

# **ALASKA DRINKING WATER FUND STATE REVOLVING FUND**

## **INTENDED USE PLAN FINAL**

**FFY18 Grant Allotment  
State Fiscal Year 2019**



**Submitted to the U.S. Environmental Protection Agency  
By  
Alaska Department of Environmental Conservation  
Division of Water  
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## PROGRAM OVERVIEW

The Drinking Water State Revolving Fund (DWSRF) was created by the 1996 amendments to the federal Safe Drinking Water Act (SDWA) to assist public water systems with financing the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorized the Administrator of the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the purpose of establishing a low-interest loan program (the DWSRF) and other types of assistance to eligible water systems.

This Intended Use Plan (IUP), required under the SDWA, describes how Alaska intends to use available State Revolving Fund (SRF) funds during State Fiscal Year 2019 (SFY19), July 1, 2018 through June 30, 2019. Alaska's allotment from the Consolidated Appropriations Act, 2018, is \$11,107,000.

## PROGRAM UPDATES

ADEC continues to make updates to the SRF Program in an effort to improve service to funding recipients and meet program goals.

- Effective September 2018, revisions to the regulations at Title 18, Alaska Administrative Code, Chapter 76 (18 AAC 76), Alaska Clean Water and Drinking Water Loan Funds, now allow financing terms of up to 30 years. This revision to 18 AAC 76 also modified the calculation of financing rates. The financing rate calculation references the Bond Buyer's Market Index rate. More information about the financing rates for loans is provided on page 11.
- Beginning in January 2018, ADEC modified the project questionnaire submittal process. Previously, project questionnaires were accepted during an initial open solicitation at the beginning of the calendar year, with a second opening for questionnaire submittal if communities identified a need for additional funding. ADEC now accepts questionnaires on a year-round basis and reviews the projects submitted on a quarterly basis. The Project Priority List (PPL) will be updated and public noticed on a quarterly basis to reflect new project submissions.
- Beginning in SFY19, the SRF Program will modify implementation of equivalency requirements in an effort to reduce the administrative burden on the majority of borrowers. Previously, all projects were required to meet all requirements regardless of the project's equivalency status.
- During SFY19, the SRF program intends to establish a framework for providing microloans for utilities in Alaska's rural communities.

## 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. 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. Develop and effectively manage a self-sustaining loan program, to facilitate compliance with the Safe Drinking Water Act (42 U.S.C. 300f –300j) and the State of Alaska's Drinking Water Regulations (Title 18, Chapter 80 of the Alaska Administrative Code) by all public water systems.
3. Foster coordination with other programs and agencies to improve assistance to water systems in their efforts to achieve compliance and improve capacity.
4. Make funds available to borrowers based on estimated repayment schedules of future years. As needed, consider a more aggressive lending policy to provide sufficient funding to meet the needs of systems statewide.
5. Utilize the Alaska Drinking Water Fund (ADWF) and Alaska Clean Water Fund (ACWF) administrative fee accounts for program administration expenses. Most of these expenses will be paid from the ACWF administrative fee account until both accounts have a similar balance.
6. Investigate methods for encouraging borrowers to pursue Green and Sustainable projects.
7. Develop a long term lending strategy.
8. Expand borrower pool through an established marketing and outreach plan.
9. Develop program guidelines to improve the pace of loan projects.
10. Establish a process for coordinating funding strategies with other lenders such as USDA RD.
11. Establish a Microloan Program targeted at providing small, subsidized loans to rural communities.
12. Revisit the recommendations of the Citizen's Advisory Report and the subsequent Capacity Development Strategies to determine what needs remain and which have been addressed. Engage stakeholders to determine additional current needs and develop a revised Capacity Development Strategy.
13. Ensure full compliance with American Iron and Steel and Davis-Bacon Act requirements for all SRF loans.

### Short Term Goals

1. Provide low interest loans for planning, design and construction of facilities that will reduce acute health risks and provide safe drinking water.
2. Develop and distribute guidance materials to current and potential borrowers.
3. Develop and distribute marketing materials to improve outreach to potential borrowers.

4. Develop structure and procedures for the Microloan Program for implementation in SFY20.
5. Evaluate subsidy allocation methods.
6. Develop an online resource for borrowers about all potential sources of infrastructure funding including Water Infrastructure Finance and Innovation Act (WIFIA) loans.
7. Fully implement equivalency to reduce the regulatory burden on the majority of borrowers.
8. Initiate enhancements to the online payment request and quarterly report system to improve the user experience and data collection.
9. Utilize a portion of the capitalization grant for set-aside activities.
10. Develop a method for conducting Financial Capacity Assessments in-house.
11. Target shovel ready projects while improving access to borrowers by accepting project questionnaires year-round, with quarterly amendments to the Project Priority List.
12. Finalize implementation of loan process improvements identified during the June 2017 Lean Kaizen event.
13. Develop a method to provide funding for emergency projects.
14. Develop and distribute Davis-Bacon guidance materials to borrowers.

## FINANCIAL INFORMATION

### Amount of Capitalization Grant

Alaska's allotment from the FFY18 federal appropriation is \$11,107,000.

### State Match Requirement

Alaska must deposit into the ADWF an amount equal to at least 20% of the federal Capitalization Grant. ADEC will provide the required state match of \$2,200,000 from short term bonding. 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. This process effectively substitutes bond receipts for interest income. 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.

### Administrative Fees

Since December 29, 2000, assistance recipients have been assessed an administrative fee in the amount of 0.5% of the principal loan balance as prescribed in 18 AAC 76. Fee revenue is kept in the ADWF Fee Account, separate from the regular loan fund, and is used exclusively to pay program administrative costs.

Because the balance in the Alaska Clean Water Fund (ACWF) fee account is larger than the ADWF fee account, in SFY19, most administrative expenses will be paid from the ACWF administrative fee account. This practice will continue until both of the fee accounts have a relatively similar balance. As shown in Table 1, the difference between the two fee accounts is

currently approximately \$1.5 million. That difference is expected to narrow to \$0.7 million by the end of SFY19.

**Table 1. ADWF and ACWF Fee Accounts**

<b>Fee Account Information</b>	<b>ADWF Fee Account</b>	<b>ACWF Fee Account</b>
Fee Account Balance (4/23/2018)	\$5,058,302	\$6,578,954
SFY19 Anticipated Deposits	700,475	718,136
SFY19 Anticipated Expenditures	(216,500)	(1,073,500)
<b>Anticipated Fee Account Balance (6/30/2019)</b>	<b>\$5,542,277</b>	<b>\$6,223,590</b>

### Fund Draw Procedures

Draws for loan funding are split between state match and federal funding following the grant-specific proportionality rate method. ADEC draws ADWF set-aside funding at 100% federal.

### Expeditious and Timely Expenditure

The State will commit and spend the capitalization grant and state matching funds in a timely and expeditious manner. Within one year of the grant payment, the State will enter binding commitments with the recipients equal to the amount of the grant payment and proportional state match.

The funds may be used for activities during more than one state fiscal year. To keep unliquidated obligations at a minimum, the State will fully expend the capitalization grant within a two-year period.

### Fund Transfer

Federal regulations allow a transfer of up to 33% of the Drinking Water Capitalization Grants to the ACWF. ADEC reserves the authority to transfer funds between the ACWF and ADWF, as appropriate, at some time in the future.

### Fund Accounting Separation

The ADWF was established by statute as an enterprise fund of the State to serve as a revolving fund for financing drinking water system improvement projects. Funds allocated for set-aside activities authorized in Section 1452(k) of the SDWA are held in separate accounts; therefore loan fund activities and set-aside activities are distinct and separate.

### Set-Aside Use

Long-term projections assume that ADEC will use a minimum of 31% of the capitalization grant for administrative, technical assistance, and program management activities allowed under the various set-asides. However, utilization of newly available banked Program Management set-aside funds is anticipated to increase. Therefore, the total percentage of the capitalization grant used for set-aside activities is expected to increase in the short term.

## Estimated Funds Available – SFY19

In SFY19, the amount available for 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 \$47.3 million. The following table summarizes the funds contributed, as well as commitments and expenditures, since the inception of the ADWF.

**Table 2. Estimated Available Funding (as of 4/23/2018)**

<b>Sources of DWSRF Funds</b>	
Federal Grants Received (cumulative through SFY18)	\$216,660,656
FFY 18 Federal Capitalization Grant	11,107,000
FFY 18 State Match Appropriation	2,216,983
State Match, prior years	39,426,688
Investment Income	13,493,592
Past Loan Repayments (principal + interest collected)	112,279,538
Projected Repayments SFY19 (4/1/18 – 6/30/19)	10,703,157
Projected Repayments SFY20	10,712,234
Projected Repayments SFY21	10,327,620
Transfer from ACWF to ADWF (SFY08)	29,000,000
<i>Subtotal</i>	<i>\$455,927,469</i>
<b>Uses of DWSRF Funds</b>	
Existing Loan Commitments	\$332,273,441
Previous Bonding & Transaction Costs	25,344,410
SFY19 Bonding & Transaction Costs	2,221,400
Total Set-Asides	48,720,448
<i>Subtotal</i>	<i>\$408,559,699</i>
<b>Total Available for DWSRF Loans</b>	<b>\$47,367,770</b>

## CRITERIA AND METHOD FOR FUND DISTRIBUTION

### Project Priority List of DWSRF Projects

For a project to be considered for funding from the ADWF, it must be included in the State's PPL of DWSRF projects. The process is initiated when an eligible project sponsor completes a project questionnaire through the ADEC Online Application System (OASys).

In an effort to make loan funds more accessible, and to facilitate prioritization of construction-ready projects, ADEC implemented a revised schedule for questionnaire submittal beginning in 2018. Questionnaires are now accepted year-round through OASys rather than during one or two

limited solicitation periods during the year. Questionnaires are reviewed by a scoring committee on a quarterly basis. The submittal deadlines for questionnaire reviews during the 2018 calendar year are: February 28, May 31, August 31, and November 30. A letter was sent to eligible borrowers on January 4, 2018, providing information about the schedule for questionnaire submittals and inviting submittal of project questionnaires to be considered for SFY19 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 Non-Point Source Programs, evaluates the project questionnaires based on the DWSRF criteria and assigns a numeric score to each project. The SFY19 rating criteria are provided in Appendix 1. Projects are added to the PPL in rank order.

Based on the financial data provided in Table 2, approximately \$47.7 million is currently available for new loans. The highest ranked projects that are within the anticipated amount of available funding for the fiscal year are given a priority status during the first two months following issuance of the final IUP. During that two month period, applications are accepted only from priority projects. Further, any project on PPL, regardless of its rank on the list, which can demonstrate that agency plan and specification approval is in place at the time of issuance of the final IUP will be allowed to submit a loan application. After the two-month period, loan applications are accepted for any ready-to-proceed project on the list in accordance with the bypass procedures discussed in the following section of this IUP.

Because the total available funding exceeds the total need identified in the first quarter SFY19 questionnaire submittal, all projects on the first quarter PPL will be eligible to submit applications immediately.

### Amendments to the Project Priority List

ADEC will amend the PPL to include additional projects after each quarterly review and scoring of new project questionnaires. In the second, third and fourth quarters of SFY19, 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.

### Bypass Procedures

If a complete loan application has not been submitted for a project on the PPL, the project may be bypassed for another ready-to-proceed project with a lower ranking on the PPL.

In addition, a project may be bypassed by the next highest scored eligible project 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 include a Green component.

## Emergency Procedures

For purposes of the SRF program, an emergency refers to a natural disaster or terrorist action that damages or disrupts normal public water 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.

## FUNDING ALLOCATIONS

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

### Green Project Reserve (GPR)

The FFY18 capitalization grant encourages, but does not require, the use of funds to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. ADEC encourages borrowers to propose projects that include green infrastructure. As an incentive, ADEC awards 25 additional points in the project questionnaire scoring process for eligible GPR work. Green projects are identified in the funding list by green project category type.

At the time this IUP was drafted, 11 projects totaling \$9.2 million have been initially identified with green components (see the PPL in Appendix 2). These projects will be further reviewed during the loan application process to ensure that each project, in whole or in part, qualifies for GPR. Borrowers will be required to provide a Green Project Assessment form with applicable backup documentation, which will be posted no later than the next reporting quarter at the following website: <http://www.dec.alaska.gov/water/MuniGrantsLoans/greenproj.htm>.

### Additional Subsidy – Disadvantaged Community Assistance

Under the FFY18 federal capitalization grant, at least 20%, and no more than 30% of the grant, must be offered in the form of additional subsidy. ADEC has chosen to offer additional subsidy in the form of principal forgiveness. ADEC will offer disadvantaged utilities 50% of the total project costs, up to a cumulative maximum of \$500,000 per utility, as subsidy in the form of principal forgiveness. Subsidy funding will be awarded to disadvantaged entities according to overall project ranking on the PPL, from highest to lowest, until all funding is utilized. A utility is considered disadvantaged if it meets one or more of the following criteria:

- Median Household Income (MHI) is less than the state average MHI that is currently published by the Alaska Department of Labor and Workforce Development, Research and Analysis. For privately owned water systems, the MHI is based on the community in which the utility is located.

OR

- Rate of unemployment is above the state average unemployment rate that is currently published by the Alaska Department of Labor and Workforce Development, Research and Analysis. For privately owned water systems, the unemployment rate is based on the community in which the utility is located.

Additionally, ADEC will offer distressed communities 80% of total project costs as principal forgiveness. Distressed communities are identified by the Alaska Department of Labor and Workforce Development's 2017 Distressed Communities Report<sup>1</sup>.

Projects must meet the following milestones to be eligible for subsidy:

- Submission of a loan application within two months of issuance of the IUP, or subsidy funds may be made available to the next highest ranked eligible project.
- Submission of disbursement requests equal to at least the amount of the loan subsidy within one year of the signed loan agreement. If a utility is unable to expend the full subsidy within one year, the subsidy may be reduced to match the expenses incurred to date.

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.

### Small System Assistance

Of the total amount available for assistance from the ADWF each year, ADEC must make at least 15% available solely for providing loan assistance to small systems to the extent such funds can be obligated for eligible projects.

## PROGRAM ADMINISTRATION

### Loan Terms and Interest Rates for Eligible Projects

From April 28, 2005 through September 9, 2017, loans with a contract term of five to 20 years were assessed an effective finance charge rate of 1.5% or 18.75% of the current bond rate as defined by the Municipal Bond Index (MBI). Loans with a contract term of one to five years were assessed an effective interest rate of 1% or 12.5% of the current bond rate as defined by the MBI. Any loan term less than one year were assessed a 0.5% finance charge. However, the MBI was defined as the Merrill Lynch 500 Municipal Bond Index, which ceased to exist several years ago. Therefore, the effective finance charges have been 1.5%, 1% and 0.5% for many years.

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

<sup>1</sup> Alaska Department of Labor and Workforce Development, 2017. 2017 Distressed Communities Report, June 2017. Denali Commission.

market trends based on the Bond Buyer's Municipal Bond Index, as shown in Table 3. The revised regulations also increase the allowable financing term from 20 years to 30 years.

**Table 3. Finance Rates (effective September 10, 2017)**

Loan Term	Finance Rate for any Bond Rate*Less than 4 Percent	Finance Rate for Bond Rate* Greater than 4 Percent
20-30 Years	2	$2 + (0.75 \times (\text{Bond Rate}^* - 4))$
5-20 Years	1.5	$1.5 + (0.625 \times (\text{Bond Rate}^* - 4))$
0-5 Years	1	$1 + (0.5 \times (\text{Bond Rate}^* - 4))$

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

## 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 being in compliance with all conditions in both the Operating Agreement and Capitalization Grant.

### Federal Reporting

EPA's Project Benefits Reporting (PBR) database collects project level information and anticipated environmental benefits associated with the DWSRF projects, while the DWSRF National Information Management System (NIMS) produces annual reports that provide a record of progress and accountability for the program. EPA uses the information provided to oversee the DWSRF State programs and develop reports to the US Congress concerning activities funded by the DWSRF program. ADEC commits to entering benefits information on all projects into PBR by the end of the quarter in which the assistance agreement is signed. ADEC also commits to entering all program information into NIMS on an annual basis as EPA requests.

### Federal Requirements Applicable to All Projects

Loan applicants will be notified of all applicable federal requirements after a project is identified as a candidate for funding. The following federal requirements are required of all SRF loan recipients:

American Iron and Steel – The American Iron and Steel (AIS) provision requires SRF assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance or repair of a public water system. ADEC includes the AIS requirements in all funding agreements for construction projects.

Davis-Bacon Act Wage Rates - To ensure compliance with these requirements, ADEC will provide the specific Davis-Bacon contract language to be included in bid specifications and/or contracts and will confirm that the correct wage determinations are being utilized. In addition, ADEC will collect certifications of Davis-Bacon compliance from online project quarterly report statements.

Environmental Review - All proposed construction activities funded by the SRF program undergo an environmental review in conformance with the EPA-approved State Environmental Review Process (SERP).

### Federal Equivalency Requirements

Per EPA's Standard Operating Procedures for the CWSRF and DWSRF, specific requirements, often 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.

Beginning in SFY19, ADEC intends to take full advantage of the flexibility offered by equivalency to reduce the burden of the federal grant conditions for most applicants. In SFY19, all loans to the Anchorage Water Wastewater Utility (AWWU) will be required to meet all federal grant conditions, and therefore, may fulfil the equivalency requirements. For the DWSRF, these specific equivalency requirements are:

- Disadvantaged Business Enterprises (DBE)
- Federal cross-cutters
- Signage to enhance public awareness of SRF assistance agreements
- Single Audit
- Federal Funding Accountability and Transparency Act (FFATA)

Table 4 lists projects from the SFY19 PPL that are expected to be used to meet the equivalency requirements. Other AWWU projects may be substituted if any of these projects do not move forward. The SFY19 annual report will provide a summary of the projects that are selected to meet the state's equivalency obligation.

**Table 4. SFY19 Equivalency Projects**  
**Applicant: Anchorage Water and Wastewater Utility (AWWU)**

<b>Project Name</b>	<b>Loan Request</b>
Mink Avenue Water Upgrade	\$371,000
Thunderbird Grandview Subdivision Water Upgrade	\$1,508,000
Girdwood Well Site Upgrade	\$468,000
Becharof-Rakof-Chirkof Water Main Rehab	\$1,875,000
Boston Street Water Rehab	\$896,000
E 42 <sup>nd</sup> Lake Otis to Pipe Water Rehab	\$1,650,000
E 7th Lane to Pine Water Rehab	\$458,000
E Northern Lights Blvd Augustine Water Upgrade	\$384,000
Inlet Place Water Rehab	\$486,000
Set-asides	\$3,400,000
<b>TOTAL</b>	<b>\$11,496,000</b>

### Disadvantaged Business Enterprise (DBE)

Loan recipients and their contractors must comply with the federal DBE requirements throughout the life of equivalency projects.

Federal Crosscutters - Environmental Review

At a minimum, DWSRF projects funded to an amount equal to the federal capitalization grant must comply with the federal cross cutter laws including the environmental cross cutters. ADEC is in compliance with the federal environmental crosscutter requirements.

Signage to Enhance Public Awareness

To enhance public awareness of EPA assistance agreements in Alaska, ADEC posts detailed project notices for equivalency on the following ADEC web site:

<http://dec.alaska.gov/water/MuniGrantsLoans/SRFAwareness.htm>

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. ADEC monitors borrowers' compliance with those requirements in an amount equal to the capitalization grant.

Federal Funding Accountability Transparency Act (FFATA)

FFATA reporting requirements apply in an amount equal to the capitalization grant. ADEC will select projects with a dollar value equaling or marginally exceeding 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. Additionally, FFATA reporting will be conducted for set-aside contracts that equal or exceed \$30,000.

**SET-ASIDES**

Non-project activities are defined by the SDWA Amendments of 1996 as uses of DWSRF funds not related to construction of public water systems or modification of infrastructure. In support of the long and short term goals of the DWSRF, set-aside funds are used to fund a variety of technical assistance and capacity development activities as described below. Detailed work plans for each set-aside will be submitted for EPA review and approval in conjunction with the capitalization grant application.

**Table 5. Set-Aside Use**

Set Aside Activity	Requested Through SFY18	Requested in SFY19	"Banked" Amount through SFY19
Administration & Technical Assistance (4%)	\$ 6,871,784	\$440,000	\$1,020,642
Small Systems Technical Assistance (2%)	\$ 2,461,569	\$0	\$1,595,714
Local Assistance and Other State Programs (15%)	\$16,864,748		\$0
Capacity Development & Operator Certification		\$1,100,000	
Drinking Water / Wellhead Protection Program		\$550,000	
State Program Management (10%)	\$12,888,900	\$1,600,000	\$8,921,336

There is a federal limit on the amount of funds used for each set-aside category and the types of activities funded. In accordance with keeping unliquidated obligations at a minimum, ADEC will fully expend set-aside funds within a two year period.

### Administration and Technical Assistance Set-Aside (4%)

The Water Infrastructure Improvements for the Nation (WIIN) Act recently modified the amount states can designate for program administration. States can now elect the greatest of one of the following:

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

ADEC plans to utilize funds generated by the loan administration fees for administrative expenses related to program operations. In SFY19, most expenses will be paid from the ACWF administrative fee account which has a greater balance. See Table 2 for more information on fee account balances.

#### Drinking Water Program Technical Assistance

In SFY19, four percent of the capitalization grant, \$440,000, will be used by the Division of Environmental Health Drinking Water Program (DWP) for technical assistance to support public water systems.

### Small System Technical Assistance (2%)

In SFY19, ADEC will bank \$220,000, or two percent of the capitalization grant amount, for future assistance activities for small systems that serve fewer than 10,000 people.

### Local Assistance and Other State Programs Set-Aside (15%)

The state may request up to fifteen percent of the annual DWSRF capitalization grant for Capacity Development, Operator Training and Certification, Wellhead Protection, and other appropriate technical assistance activities; however, no more than ten percent of the capitalization grant may be used for any one specific activity.

#### Capacity Development and Operator Certification Programs

Historically, the Capacity Development Program has been implemented by the Drinking Water Program (DWP), within the Division of Environmental Health. Recent structural changes within ADEC have brought the DWSRF funded SRF (formerly Municipal Grants and Loan), Capacity Development, and Operator Certification Programs, as well as the Remote Maintenance Worker Program, under the single Technical Assistance and Financing (TAF) Program, within the Division of Water. The formation of the TAF Program has allowed for improved coordination in the use of DWSRF funds to best meet the needs of Alaska's public drinking water systems.

During SFY19, ADEC will review the historical Capacity Development goals, plans, and efforts, as well as identify current needs and opportunities. Based on the information gathered, and in coordination with the DWP, TAF intends to revise the Capacity Development Strategy for EPA

approval. To accomplish this effort, as well as for ongoing implementation of the approved strategy, a Capacity Development Program Coordinator position was created in SFY18.

In addition, the Operator Certification Program will provide direct technical assistance to water system operator and owners. A total of \$1,100,000 in Local Assistance set-aside funds will be utilized by the TAF Program for implementation of the Capacity Development and Operator Certification Programs.

#### Drinking Water and Wellhead Protection Program

The Drinking Water Protection Program, with the DWP, will utilize five percent of the capitalization grant, \$550,000, for drinking water protection-related activities.

#### Program Management Set-Aside

To supplement the completion of Public Water System Supervision (PWSS) program management activities, the DWP will utilize \$1,100,000, or ten percent of the SFY19 capitalization grant, plus \$500,000 in previously banked Program Management Set-Aside funds, for SDWA compliance requirements.

### **PUBLIC REVIEW AND COMMENTS**

A notice of the draft IUP was provided to all potential borrowers that submitted a project questionnaire and published in the Anchorage Daily News on May 22, 2018. The draft IUP was posted on the ADEC website throughout the 30-day public comment period.. Interested parties were invited to review the documents and submit written comments within 30 days. Comments were received from the EPA during this public notice period, and the SFY19 IUP was revised in response. Appendix 3 includes a summary of the comments and responses.

## **Appendix 1**

### **Priority Criteria for SFY19**

## Alaska Drinking Water State Revolving Fund - Priority Criteria for SFY19 Projects

PUBLIC HEALTH CONSIDERATIONS (only one):		Points
1	<p>This project will correct the cause of a human disease event documented by ADEC or a recognized public health organization. Documentation is attached</p> <p><i>Examples:</i>  <i>Outbreaks of Hepatitis, Giardiasis or Cryptosporidiosis.</i>  <i>Installation of new water mains in an area where there is a documented well contamination by a regulated contaminant that exceed safe standards, or a contaminant that is not regulated by EPA and/or the State, but has an established health advisory level.</i></p>	100
2	<p>This project will eliminate acute risks to public health. Documentation is attached.</p> <p><i>Examples:</i>  <i>Provides potable water to a community or area currently not served by piped service, but has existing water points or other haul systems.</i>  <i>Will resolve microbial risk from inadequately treated surface water or groundwater with long term deadlines.</i>  <i>Treatment for exceedances of acute contaminants such as nitrate, or treatment for long term (&gt; 2 years) MCL or Action Level exceedances for a chronic contaminant such as DBPs, lead, arsenic, etc..</i>  <i>Increase capacity where it is insufficient to meet public health needs. Examples include: source quantity; raw or treated water storage capacity to meet demand; well intake or distribution system pumps.</i></p>	75
3	<p>This project will correct potential long-term, chronic health threats or resolve serious distribution system problems or leaks. Documentation is required.</p> <p><i>Examples:</i>  <i>VOC removal, pH adjustment, action level or primary MCL exceedances due to source water quality or contamination.</i>  <i>Replacement of documented pipes or facilities that are leaking or constructed of inferior materials (example – asbestos cement pipe, structurally impaired water tank/reservoir).</i>  <i>Correction of documented distribution system freeze-up problems..</i>  <i>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.</i></p>	50
4	<p>This project will eliminate potential health hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations.</p> <p><i>Examples:</i>  <i>Periodic exceedances of action level or primary MCLs due to mechanical or structural problems, undersized or inadequate components or fixtures, or low pressure issues.</i>  <i>Replacement of pipe or facilities that are suspected to leak or constructed of inferior materials. Documentation of leaks is not required.</i>  <i>Extension of water service for existing customers and/or water main looping to remove dead-end mains</i>  <i>SCADA and other process instrumentation installations.</i></p>	30
5	<p>This project has no significant health hazard related issues.</p>	0
COMPLIANCE WITH SAFE DRINKING WATER ACT (only one)		
1	<p>This project will allow a system to come into compliance with an executed Compliance-Order-By-Consent (COBC), Administrative Order, Judicial Decision or Consent Decree.</p> <p>Points will be awarded only for agreements executed between the appropriate primary health agency (US Environmental Protection Agency or Alaska Department of Environmental Conservation) and the system owner or for a judicial decree.</p>	35
2	<p>This project will resolve a significant compliance issue.</p> <p>Examples include relatively minor compliance issues documented by an agency notification letter.</p>	25
3	<p>This project has no significant compliance related issues.</p>	10
4	<p>This project has minimal impact on future pollution events.</p>	0
SOURCE WATER PROTECTION (Only one)		
1	<p>The system's Drinking Water Protection Plan is current (within 3 years) and on file with ADEC Drinking Water Program. No documentation is required.</p>	5
2	<p>This project specifically addresses system vulnerabilities or potential sources of contamination that are identified in the Drinking Water Protection Plan. Documentation must be provided and will be verified by ADEC.</p>	10
3	<p>The system's Drinking Water Protection Plan is not current and/or the project does not address any vulnerabilities or potential sources of contamination.</p>	0

## Alaska Drinking Water State Revolving Fund - Priority Criteria for SFY19 Projects

AFFORDABILITY (Only one)			
<p>Points will only be given if a water system provides recent income data, population figures, and a fee structure or ordinance. 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. The web page link for the data is located at the Department of Labor and Workforce Development Research &amp; Analysis Section: <a href="http://laborstats.alaska.gov">http://laborstats.alaska.gov</a></p>			
	Monthly Water Cost / Monthly Income		
1	High	> 1 %	10
2	Medium	0.5% - 1.0 %	6
3	Low	< 1.0 %	3
OPERATOR CERTIFICATION (Only one)			
1	The system employs, or has on contract, an operator certified to the level of the system.		5
2	The system does not employ, or have on contract, an operator certified to the level of the system		0
ABILITY TO REPAY (Only one)			
1	The source, amount and year of repayment funds have been identified and are available now. This does not include anticipated funds from future year funding or appropriations. Documentation is required.		5
2	Matching funds have not yet been identified.		0
ADDITIONAL CONSIDERATIONS (Up to 15 points)			
1	Construction documents have been prepared (under 18 AAC 80) and submitted to the appropriate ADEC Drinking Water program office.		5
2	A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted to the ADEC SRF Program.		5
3	This project will result in the regionalization and/or consolidation of two or more existing public water systems.		5
SUSTAINABILITY PROJECTS (Only one)			
1	Fix it First Projects – 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
2	Effective Utility Management – 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
3	Planning – 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
4	Not applicable.		0
GREEN PROJECT (Determined by ADEC)			
	The applicant has sufficiently demonstrated eligible Green components under the project.		25

## **Appendix 2**

**SFY19**

**Project Priority List**

## Alaska Drinking Water Fund - State Fiscal Year (SFY) 2019 Project Priority List

Note: All projects identified in the first quarter of SFY19 are within the fundable limit of the Alaska Drinking Water Fund. Applications will be accepted for any project on the list when the final Intended Use Plan (IUP) is released. Funding will be awarded on a first-come, first-served basis.

(1) Additional subsidy is subject to change depending on the readiness of projects to proceed.

(2) 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).

Rank	Score	Public Water System ID# (Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Additional Subsidy (1)	Disadvantaged Community	Distressed Community	Requested Loan Term (Yrs) (2)	Green Project Amount (Type)	Sustainability Policy	Estimated Construction Start	Quarter Added to IUP
1	185	AK2211229 (575)	Alpat Water Utility Homestead Service Area	<b>Well Facility and Transmission Main</b> - Construct a well, well house and transmission main to serve the entire Homestead and Meadow Ridge service area from one facility with redundancy to maintain continuous service. Also included is leak detection equipment.	\$693,551	\$346,776	X		20 to 30	\$ 693,551 (Energy)	Fix It First	8/1/18	Q1
2	171	AK2340010 (3,797)	Nome Joint Utility System	<b>Bering Street Water System Replacement</b> - Replace leaking 33 year old "Scalircore" direct bury (and joint trench) water distribution piping in coordination with an Alaska Department of Transportation & Public Facilities project.	\$2,433,988	\$500,000	X		5 to 20	\$ 2,433,988 (Energy)	Fix It First	6/1/20	Q1
3	151	AK2110619 (253)	Haines Borough	<b>Small Tracts/Mud Bay/Front AC Pipe Replacement</b> -Replace approximately 3,300 feet of asbestos cement (AC) pipe with C-900 PVC on Small Tracts/Mud Bay roads and Front Street. The AC pipe is aging and deteriorating. Replacement will prevent leaks or a major line break.	\$2,284,590	\$500,000	X		20 to 30	\$ 2,284,590 (Energy)	Fix It First	6/3/19	Q1
4	121	AK2210906 (297,483)	Anchorage AWWU	<b>Mink Avenue Water Rehab</b> - Reconstruct approximately 550 feet of 6- inch cast iron water main to prevent a structural pipe failure and resulting emergency excavation. Existing pipe is approximately 50 years old.	\$371,000				5 to 20		Fix It First	6/1/18	Q1
5	121	AK2210906 (297,483)	Anchorage AWWU	<b>Thunderbird Grandview Subdivision Water Upgrade</b> - Replace or rehabilitate existing water distribution main in the Thunderbird Grandview subdivision area. Condition assessment of the project pipe and the leak history of the area were used to identify this project. Project was submitted in SFY18 as Primrose E17th E18th Water Rehab due to change in scope of project.	\$1,508,000				5 to 20		Fix It First	6/1/18	Q1
6	115	AK2210906 (297,483)	Anchorage AWWU	<b>Girdwood Well Site Upgrade</b> - In Girdwood, all water is produced and distributed from two wells. This project will enhance the reliability of the source through design and construction of upgrades to the backup power system and the replacement of the hypochlorite generation system. During the design phase of the project the condition of other systems at the well site will be evaluated for potential upgrades as part of the project.	\$468,000				5 to 20	\$ 150,000 (Energy)	Fix It First	1/18/19	Q1
7	115	AK2270320 (1,049)	Chevak	<b>Chevak Helical Pile Installation (Water)</b> - Install 2 helical piles per 10 feet of water distribution piping. Approximately 50 supports shall be installed. Helical piles provide support and consistent leveling for the utilidor. Without stabilization, ground shifts create gaps along the utilidor leading to water and sewer line freeze-ups.	\$33,675	\$26,940	X	X	< 5		Fix it First	07/01/2018	Q1
8	110	AK2260367 (516)	New Stuyahok	<b>New Stuyahok Curb Stops Installation</b> - Install approximately 10 curb stops and associated items for service line isolation. Curb stops allow the water to be shut off to a home to diagnose and repair leaks or other issues. The ability to control flow is critically important in remote communities with limited water supplies.	\$35,800	\$28,640	X	X	< 5		Effective Utility Mgmt	07/01/2018	Q1
9	110	AK2340109 (686)	Noorvik	<b>Noorvik Utilidor Replacement (Water)</b> - Replace existing damaged utilidor with new aluminum insulated utilidor. Existing main water piping shall be replaced as needed. Utilidor will be releveled on-site.	\$29,275	\$23,420	X	X	< 5		Fix it First	07/01/2018	Q1

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Rank	Score	Public Water System ID# (Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Additional Subsidy (1)	Disadvantaged Community	Distressed Community	Requested Loan Term (Yrs) (2)	Green Project Amount (Type)	Sustainability Policy	Estimated Construction Start	Quarter Added to IUP
10	110	AK2340183 (705)	Savoonga	<b>Savoonga Helical Pile Installation (Water)</b> - Install 2 helical piles per water main support. Approximately 75 supports shall be installed. Helical piles provide support and consistent leveling for the utilidor. Without stabilization, ground shifts create gaps along the utilidor leading to water and sewer line freeze-ups.	\$37,463	\$29,970	X	X	< 5		Fix it First	07/01/2018	Q1
11	101	AK2210906 (297,483)	Anchorage AWWU	<b>Becharof-Rakof-Chirkof Water Main Rehab</b> -Replace approximately 988 feet of 8-inch cast iron water main and 660 feet of 6-inch water main at the end of its useful life. Install interties to reduce the COF of each of these pipes.	\$1,875,000				5 to 20		Fix It First	08/15/2018	Q1
12	101	AK2210906 (297,483)	Anchorage AWWU	<b>Boston Street Water Rehab</b> - Replace approximately 895 feet of 6-inch cast iron water main at the end of its useful life.	\$896,000				5 to 20		Fix It First	06/01/2018	Q1
13	101	AK2210906 (297,483)	Anchorage AWWU	<b>E 42nd Lake Otis to Piper Water Rehab</b> - Replace and/or rehabilitate water lines along 42nd Avenue from Lake Otis to Piper Street that are aging and deteriorating.	\$1,650,000				5 to 20		Fix It First	08/14/2018	Q1
14	101	AK2210906 (297,483)	Anchorage AWWU	<b>E 7th Lane to Pine Water Rehab</b> - Replace approximately 572 feet of 6-inch cast iron water main at the end of its useful life.	\$458,000				5 to 20		Fix It First	08/15/2018	Q1
15	101	AK2210906 (297,483)	Anchorage AWWU	<b>E Northern Lights Blvd Augustine Water Upgrade</b> - Rehabilitate or replace approximately 853 feet of 8-inch ductile iron pipe that at the end of its useful life.	\$384,000				5 to 20		Fix It First	01/19/2019	Q1
16	101	AK2210906 (297,483)	Anchorage AWWU	<b>Gruening Reservoir/Booster/Well Station Rehab</b> - Evaluate and identify deficiencies in the Gruening Well, Booster Station and Reservoir. Once fully identified solutions to these deficiencies will be designed and constructed under this project.	\$1,071,000				5 to 20	\$ 500,000 Energy	Fix It First	09/24/2018	Q1
17	101	AK2210906 (297,483)	Anchorage AWWU	<b>Inlet Place Water Rehab</b> - Replace approximately 710 feet of 6-inch cast iron water main at the end of its useful life.	\$486,000				5 to 20		Fix It First	06/25/2018	Q1
18	101	AK2210906 (297,483)	Anchorage AWWU	<b>San Antonio-Camila-San Rob Water Rehab</b> - Replace 2,300 feet of water main, numerous water service lines, and adjacent fire hydrants within the right-of-way that are approaching the end of useful life.	\$1,390,000				5 to 20		Fix It First	06/01/2018	Q1
19	101	AK2210906 (297,483)	Anchorage AWWU	<b>W 43rd Aero Constellation Water Rehab</b> - Replace approximately 1,023 feet of 6-inch cast iron water main at the end of its useful life.	\$818,000				5 to 20		Fix It First	07/18/2018	Q1
20	101	AK2210906 (297,483)	Anchorage AWWU	<b>Tanglewood Place Water Rehab</b> - Replace approximately 600 feet of aging 6-inch cast iron water main.	\$395,000				5 to 20		Fix It First	06/01/2018	Q1
21	101	AK2120193 (1,548)	Craig	<b>Replace 5.5 miles of Raw Water Main</b> - Inspect and replace approximately 5.5 miles of aging ductile iron raw water main that transmits raw water from North Fork Lake to the Craig water treatment plant.	\$2,900,000	\$500,000	X		5 to 20		Fix It First	04/02/2018	Q1
22	101	AK2120193 (1,548)	Craig	<b>Spruce Street Storage Tank</b> - This tank provides additional storage capacity to meet peak water demands. The 30-year-old wooden storage tanks requires the following improvements: repair leaks; install variable frequency drive pump, pressure switch, and associated controls to operate manually or automatically; install automated input pipe with control valve.	\$219,000		X		5 to 20		Fix It First	10/01/2018	Q1
23	91	AK2240757 (2,787)	Seward	<b>Gateway Water Tank</b> - Refurbish the Gateway water storage tank roof to prevent leaks and to provide structural support due to snow load.	\$300,000	\$150,000	X		5 to 20	\$ 300,000 (Energy)	Fix it First	09/03/2018	Q1

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24	81	AK2210906 (297,483)	Anchorage AWWU	<b>Jewel Lake Intertie</b> - Construct approximately 1400 feet of 16-inch backbone water main and associated interties between 84th and 88th Avenue as part of a road widening project. Identified in the 2012 Water Master Plan, this project will provide needed backbone piping redundancy and address several dead ends that could be susceptible to water quality issues.	\$1,100,000				5 to 20		Fix It First	06/01/2018	Q1
25	76	AK2210906 (297,483)	Anchorage AWWU	<b>486 Zone Debarr Intertie</b> - Construct approximately 700 feet of 16-inch water main between the Anchorage Loop Debarr PRV Vault and Early View Drive located in East Anchorage including piping modifications within the Debarr PRV vault. Address hydraulic deficiencies in the northeast portion of the 486 pressure zone, provide system redundancy, and allow for the Muldoon Booster Station to be abandoned.	\$1,022,000				5 to 20		Fix It First	06/25/2018	Q1
26	76	AK2210906 (297,483)	Anchorage AWWU	<b>92nd Ave Intertie Zone Conversion</b> - Construct 750 feet of 12-Inch water intertie and associated appurtenances between 94th Ave. and Lakewood Court. This project will also convert the 320 pressure zone to the 347 pressure zone and provides redundancy in water service.	\$639,000				5 to 20		Effective Utility Mgmt.	09/25/2018	Q1
27	76	AK2210906 (297,483)	Anchorage AWWU	<b>Briarwood Dimond Intertie</b> - Construct approximately 400 feet of water main on Dimond Blvd. between the Old Seward Highway and Spring Street. The project will provide for redundancy for water service to residential and commercial customers between Dimond Boulevard, Lore Road, the Old Seward Hwy and the New Seward Hwy.	\$340,500				5 to 20		Effective Utility Mgmt.	09/24/2018	Q1
28	76	AK2210906 (297,483)	Anchorage AWWU	<b>Eagle River Well Rehab - Norfolk, Gruening, Well #8</b> - Rehabilitate one or more wells that are currently incapable of production in order to reduce the risk of a supply outage to the area and reduce the risk of cross connection due to outage.	\$750,000				5 to 20	\$ 500,000 Energy	Fix It First	06/01/2018	Q1
29	76	AK2210906 (297,483)	Anchorage AWWU	<b>Northern Community Zone Conversion Projects</b> - Design and construct a series of projects to combine pressure zones in the northern communities. Pressure zone conversion will provide for operational flexibility and efficiencies within the water distribution system. The pressure zone conversions include; merging the 484 and 520 zones, the 440 and 520 zones, and the 570 and 600 pressure zones.	\$2,486,121				5 to 20		Effective Utility Mgmt.	09/25/2018	Q1
30	75	AK2340418 (399)	Brevig Mission	<b>Water Treatment Plant Heat Recovery</b> - Harness waste heat from the power plant generators and transfer that heat using heat exchangers and a glycol loop to offset fuel usage at the water treatment plant.	\$550,000	\$440,000	X	X	20 to 30	\$ 550,000 (Energy)	Effective Utility Mgmt.	06/01/2018	Q1
31	71	AK2120193 (1,548)	Craig	<b>Radio Read Water Meter Upgrade</b> - Install new water meters with radio read components.	\$195,000			X	20 to 30	\$ 189,000 (Water)	Effective Utility Mgmt.	06/25/2018	Q1
32	70	AK2280074 (173)	Holy Cross	<b>Water Treatment Plan Heat Recovery</b> - Design and construct a heat recovery system to serve the water treatment plant.	\$782,756	\$626,205	X	X	20 to 30	\$ 782,756 (Energy)	Effective Utility Mgmt.	07/01/2018	Q1

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33	55	AK2340010 (3,797)	Nome Joint Utility System	<b>USDA Loan Refinance (Water)</b> - Refinance three water loans with USDA for facilities that were constructed and are now in operation.	\$882,700		X		5 to 20	\$ 882,700 (Energy)	Not Applicable	06/30/2006	Q1
34	51	AK2120193 (1,548)	Craig	<b>New Water Source Study</b> - Review potential new sources of drinking water to serve as a backup source. The city currently has no backup water supply should some interruption occur in the main treatment and distribution facilities. This project will look for other local water sources, including incorporating water from the City's prior water source as a supplement to the existing water source.	\$100,000		X		5 to 20		Effective Utility Mgmt.	09/17/2018	Q1
35	51	AK2260244 (972)	King Cove	<b>Delta Creek USDA Loan Refinance</b> - Refinance a USDA loan for water system infrastructure.	\$1,000,000		X		20 to 30		Not Applicable	05/31/2018	Q1
36	46	AK2210906 (297,483)	Anchorage AWWU	<b>Updated Water Master Plan</b> - Update the AWWU Water Master Plan. The water master plan provides a guide for future expansion, modifications, and rehabilitation over a 20-year planning horizon.	\$553,341				5 to 20		Effective Utility Mgmt.	01/19/2019	Q1
37	46	AK2120193 (1,548)	Craig	<b>Water Plant Contact Chamber Baffles</b> - Install baffles in the existing 35,000 chlorine contact chamber and the 165,000 gallon water storage tanks to achieve chlorine contact time more efficiently. An additional 30,000 gallon baffled storage tank is also needed.	\$588,200		X		5 to 20		Effective Utility Mgmt.	09/17/2018	Q1
38	41	AK2214730 (375)	Potter Creek Water Co.	<b>Reservoir Security Upgrade</b> - Survey and record an easement for exclusive utility use, and construct a security fence around reservoir easement.	\$56,465				20 to 30		Effective Utility Mgmt.	07/20/2018	Q1
<b>TOTAL</b>					<b>\$31,783,425</b>	<b>\$ 3,171,951</b>				<b>\$9,266,585</b>			

### Appendix 3. Response to Comments

EPA Comment	Response
Page 3, Program Updates, first bullet, extra word after “provided” in last sentence.	Corrected
Page 4, LT Goals #11, should be “subsidized”.	Corrected
Page 4, Is the state interested in pursuing a statewide deviation request for raw water impoundment structures/aka dams & reservoirs?	We have no potential projects that would require this deviation; therefore we will not be pursuing a statewide deviation at this time.
Page 4, ST Goal #4, related to comment #2 above, if those loans are microloans, suggest adding “implementing in SFY 19”.	Preliminary conversations with stakeholders about the development of the Microloan program have generated interest that lead to submittal of a few initial project questionnaire submittals. We consider these projects to be test cases and still believe that the program will require additional planning during the rest of SFY18 to ensure that the Microloan program is successfully launched. We prefer to refer to the Microloan program as an effort in development at this time.
Page 5, ST Goal #6, will this online resource include information about WIFIA?	We will make a note to include WIFIA as a potential funding source and provide a link to EPA resources when the web site is updated.
Page 5, ST Goal #13, need to fix “for provide”	Corrected
Page 5, Financial Information, suggest that you remove proposed payment schedule – both the verbiage and the table #1.	Corrected
Page 8, By Pass Procedures, “with a lower...” needs to be fixed.	Corrected
Page 9, top of page, remove “...and Green Project Reserve” since the GPR is a requirement only for the CWSRF.	Corrected
Page 9 or 10 or thereabouts, need to add in an affirmative statement indicating that you’ll provide at least 15% of the assistance provided to systems serving a population of less than 10,000. This is a requirement per the DWSRF regulations:	Statement added as noted.
Page 12, Equivalency bullets, remove A&E as this applies only to the CWSRF.	Corrected
Page 12, list of Equivalency Projects, the list for the DWSRF needs to include all of the set-asides	Corrected.
Page 14, Admin set-aside, Drinking Water Program <u>Compliance Assistance</u> , suggest rewording to something else, as <u>Compliance Assistance</u> has a distinct meaning in the drinking water world. Perhaps “Technical Assistance”?	Revised to Technical Assistance as noted.
Page 14, SSTA, suggest replacing “reserve” with “bank”.	Corrected
Page 15, Cap Dev Op Cert, last word in first paragraph – needs to be “systems”.	Corrected
PPL, Alpat, what is the “lead detection equipment”? Is this actually corrosion control-related, or something at sampling locations?	Typo corrected – should be leak detection equipment.
PPL, several projects need to explain a reason for the project, public health connection.	Project descriptions were revised to better explain the project and the public health connection.