section of the Division of Water, is planning to utilize \$278,225 of the total amount requested under this set-aside to continue funding the operator reimbursement program and a variety of capacity development activities, as well as a portion of the personal services costs for 3 positions in OAP. A separate detailed work plan for OAP activities and personal service costs under this set-aside will be submitted to EPA for approval.

## **2. Drinking Water and Wellhead Protection Program**

Under the SDWA Section 1452(k)(1)(D), the state's Drinking Water Program is requesting \$529,525 from the Local Assistance and Other State Programs Set-Aside for Drinking Water and Wellhead Protection activities during FY 2013. The funds for Drinking Water and Wellhead Protection activities will be used to continue with the implementation of a statewide voluntary Drinking Water Protection Program as well as a PWS Security and Emergency Preparedness program. These programs include: assisting public drinking water system owners, operators, and community representatives develop Drinking Water Protection Plans; complete PWS source water assessments of new PWS and update and QA/QC assessments of existing systems; assist PWS in the completion of Vulnerability Assessments and the development and implementation of Emergency Response Plans; and conduct public outreach through workshops and presentations on drinking water protection tools and strategies.

A detailed work plan and budget for the Wellhead Protection Program activities will be provided to EPA for approval.

## **Program Management Set-Aside**

Under the SDWA Section 1452 (g)(2), the state can request on an annual basis up to 10% of the DWSRF capitalization grant for Public Water System Supervision (PWSS) program management activities. This particular set-aside requires an additional 1:1 match by the state program. The Drinking Water Program is requesting **\$897,500** from the State Drinking Water Program Management Set-Aside and will use \$897,500 state funds for the 1:1 match requirement for use of this set-aside. The total usable budget for PWSS Program Management Set-Aside activities from the SFY 2013 DWSRF capitalization grant is \$1,795,000. The DEC Drinking Water Program does not plan to use any "Historic Match" credit for meeting the 1:1 match requirement for use of the 10% Program Management set-aside funds for SFY 2013. The State of Alaska's maximum amount of "Historic Match" credit is \$1,056,000 which can be used in perpetuity.

The funds for State Drinking Water Program Management activities will be used for SDWA compliance requirements, continued development and implementation of primacy activities, and public health protection for the residents and visitors to the State of Alaska. A detailed work plan and budget for the State Drinking Water Program (PWSS) Management activities will be provided to EPA for approval.

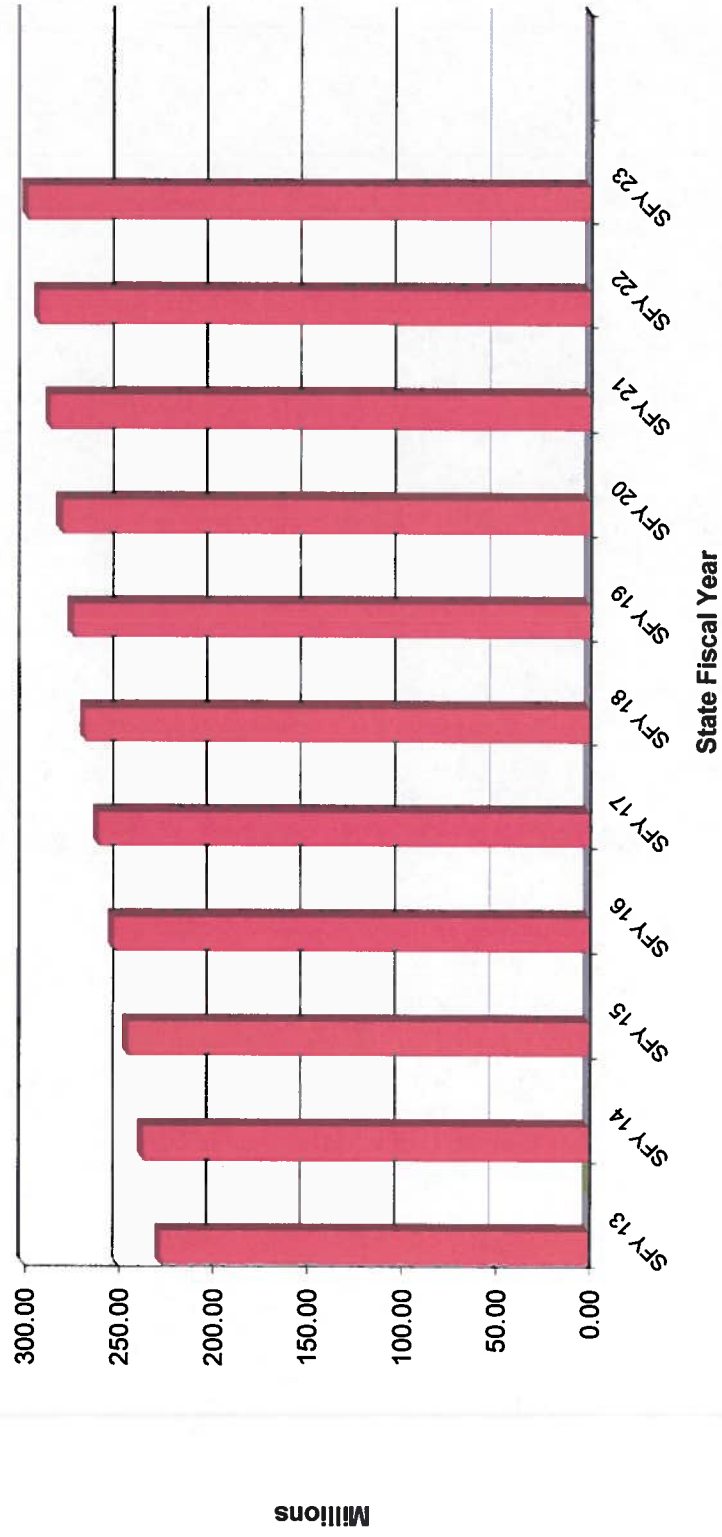
## **CONTENT OF APPENDICES**

<b>Appendix</b>	<b>I. Cumulative Amount of Loans Provided to Projects</b>
<b>Appendix</b>	<b>II. Capacity Assessment Worksheet</b>
<b>Appendix</b>	<b>III. Priority Criteria</b>
<b>Appendix</b>	<b>IV. Project Lists – Fiscal Year 2013</b> <b>IVa. Funding Priority List</b> <b>IVb. Funding Priority Planning List</b>
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<b>Appendix</b>	<b>VI. Public Comments</b>

# **APPENDIX I**

## **Cumulative Amount of Loans Provided to Projects**

**ALASKA DRINKING WATER FUND**  
Funds Available For Loans  
Net Cumulative Funds Available / deducting all Set-Asides taken (including banked set-asides)



# **APPENDIX II**

## **Capacity Assessment Worksheet**



# ALASKA DRINKING WATER FUND

## Appendix II Capacity Assessment Worksheet for Potential Projects

The 1996 amendments to the federal Safe Drinking Water Act require Alaska to assess the capacity of potential recipients of loans from the Alaska Drinking Water Fund (ADWF). By capacity, EPA means the technical, financial and managerial capabilities of a water system for proper long-term operations. If a loan applicant is found lacking in these areas, we may not be able to provide financial assistance from the ADWF unless the capacity of the system is guaranteed.

Consequently, we are asking for detailed information from potential loan applicants to help us in this assessment. Such things as financial records, enterprise fund budgets and audits, along with detailed planning and engineering information for your system will help ensure our ability to provide you this loan for your project.

The following is an outline of our assessment process. Please carefully review and complete these worksheets and make sure the information you provide us is current and accurate.

### TECHNICAL CAPACITY ASSESSMENT

We intend to use the following questions and answers to help us evaluate your systems technical capacity. These questions address the physical components of your drinking water system and are related to water treatment facilities, water sources, storage and pumping capacity and water distribution capacity. Pertinent technical documentation such as engineering feasibility studies and reports should be provided as appropriate.

- 1.) **Are the existing water treatment facilities adequate and functional?**  
Please provide a description of the system and the proposed project. Will this system likely meet federal and state drinking water regulations expected to be enacted within the next four years? *This includes the ICR, Groundwater Disinfection Rule and Enhanced Surface Water Treatment Rule.*
- 2.) **Is the existing water source developed and protected?**  
Will this system likely meet future source protection requirements?

**3.) Is the current system able to meet peak demand flow and pressure in all points of the treatment and distribution system?**

What is the current peak demand and minimum pressure at peak demand?

Does the system experience seasonal or periodic difficulties?

When was the last leak detection survey? Please describe any corrections made.

**4.) Does the system employ, or have access to, the correct level of certified or qualified operators?**

*Under State regulation, all water systems serving more than 500 people are classified as to complexity and require either a I, II, III or IV level operator or a qualified surface water system operator.*

Please provide the name and certification number of your lead certified operator or operators in charge of your water treatment and water distribution system.

**5.) Has the water system been out of compliance with federal or state drinking water regulations within the past year?**

Please provide any compliance or enforcement actions taken recently such as Notices-of-Violation (NOVs), Compliance-Order-by-Consent (COBCs), boil water notices and the most recent sanitary survey.

## **FINANCIAL CAPACITY ASSESSMENT**

Financial capacity is assessed by examining the fiscal condition and financial management aspects of the system. Financial aspects relate to the systems ability to raise the necessary funds to ensure proper operation and maintenance, including long-term depreciation and reserve accounts. Financial management refers to the management of those fiscal aspects.

If a system is regulated by the Regulatory Commission of Alaska (RCA), formerly the Alaska Public Utilities Commission (APUC), information contained in the application for the current Certificate of Public Convenience and Necessity or the annual RCA report may help demonstrate financial capacity. A copy of the annual report to the RCA may also contain the necessary information related to financial capacity. For example, if a system is applying for the RCA certificate, a copy of the application package should be submitted for review with the ADWF loan application. If a system already has a current RCA Certificate, a copy of the annual report to the RCA should be submitted for review with the ADWF loan application.

For those systems that are not regulated by the RCA, have not completed an application package for certification by RCA, or have not submitted an annual report to the RCA, the following questions will help us evaluate the financial aspects of the system. These questions relate to total user charge revenues and total system expenses, other revenue streams, fairness and affordability of user charges, cash budgeting, preparation and use of annual and capital budgets, and periodic financial audits.

- 1.) **Does the water system have user ordinances and a rate structure?**  
How often are the rates reviewed or updated? When was the last update?
- 2.) **Does the water system revenue from user charges meet or exceed system expenses?**  
Please submit your water utility budget documents that clearly show revenue and expenses.
- 3.) **Are other funds contributed to water system operations to offset expenses?**
- 4.) **How affordable are water system rates?**  
What are the estimated residential rates per household (after the project) compared with the median household income and other similar system rates?
- 5.) **Does this system use an annual budget?**
- 6.) **Does the system include a cash budget within the annual budget for operations and emergency purposes?**
- 7.) **Does the system use a capital budget?**
- 8.) **Does this system use a capital improvement plan?**
- 9.) **Does this system undertake regular financial audits?**  
Please provide the most recent financial audit of the water utility accounts, including any appropriate state single audit documents along with the auditor management letters.

**10.) How will this loan be repaid?**

Please describe how this loan debt will be retired. If user fees are proposed as the repayment source, how much will rates need to be increased to retire this loan?

## **MANAGERIAL CAPACITY ASSESSMENT**

Managerial capacity is assessed by evaluating managerial qualifications and experience, organizational structure, the compliance history of the system, training programs offered, preventive maintenance programs, and documentation of ownership and responsibility.

The following questions help us to assess the systems managerial capacity and address the following aspects of system management:

- 1.) How is the water system managed?**  
Who is the system owner(s) and manager?  
Does the system utilize personnel and policy procedures or manuals?  
Does the system require or encourage continuing education for personnel?  
What type of organizational structure exists?
- 2.) Does the system have written operation and maintenance manuals?**
- 3.) Does the system employ, as needed, the services of a professional engineer?**
- 4.) Does the system have up-to date record or as-built drawings?**
- 5.) Does the system implement a preventative maintenance program?**
- 6.) Does the system have an emergency operating plan and safety program?**
- 7.) What type of public outreach education programs are implemented?**
- 8.) What professional organizations are operators and system managers members of?**

# **APPENDIX III**

## **Priority Criteria**



# ALASKA DRINKING WATER STATE REVOLVING LOAN FUND PRIORITY CRITERIA FOR FY13 DRINKING WATER PROJECTS

The federal Safe Drinking Water Act requires states to fund projects from their state revolving loan fund based upon public health, compliance and affordability criteria. The following criteria have been established for Alaska's prioritization process accordingly.

SAFE DRINKING WATER ACT CONSIDERATIONS	Assigned Points
<b>A. PUBLIC HEALTH</b> <i>(Only one)</i>	
1) This project will correct the cause of a documented human disease event. <i>Examples include outbreaks of Hepatitis, Giardiasis, and Cryptosporidiosis.</i>	100 pts
2) This project will provide potable water to a community or area currently not served by piped service. <i>Examples include existing watering points, existing water buckets/self haul communities or other existing unpiPED systems. Projects predominantly for future growth or areas served by adequate supplies are ineligible.</i>	75 pts
3) This project will eliminate acute risks to public health. <i>Examples include projects that will resolve microbial risk from inadequately treated surface water or groundwater, CT tank construction or treatment of dangerously high levels of contaminants such as nitrate exceedances or chemical concentrations greater than 10-day health advisories.</i>	75 pts
4) This project will correct potential long-term, chronic health problems or repair or replace serious distribution system problems or leaks. <i>Examples include VOC removal, pH adjustment or replacement of wood-stave pipe and/or correction of potential distribution system freeze-up problems.</i>	50 pts
5) This project will eliminate potential health hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations. <i>Examples include periodic exceedances of primary MCLs due to mechanical or structural problems, undersized or inadequate components or low pressure problems. This can include SCADA and other process instrumentation.</i>	30 pts
5) This project has no significant health hazards related issues.	0 pts



**B. COMPLIANCE WITH SAFE DRINKING WATER ACT** *(Only one)*Assigned  
Points

- |  |        |
|--|--------|
| 1) This project will allow a system to come into compliance with an executed Compliance-Order-By-Consent (COBC) or Administrative Order, Judicial Decision or Consent Decree.<br><i>Points will be awarded only for agreements executed between the appropriate primacy health agency (U.S. Environmental Protection Agency or Alaska Department of Environmental Conservation) and the system owner or for a judicial decree.</i> | 35 pts |
| 2) This project will resolve a significant compliance issue.<br><i>Examples include SNC violations, NOVs and boil-water notices.</i>   | 25 pts |
| 3) This project will address a documented compliance issue.<br><i>Examples include documented compliance issues that are relatively minor in nature. Documentation can include agency notification letters.</i>  | 10 pts |
| 4) This project has no significant compliance related issues.  | 0 pts  |

**C. AFFORDABILITY** *(Only one)*

These points will only be given if a water system provides recent income data, population figures and a fee structure or ordinances. The average monthly household cost for water service, after project completion, will be divided by the monthly mean household income. The monthly mean household income will be documented by a current survey or census data.

High (monthly water cost/monthly income)	> 1%	10 pts
Moderate (monthly water cost/monthly income)	0.5% - 1%	6 pts
Low (monthly water cost/monthly income)	< 5%	3 pts

**D. OPERATOR CERTIFICATION**

The system employs, or has access to, the correct level of certified or qualified operators	5 pts
---	-------

**E. LOAN REPAYMENT**

The system has adopted debt retirement or loan repayment measures. This could include a rate structure guaranteeing this debt retirement or other repayment measures as documented by an independent single audit or certified enterprise fund budget documents.	5 pts
--	-------

**F. ADDITIONAL CONSIDERATIONS**

Assigned  
Points

- |   |       |
|---|-------|
| 1) Construction documents have been prepared and submitted  | 5 pts |
| 2) A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted.      | 5 pts |
| 3) This project will result in the regionalization and/or consolidation of two or more existing public water systems. | 5 pts |
| 4) An environmental review process has been prepared or completed.  | 5 pts |

**G. SUSTAINABILITY PROJECTS**

- |                                 |        |
|---------------------------------|--------|
| 1) Fix It First Projects        | 50 pts |
| 2) Effective Utility Management | 25 pts |
| 3) Planning                     | 25 pts |
| 4) Not Applicable               | 0 pts  |

# **APPENDIX IVa**

## **ALASKA DRINKING WATER FUND**

### **Project Priority List**

# ALASKA DRINKING WATER FUND Point Source Funding Priority List

Fiscal Year 2013

Rank	Score	Community Name/System Owner	Project Title	Requested Project Amount	Available Assistance Amount <sup>2</sup>	Interest Rate	Term (Years)	Disadvantage Community	Subsidy <sup>3</sup> Subsidy for Disadvantage Community <sup>2</sup>	Subsidy for Green Project	Green Reserve <sup>4</sup> Project Type <sup>5</sup> Amount <sup>6</sup>	Estimated Start Date	Sustainability Policy <sup>7</sup>
1	146	College Utilities	Sherwood Forest Water Main Extension Phase II	\$1,540,000	\$1,540,000	1.50%	20	Yes	\$500,000			5/1/2013	Fix it First
2	126	Sitka	Hollywood Way Water Main Replacement	\$250,000	\$250,000	1.50%	20	Yes	\$87,500	\$1,500	WTR-BC	5/30/2013	Fix it First
3	126	Sitka	Baranof Street Water Main Replacement	\$685,000	\$685,000	1.50%	20	Yes	\$239,750	\$4,110	WTR-BC	7/16/2012	Fix it First
4	126	Haines	Piedad Springs Water Source Upgrades	\$338,760	\$338,760	1.50%	20	Yes	\$118,566	\$12,226	ENG-BC	8/1/2012	Fix it First
5	126	Haines	AC Replacement Muncaster	\$787,500	\$787,500	1.50%	20	Yes	\$275,625	\$47,250	WTR-BC	7/1/2012	Fix it First
6	126	Anchorage	41st Cope Northstar Water Upgrade	\$1,699,402	\$1,699,402	1.50%	20	No				8/1/2012	Fix it First
7	125	Bethel	Institutional Corridor <sup>1</sup>	\$14,417,880	\$4,811,842	1.50%	20	Yes	\$500,000	\$8,473	ENG-BC	6/1/2015	Fix it First
Total Requested Amount:				\$19,718,542	Subsidized Amounts:				\$1,721,441	\$73,559			
Total Available Amount:				\$10,112,504	Total Subsidized Amount <sup>3</sup> :				\$1,795,000		Total Green: \$4,284,760		

<sup>1</sup> Full project funding and Green subsidy funding of the Bethel - Institutional Corridor project will be dependent upon remaining available loan funds. The Department will negotiate with Bethel to provide additional funds as they become available later in the year.

<sup>2</sup> Determination of total available funding for projects may be referenced on page 5 of the IUP narrative section.

<sup>3</sup> Total available loan subsidy allowed under this IUP is \$1,795,000.

<sup>4</sup> Criteria for being eligible for a loan subsidy may be referenced on page 9 under the narrative section of the IUP.

<sup>5</sup> Projects which demonstrate adequate criteria for meeting a Green project component will be eligible to receive additional subsidy as shown.

<sup>6</sup> Green Project Reserve Category Type: GIF - Green Infrastructure, WTR - Water Efficiency, ENG - Energy Efficiency & EIR - Environmentally Innovative, Green Project Justification Type: BC - Business Case / CAT - Categorical

<sup>7</sup> Prior to funding any project shown to have a funding subsidy for Green, a Business Case for project Green eligibility must be found justified.

<sup>8</sup> Sustainability Policy - "Fix it First" - fix existing critical infrastructure; "Improve TFM" - improve technical, financial and managerial capacity of the system; and, "Planning" - planning and development of alternative projects that reflect the full life cycle cost of infrastructure.

# **APPENDIX IVb**

## **ALASKA DRINKING WATER FUND**

### **Project Priority Planning List**

# ALASKA DRINKING WATER FUND Point Source Funding Planning List

Fiscal Year 2013

Rank	Score	Community Name/System Owner	Project Title	Requested Project Amount	Interest Rate	Term (Years)	Disadvantage Community	Subsidy for Disadvantage Community	Subsidy for Green Project	Project Type	Green Credit Amount	Estimated Start Date	Sustainability Policy
8	125	Homer	East Hill Water Main/ A-Frame Tank Improvement	\$3,315,338	1.50%	20	Yes	N/A	N/A	ENG-BC	N/A	6/1/2015	Fix it First
9	125	Seward	Lowell Canyon Water Storage Tank Refurbishment	\$575,000	1.50%	20	Yes	"	"	"	"	8/29/2012	Fix it First
10	121	Anchorage	Wonder Park Water Upgrade Ph II <sup>1</sup>	\$543,088	1.50%	20	No	"	"	"	"	6/3/2013	Fix it First
11	120	Golden Heart Utilities	Water Main Reconfiguration	\$800,000	1.50%	20	Yes	"	"	"	"	4/15/2013	Fix it First
12	116	Dillingham	Harbor Water Line Extension	\$531,300	1.50%	20	Yes	"	"	WTR-BC	"	9/1/2012	Fix it First
13	116	Anchorage	East Bluff Water Rehab Ph II	\$2,000,000	1.50%	20	No	"	"	"	"	3/4/2013	Fix it First
14	116	Anchorage	Calais Subdivision Water Rehab	\$3,200,000	1.50%	20	No	"	"	"	"	3/4/2013	Fix it First
15	116	Anchorage	Alyeska Basin Water Rehab	\$5,600,000	1.50%	20	No	"	"	"	"	3/4/2013	Fix it First
16	105	Golden Heart Utilities	Valve Replacement Project Phase 2 of 3	\$400,000	1.50%	20	Yes	"	"	"	"	4/16/2013	Fix it First
17	100	Golden Heart Utilities	WWTP Water Main Extension	\$1,312,500	1.50%	20	Yes	"	"	"	"	5/30/2013	Fix it First
18	95	North Pole	Utility Emergency Response Generators	\$1,067,000	1.50%	20	Yes	"	"	ENG-BC	"	5/1/2013	Improve TFM
19	81	Ketchikan Gateway	South Tongass Water Phase VI	\$1,569,300	1.50%	20	Yes	"	"	ENG-BC	"	9/4/2012	Improve TFM
20	76	Anchorage	Ship Creek WTF Comprehensive Improvements	\$5,000,000	1.50%	20	No	"	"	WTR-BC	"	6/4/2012	Improve TFM
21	66	Craig	Craig Water Storage Tank Upgrade	\$100,000	1.50%	20	Yes	"	"	"	"	10/15/2012	Improve TFM
22	46	Nome	Water Maintenance/Construction Equipment	\$640,000	1.50%	20	Yes	"	"	"	"	3/31/2012	Improve TFM
23	45	Homer	Homer Source Water Development	\$13,650,000	1.50%	20	Yes	"	"	"	"	7/8/2013	Improve TFM
24	45	Kotzebue	Equipment Procurement - Snow Blower	\$250,000	1.50%	20	Yes	"	"	"	"	7/2/2012	Improve TFM
25	36	Craig	Update Craig Water Master Plan	\$100,000	1.50%	20	Yes	"	"	WTR-BC	"	5/15/2012	Planning
26	36	Swiss Castle Water Works	Swiss Castle Estates Water Improvements	\$150,000	1.50%	20	Yes	"	"	WTR-BC	"	4/15/2012	Improve TFM

Total Requested Amount: **\$ 40,803,526**

Total Priority & Planning Lists Requested Amount: **\$ 60,522,068**

\* Green Project Reserve Category Type: GIF - Green Infrastructure, WTR - Water Efficiency, ENG - Energy Efficiency & EIN - Environmentally Innovative. Green Project Justification Type: BC - Business Case / CAT - Categorical.

\*\* Sustainability Policy - "Fix it First" - fix existing critical infrastructure; "Improve TFM" - Improve technical, financial and managerial capacity of the system; and, "Planning" - planning and development of alternative projects that reflect the full life cycle cost of infrastructure.



# **APPENDIX V**

## **Project Descriptions**

# ALASKA DRINKING WATER FUND

## Project Descriptions

Fiscal Year 2013

Anchorage												
Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria						Regional or Consolidate	Env. Review	Sustainability	TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study			
<b>41st Cope Northstar Water Upgrade</b>	6	No	50	0	6	5	5	0	5	0	50	126
Project Description	This project will upgrade approximately 2,300 linear feet of water main by either replacing the pipe or utilizing a structural liner. The project is broken down into two subsections; 41st Avenue and Cope Street. Most of the work will take place in paved rights-of-way. 41st Street water upgrade will upgrade 1,010 feet of 6" cast iron water main that was originally installed in 1968. Cope Street will upgrade 1,290 of feet of 6" cast iron water main that was originally installed in 1969.											
Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria						Regional or Consolidate	Env. Review	Sustainability	TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study			
<b>Wonder Park Water Upgrade Ph II</b>	10	No	50	0	6	5	5	0	5	0	50	121
Project Description	This project will upgrade the 6 inch & 8 inch water pipes in the Wonder Park Subdivision that have deteriorated due to corrosion.											
Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria						Regional or Consolidate	Env. Review	Sustainability	TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study			
<b>East Bluff Water Rehab Ph II</b>	13	No	50	0	6	5	5	0	0	0	50	116
Project Description	The woodstave pipe was installed in 1942. The purpose of this project is to remove/upgrade the last of the woodstave pipe in the AWWU Water Service Area.											

## Anchorage (Continued)

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL	
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Calais Subdivision Water Rehab		14	No	50	0	6	5	5	0	0	0	50	116
Project Description	This project will upgrade approximately 3,100 feet of 6-8" cast iron pipe in the Calais Subdivision generally located in an area bounded by West 31st Street, Bering Street, West 34th Street and C Street. Cast iron pipe in this area has a documented break history.												

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
Alyeska Basin Water Rehab		15	No	50	0	6	5	5	0	0	0	0	50	116
Project Description	This project will upgrade 4,573 of pre- 1977 6" PVC water main located in the Alyeska Basin, Girdwood.													

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
Ship Creek WTF Comprehensive Improvements		20	No	30	0	6	5	5	0	5	0	0	25	76
Project Description	This project addresses problematic operational constraints in order to allow the plant to continue to provide water to the distribution system during peaking flow demands. These improvements will allow Ship Creek WTF to continue to reliably provide between 10-14 MGD production. This includes removal and replacement of aged equipment and the installation of new instrumentation and controls systems that are at the end of the equipment's service life. The Ship Creek worker safety and code compliance project will address electrical, structural, and other deficiencies within the existing facility that are immediate safety or health concerns. These improvements include the removal of pipe within the Centennial Valve Vault to avoid a potential cross-connection issue, adding a back flow preventer to ensure clearwell water adjacent to the plant from breaching the distribution system. In addition seismic upgrades will be completed.													

## Bethel

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
Institutional Corridor		7	Yes	75	0	10	5	0	0	5	5	0	25	125
Project Description	New water main would be run from the City Subdivision water treatment plant along the Chief Eddie Hoffman Highway to a new water storage facility capable of holding 655,000 gallons. From the new storage tank, the water main would then run to several institutions and commercial buildings along the Institutional Corridor. Additionally, new pumps would be installed at the storage tank.													



## College Utilities Corporation

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL		
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability	
Project Description	Sherwood Forest Water Main Extension Phase II		1	No	75	0	6	5	5	5	0	0	0	50	146
	This project will consist of expanding an existing water distribution main to provide potable water service to 168 residential lots. Water quality in the area ranges from average to very poor, which requires many property owners to haul water in portable tanks. This project will alleviate poor water quality problems and give homeowners clean, safe and dependable drinking water. The job requires 28,600 feet of 4" HDPE water pipe to be installed. There will be 300 feet of 12" bored casing and a new water circulation station with pumps installed.														

## Craig

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria										TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
Water Storage Tank Upgrade	21	Yes	30	0	6	0	5	0	0	0	0	25	66
Project Description	This project will design and install pumps and other equipment needed to bring the 300,000 gallon Spruce Street storage tank back into service. The tank is in good condition, and if brought back online would contribute significantly to the city's water storage capacity, which is lacking in the summer months.												

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Update Water Master Plan	25	Yes	0	0	6	0	5	0	0	0	25	36
Project Description	This project would provide a complete engineering analysis of the Craig water supply, treatment, and distribution system. It would detail recommended system improvements, recommend improvements to make operations more efficient and reduce energy costs, including merits of installing small scale hydroelectric generator at the water treatment plant.											

## Dillingham

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria										TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
Harbor Water Line Extension	12	Yes	50	0	6	5	5	0	0	0	0	50	116
Project Description	This project will extend drinking water lines 900 feet into the harbor down the east side to serve both new lease lots as well as the fleet. Improvements will primarily provide a better source of water and flows into the area, and secondary offer added improvements in fire fighting capacity.												

## Golden Heart Utilities

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL		
Project Description	Water Main Configuration	11	No	Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
				50	0	10	5	5	0	0	0	0	50	
	This project will address water infrastructure changes needed to address the severe pressure fluctuations surrounding the Fairbanks Memorial Hospital, the Utility's largest commercial customer, which was primarily designed for residential service and fire protection. A new clinic has been built in the area and may exacerbate the pressure related issues. New water infrastructure is required to adequately support domestic water and fire protection needs of this facility and any additional services added in the area. In order to improve the flow to this area the Utility needs to add or replace approximately 3,500 feet of pipe in various sizes to correct the problem.													
Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL		
Project Description	Valve Replacement Project Phase 2 of 3	16	No	Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
				30	0	10	5	5	0	0	0	5	50	
	This is the second year of a three year valve replacement project to repair or replace water main valves throughout the GHU system. There are 640 valves currently identified as inoperable in the GHU water distribution system. Inoperable valves can inhibit the Utility's ability to isolate sections of water main in need of maintenance or repair, which can result in adverse impacts on customers and increased potential for drinking water contamination. Over the course of the project each valve identified as inoperable will then be evaluated and repaired or replaced as appropriate depending on the nature of the malfunction and site conditions. Valves in need of repair may necessitate site excavation, incidental pipe replacement to facilitate reconnection of new valves, backfill and reconstruction of roads and other similar structures.													
Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL		
Project Description	WWTP Water Main Extension	17	No	Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
				30	0	10	5	5	0	0	0	0	50	
	This project will consist of expanding the existing Golden Heart Utilities Water Distribution System from the corner of Peger and Van Horn Road to the Golden Heart Utilities Wastewater Treatment Facility located at 4247 Peger Road. Approximately 5,000 feet of 10" DIP and 5,000 F of 6" DIP will be installed. Fire protection will be provided by 16 fire hydrants located every 300 feet on the 10" main. This project will provide high quality potable water and fire services for the Golden Heart Utilities Wastewater Treatment Facility and 28 additional residential and commercial lots.													



## Haines

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria										TOTAL
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
Piedad Springs	Water Source Upgrades	4	Yes	50	0	6	5	5	0	5	0	5	50	126
Project Description	This project will upgrade the Piedad water source and facilities addressing deficiencies with the collection system, disinfection and distribution piping. This requires for funding includes two projects identified in the Haines Water and Sewer Masterplan. The 1950s era asbestos cement distribution system pipes which are adjacent to and down stream from the disinfection facility and failed and been isolated. The system is currently not being used until repairs can be made. This failed pipe was installed at the same time and is the same material as the transmission line included in this project.													

Project Name		Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
				Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
AC Replacement Muncaster		5	Yes	50	0	6	5	5	0	5	0	5	50	126
Project Description	This project will replace approximately 3,400 feet of asbestos cement pipe in the vicinity of Muncaster Road including all service connections to existing properties. A significant break in the line due to settlement revealed the immediacy of this project. The replacement pipe will increase in size to 8" AWWA C-900 PVC. Approximately 105 customers would lose water if a catastrophic failure occurred in this line. Water pressure to this part of the community is a pumped system. Small leaks and breaks in the line add significantly to the costs of pumping water in this area.													

## Homer

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
East Hill Water Main/ A-Frame Tank Improvement	8	Yes	50	0	10	5	5	0	5	0	50	125
Project Description	This project will design and construct improvements that will increase water storage; improve water system distribution; improve drinking water quality/public health; and improve treatment plant and water transmission effectiveness more feasible. This project will install an underground 1 MG water storage tank; 2,000 feet of 12" distribution main (connecting two isolated portions of town), installation of 2,000 feet of water main between the new tank and the water system; the abandonment of an existing, functionally obsolete steel water tank, and installation of micro turbines on the East Hill transmission main.											

## Homer (Continued)

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL	
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Homer Water Source Development	23	No	0	0	10	5	5	0	0	0	25	45

**Homer Water Source Development**

23

No

0

10

5

5

0

0

0

0

25

45

**Project Description**  
This project will be a study and construction of a new drinking water source for the City of Homer. The Homer Water/Sewer Master Plan suggests that the existing Bridge Creek watershed will not sufficiently meet the needs of the City after 2016. The Plan does identify alternative solutions but does not make any specific recommendations. The proposed study will further define the alternatives, evaluate the feasibility of each options, provide cost estimates, and recommend the best option for meeting the City's future water source requirements.

## Ketchikan Gateway Borough

Project Name		Green Project (Yes/No)	Project Scoring Criteria								TOTAL		
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review	Sustainability
South Tongass Water Phase VI	19	Yes	30	0	6	5	5	0	5	0	5	25	81

**South Tongass Water Phase VI**

19

Yes

30

0

6

5

5

0

5

0

5

25

81

**Project Description**  
This project will construct a booster station, water tank, and pressure reducing vault that will provide increased storage and improved water pressure throughout the system for Mt. Point, Ravenwood, and Herring Cove.

## Kotzebue

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL	
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Equipment Procurement - Snow Blower	24	No	0	0	10	5	5	0	0	0	25	45

**Equipment Procurement - Snow Blower**

24

No

0

0

10

5

5

0

0

0

0

25

45

**Project Description**  
This project will purchase a detachable snow blower to provide winter access to the Vortac and Devil's Lake water sources, fire hydrants, and water mains located in the City of Kotzebue.

## Nome (NJUS)

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria								TOTAL		
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review	Sustainability
Water Maintenance/Construction Equipment	22	No	0	0	6	5	5	0	5	0	0	25	46

**Water Maintenance/Construction Equipment**

22

No

0

0

6

5

5

0

5

0

0

25

46

**Project Description**  
This project would replace the out dated equipment fleet and prevent the delays in projects caused equipment failure.



## North Pole

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
Utility Emergency Response Generators	18	Yes	50	0	10	5	5	0	0	0	0	25	95

**Project Description**  
The Utility circulates water to prevent freezing of water mains and service lines, and an emergency generator at the WTP ensures the plant produces water and circulates water in an emergency in the City core area. However, two neighborhoods and a fire transmission main are on separate circulation loops that use electric pumps. There are no emergency generators for these circulation stations and if power fails circulation stops. If circulation stops in winter customer service lines will quickly begin to freeze and break. This project will install the much needed back up generators to avert potential freezing.

## Seward

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
Lowell Canyon Water Storage Tank Refurbishment	9	No	50	0	10	5	5	0	5	0	0	50	125

**Project Description**  
This project will remove and dispose of the existing insulation from the exterior tank shell and roof. The interior and exterior tank shell, column, rafters, roof plates will be sand blasted to remove existing coating. Minor bolt and weld repairs will be made to the tank prior to recoating work. The interior tank surfaces will be recoated with an NSF Standard 61 approved coating. The exterior tank surfaces will be recoated with a weather resistant coating system appropriate for the Seward climate. The exterior tank shell and roof will be insulated with pre-manufactured panels constructed of isocyanurate foam insulation laminated to an aluminum outer sheathing. This project will also include minor repair to the valve pit piping and fitting.

## Sitka

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria									TOTAL	
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review		Sustainability
Hollywood Way Water Main Replacement	2	Yes	50	10	6	5	5	0	0	0	0	50	126

**Project Description**  
This project consists of the replacement of the existing 4" ductile iron water main with new 8" HDPE water main and the replacement of services within Hollywood way ROW. The current configuration of water and sewer systems within Hollywood Way does not meet ADEC separation distance requirements. The system will be brought into conformance with this work. This project must be performed in conjunction with the ACWF Hollywood Way Sewer Replacement project to be affordable.



## Sitka (Continued)

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria										TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
Baranof Street Water Main Replacement	3	Yes	50	10	6	5	5	0	0	0	0	50	126
Project Description	This project consists of the replacement of the existing 6' ductile iron water main with a new 8" HDPE water main and the replacement of services within the Baranof Street ROW between Sawmill Creek Road and Lincoln Street. This project will extend into these cross streets and replace the repairs. The current configuration of the water, sewer, and storm systems does not meet ADEC separation distance requirements. These three systems will be brought into conformance with this work. The new water main that will connect to the Sawmill Creed Road Improvements is scheduled for construction in Summer 2012 and will coincide with the Alaska DOT road improvements. This project must be performed in conjunction with the ACWF Baranof Street Sewer Replacement project to be affordable.												

## Swiss Castle Estates Water Works

Project Name	Rank Number	Green Project (Yes/No)	Project Scoring Criteria										TOTAL
			Public Health	Comply Criteria	Affordability	Cert. Oper.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	Sustainability	
Swiss Castle Estates Water Improvements	26	Yes	0	0	6	5	0	0	0	0	0	25	36
Project Description	This project would rehabilitate, construct, and expand the water treatment facility, water storage facility, and distribution system.												

# **APPENDIX VI**

## **Public Comments**

During the public comment period comments were only received from EPA. These comments are summarized as follows:

- EPA requested that on page 12 of the narrative section of the SFY 2013 IUP the section titled “4. Additional Subsidization – Disadvantage Community/System Assistance Disadvantage Assistance Loans Executed” be updated to include mention of the maximum amount of subsidy that is allowed under the FFY12 Drinking Water SRF capitalization grant.

In response, DEC updated this section to include the following added text “... and no more than 30% (\$2,692,500) of the grant amount...”

- EPA requested in Appendix III that a correction be made on project scoring criteria which under section B.2 the term “SNC violations” be removed and be replaced with newer ETT terminology.

In response, DEC updated the scoring criteria under Section B.2 to now just include a general statement that water systems are in compliance with the most current sampling and testing requirements.

- EPA requested in Appendix V that a clarification be made on the Dillingham’s “Harbor Water Line Extension” project scope of work in which the project appears to emphasize fire flow as a primary purpose of the project.

In response, DEC updated the scope of work to note that the primary purpose of the project was to provide better source water and flow to the area.