

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

## **INTENDED USE PLAN FINAL**

**FFY19 Grant Allotment  
State Fiscal Year 2020**



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

PROGRAM OVERVIEW .....	3
PROGRAM UPDATES.....	3
PROGRAM GOALS .....	4
Long Term Goals.....	4
Short Term Goals.....	5
FINANCIAL INFORMATION.....	5
Amount of Capitalization Grant.....	5
State Match Requirement.....	5
Administrative Fees .....	6
Fund Draw Procedures.....	6
Expeditious and Timely Expenditure.....	6
Fund Transfer.....	7
Fund Accounting Separation.....	7
Set-Aside Use.....	7
Estimated Funds Available – SFY20.....	7
CRITERIA AND METHOD FOR FUND DISTRIBUTION.....	7
Project Priority List of DWSRF Projects.....	7
Amendments to the Project Priority List .....	9
Bypass Procedures .....	9
Emergency Procedures.....	9
Removing Projects from the Project Priority List.....	9
FUNDING ALLOCATIONS.....	10
Green Project Reserve (GPR).....	10
Additional Subsidy – Disadvantaged Community Assistance.....	10
PROGRAM ADMINISTRATION .....	12
Loan Terms and Interest Rates for Eligible Projects .....	12
ASSURANCES AND CERTIFICATIONS .....	12
Federal Reporting.....	13
Federal Requirements Applicable to All Projects.....	13
Federal Equivalency Requirements .....	13
SET-ASIDES .....	14
Administration and Technical Assistance Set-Aside (4%).....	15
Drinking Water Program Technical Assistance.....	15
Small System Technical Assistance (2%).....	15
Local Assistance and Other State Programs Set-Aside (15%) .....	15
Capacity Development and Operator Certification Programs .....	16
Drinking Water and Wellhead Protection Program.....	16
Program Management Set-Aside.....	16
PUBLIC REVIEW AND COMMENTS .....	16

## Appendices

- Appendix 1. Priority Criteria for SFY20 Projects
- Appendix 2. Project Priority List
- Appendix 3. Revised Public Notice Procedure for Categorical Exclusion Determinations

## Acronyms

AAC	Alaska Administrative Code
ACWF	Alaska Clean Water Fund
ADEC	Alaska Department of Environmental Conservation
ADWF	Alaska Drinking Water Fund
AIS	American Iron and Steel
AWIA	America's Water Infrastructure Act of 2018
AWWU	Anchorage Water and Wastewater Utility
CE	Categorical Exclusion
DBE	Disadvantaged Business Enterprise
DWP	Drinking Water Program
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
FFATA	Federal Funding Accountability Transparency Act
FFY	Federal Fiscal Year
GPR	Green Project Reserve
IUP	Intended Use Plan
MHI	Median Household Income
OASys	Online Application System
PBR	Project Benefits Reporting
PPL	Project Priority List
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund
TAF	Technical Assistance and Financing
WIIN	Water Infrastructure Improvements for the Nation Act of 2016

## 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 2020 (SFY20), July 1, 2019 through June 30, 2020. Alaska's allotment from the Consolidated Appropriations Act, 2019, is \$11,004,000.

## PROGRAM UPDATES

The Alaska Department of Environmental Conservation (ADEC) continues to make updates to the SRF Program in an effort to improve service to funding recipients and meet program goals.

- During the previous year, the SRF Program established a framework for providing Micro Loans to rural Alaska communities; seven rural communities submitted project questionnaires for drinking water infrastructure needs in SFY19. In SFY20, the SRF Program plans to fully implement the Micro Loan Program, offering up to \$500,000 per project with terms of up to 20 years and principal forgiveness ranging from 50% to 90%. A combined questionnaire and application was developed specifically for Micro Loan projects to simplify the application process. Information about the Micro Loan Program is available on the SRF Program website.
- During SFY19, the SRF Program initiated discussions with its largest borrower, Anchorage Water and Wastewater Utility (AWWU), about a Programmatic Financing (Pro Fi) approach. Pro Fi offers an alternative to project-by-project financing by funding eligible work within the utility's capital improvement project portfolio. The first Pro Fi loan is anticipated in late SFY19; a second Pro Fi loan will be completed in SFY20. Initiation of this approach required modification of the questionnaire submittal, review, and scoring processes to consider the projects within the portfolio that may be eligible for reimbursement during the one-year Pro Fi loan period. Revised loan agreements were drafted for the Pro Fi loans and reviewed by the Department of Law.
- With implementation of Pro Fi, the SRF Program can modify its approach to equivalency requirements in an effort to reduce the administrative burden on the majority of borrowers. Historically, all projects have been required to meet all requirements regardless of the project's equivalency status. Beginning in SFY20, all equivalency requirements will be met with AWWU's Pro Fi loan.
- 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 mid-year if communities identified a need for additional funding. The SFY19 funding year marked the first in which the SRF Program accepted questionnaires on a year-round basis and reviewed the projects submitted on a quarterly basis. Continuing in SFY20, the Project Priority List (PPL) will be updated and public noticed on a quarterly basis to reflect new project submissions.

- The SRF Program is proposing a revision to the public notice procedure for determinations associated with Categorical Exclusions (CEs). Projects that meet specific requirements identified in the State Environmental Review Procedure are categorically excluded from further environmental review. A public notice of the determination is provided for each applicable project. Under the current procedure, the CE determination appears in a one-day posting in the Anchorage Daily News. The SRF Program proposes to provide notice of all CE determinations by posting the determination on the ADEC Public Notice web page at <https://dec.alaska.gov/commish/public-notices/>. This website is a known and well-used location for ADEC public notice information and posting SRF CE determinations at this location will align the public notice process with the modern practices of the Department for effectively disseminating information. Posting public notices on the website rather than in the newspaper is intended to improve the efficiency of posting the notices and decrease administrative costs. To document this procedural change, ADEC will prepare an amendment to the State Environmental Review Procedure for EPA approval. Additional information about the revised public notice procedure for CE determinations is provided in Appendix 3.

## 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. Foster coordination with other programs and agencies to improve assistance to water systems in their efforts to achieve compliance and improve capacity.
2. Promote coordinated efforts by the State and eligible entities to expedite funding of eligible projects.
3. Develop and implement a cash flow model for forecasting fund usage to allow for improved planning and funding allocation decisions.
4. Develop a long term lending strategy.
5. Develop program guidelines to improve the pace of loan projects.
6. Expand borrower pool through an established marketing and outreach plan.
7. Establish a process for coordinating funding strategies with other lenders such as USDA Rural Development.

8. 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.
9. Investigate methods for encouraging borrowers to pursue Green and Sustainable projects.
10. Revisit the recommendations of the Citizen's Advisory Board Report and 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.
11. Ensure full compliance with American Iron and Steel and Davis-Bacon Act requirements for all SRF loans.

### Short Term Goals

1. Develop and distribute guidance materials to current and potential borrowers.
2. Develop and distribute marketing materials to improve outreach to potential borrowers.
3. Refine structure and procedures for the Micro Loan Program.
4. Implement revised subsidy allocation methods.
5. Develop an online resource for borrowers about all potential sources of infrastructure funding.
6. Fully implement equivalency to reduce the regulatory burden on the majority of borrowers.
7. Initiate enhancements to the online payment request and quarterly report system to improve the user experience and data collection.
8. Utilize a portion of the capitalization grant for set-aside activities that provide public water systems with guidance and technical assistance.
9. Develop a method for conducting Financial Capacity Assessments in-house.
10. Revisit loan process improvements identified during the June 2017 Lean Kaizen event and develop an implementation plan.
11. Develop a method to more efficiently provide funding for emergency projects.
12. Develop and distribute Davis-Bacon guidance materials to borrowers.
13. Pursue a deviation from EPA to allow financing of construction or rehabilitation of dams or raw water impoundments.

## FINANCIAL INFORMATION

### Amount of Capitalization Grant

Alaska's allotment from the Federal Fiscal Year 2019 (FFY19) federal appropriation is \$11,004,000.

### State Match Requirement

Alaska must deposit an amount equal to at least 20% of the federal capitalization grant (\$2,200,800) into the ADWF. ADEC will provide the required state match 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 Title 18, Chapter 76 of Alaska Administrative Code (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.

As noted in 18 AAC 76.258, ADEC will use administrative fees for direct costs including salaries, equipment, travel, and professional service contracts. Because the balance in the Alaska Clean Water Fund (ACWF) fee account is larger than the ADWF fee account, in SFY20, 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, at the beginning of SFY20, the difference between the two fee accounts is anticipated to be approximately \$590,000. By the end of SFY20, the fee accounts are expected to be balanced.

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

<b>Fee Account Information</b>	<b>ADWF Fee Account</b>	<b>ACWF Fee Account</b>
Fee Account Anticipated Balance (7/1/2019)	\$5,182,780	\$5,772,357
SFY20 Anticipated Deposits*	643,065	815,633
SFY20 Anticipated Expenditures*	(462,500)	(1,260,900)
<b>Anticipated Fee Account Balance (6/30/2020)</b>	<b>\$5,363,345</b>	<b>\$5,327,089</b>

\*Anticipated deposits and expenditures are based on SFY19 totals and may vary in SFY20.

### 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 award, the State will enter binding commitments with the recipients equal to the amount of the grant award 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 DWSRF 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

Short-term projections assume that ADEC will use a minimum of 29% 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.

### Estimated Funds Available – SFY20

In SFY20, the amount available for loans is the difference between the funds received and total program commitments, plus two years of projected future loan repayments, for a total of approximately \$28.7 million. Table 2 summarizes the funds contributed, as well as commitments and expenditures, since the inception of the ADWF.

## 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 Project Priority List (PPL) of DWSRF projects. The process is initiated when an eligible borrower 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 are: February 28, May 31, August 31, and November 30. A letter was sent to eligible borrowers on January 11, 2019, providing information about the schedule and inviting submittal of project questionnaires to be considered for SFY20 funding assistance.

**Table 2. Estimated Available Funding (as of 4/22/2019)**

<b>Sources of DWSRF Funds</b>	
Federal Grants Received (cumulative through FFY18)	\$227,767,656
FFY 19 Federal Capitalization Grant	11,004,000
FFY 19 State Match Appropriation	2,200,800
State Match, prior years	41,648,313
Investment Income	14,151,034
Past Loan Repayments (principal + interest collected)	125,870,617
Projected Repayments SFY20	11,613,410
Projected Repayments SFY21	10,880,937
Projected Repayments SFY22	10,753,211
Transfer from ACWF to ADWF (SFY08)	29,000,000
<i>Subtotal</i>	<b>\$484,889,978</b>
<b>Uses of DWSRF Funds</b>	
Existing Loan Commitments	\$374,303,936
Previous Bonding & Transaction Costs	27,570,170
SFY20 Bonding – State Match	2,200,800
Total Set-Asides	52,120,494
<i>Subtotal</i>	<b>\$456,195,400</b>
<b>Total Available for DWSRF Loans</b>	<b>\$28,694,578</b>

The project scoring committee, made up of representatives from the SRF Program, as well as the ADEC Drinking Water, Wastewater, Source Water Protection, and Nonpoint Source Programs, evaluates the project questionnaires based on the DWSRF criteria and assigns a numeric score to each project. Projects are added to the PPL in rank order. The SFY20 rating criteria are provided in Appendix 1.

Based on the financial data provided in Table 2, approximately \$28.7 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 this IUP.

### 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 SFY20, 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

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

In the event the SRF Program does not have sufficient funds available to offer loans to all projects that are ready to proceed, ADEC will award funding to ready-to-proceed projects in rank order based on the project ranking on the PPL. 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 as necessary for the state to meet federal grant requirements for equivalency and additional subsidy. In the event that two or more projects have the same ranking, preference will be given to projects with the following criteria and in this order: ready to proceed; response to a compliance or legal order with a specific deadline; and inclusion of a Green component.

### Emergency Procedures

For purposes of the SRF Program, an emergency refers to a natural disaster or manmade disaster 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.

### Removing Projects from the Project Priority List

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

## FUNDING ALLOCATIONS

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

### Green Project Reserve (GPR)

The FFY19 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. To incentivize borrowers to include such aspects in their projects, 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, nine projects 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

### Additional Subsidy – Disadvantaged Community Assistance

America’s Water Infrastructure Act of 2018 (AWIA) mandates that additional subsidy for state-defined disadvantaged communities must be between 6% and 35% of the capitalization grant. This requirement for disadvantaged communities is in addition to any additional subsidy requirement under the annual appropriation act. Therefore, including the subsidy required by the appropriation for the FFY19 federal capitalization grant, at least 26%, and no more than 55%, of the grant must be offered in the form of additional subsidy. ADEC has chosen to offer 15% of the capitalization grant as additional subsidy in the form of principal forgiveness to disadvantaged communities and 15% to Micro Loan borrowers.

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.

Subsidy funding will be awarded to disadvantaged entities proposing traditional projects according to overall project ranking on the PPL, from highest to lowest, until all funding is utilized. ADEC will offer borrowers that meet the disadvantaged community criteria subsidy of 50% of the total project costs, up to a cumulative maximum of \$500,000 per utility. The PPL

prepared for the first quarter of the SFY20 funding year shows that all available subsidy for traditional drinking water projects has been allocated.

Subsidy allocations for Micro Loan projects will range from 50% to 90% of the total project cost. The amount of subsidy offered will be determined based on the community's capacity as demonstrated by the Operation and Maintenance Best Practices score and the affordability of the utility's current user rates. The Operation and Maintenance Best Practices is a criteria developed in 2015 by the ADEC Facilities Programs in collaboration with the Rural Utility Business Advisor Program and the Alaska Native Tribal Health Consortium to assess operations and maintenance capacity of rural water and wastewater utilities.

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

		Best Practices Score	
		Medium (50-75)	High (75-100)
Affordability	Unaffordable	70%	90%
	Mid Affordable	50%	70%

**Figure 1. Micro Loan Subsidy Matrix**

A portion of the available subsidy for Micro Loan projects has been allocated, as noted on the PPL. The remainder will be allocated to other Micro Loan projects submitted during subsequent quarters in SFY20.

All projects that are identified for a subsidy allocation on the PPL must meet the following milestones in order to retain eligibility for subsidy:

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

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

### 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. 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 Municipal Bond Index. 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 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, as well as each capitalization grant, contain conditions that must be met. ADEC is committed to being in compliance with all conditions in both the Operating Agreement and each capitalization grant.

## Federal Reporting

EPA's Project Benefits Reporting (PBR) database collects project level information and anticipated environmental benefits associated with 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 - ADEC requires the inclusion of specific Davis-Bacon contract language in bid specifications and/or contracts and confirms that the correct wage determinations are being utilized. In addition, ADEC collects 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. In SFY20, ADEC intends to take full advantage of the flexibility offered by equivalency to reduce the burden of the federal grant conditions, listed above, for most applicants. For SFY20, the Anchorage Water Wastewater Utility Pro Fi loan will be required to meet all federal grant conditions. The SFY20 Pro Fi loan request is greater than the FFY19 capitalization grant; therefore, the Pro Fi loan will fulfill 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)

#### 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.

#### 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: <https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/project-posting-notice>.

#### 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)

To comply with FFATA requirements, ADEC must report loans awarded 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. This 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 contracts that utilize \$30,000 or more in Set-Aside funds.

## **SET-ASIDES**

The SDWA authorizes states to use a maximum of 31 percent of the annual allotment for Set-Aside activities. Set-Aside activities involve administration of the loan fund and assistance to water systems in meeting SDWA requirements. ADEC evaluated each of the four Set-Aside activities with the goal of protecting public health while maximizing loan fund dollars for infrastructure improvement projects. Set-Aside use for each of the four Set-Aside activities is listed in Table 5.

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 in the following paragraphs. Detailed work plans for each Set-Aside will be submitted for EPA review within 90 days of award of the capitalization grant.

**Table 5. Set-Aside Use**

Set Aside Activity	Requested Through SFY19	Requested in SFY20	"Banked" Amount through SFY20
Administration & Technical Assistance (4%)	\$8,058,784	\$440,160	\$1,020,642
Small Systems Technical Assistance (2%)	\$2,682,000	\$0	\$2,096,822
Local Assistance and Other State Programs (15%)			
Capacity Development & Operator Certification	\$11,434,200	\$1,100,400	
Drinking Water / Wellhead Protection Program	\$9,706,149	\$550,200	
State Program Management (10%)	\$13,844,730	\$1,600,400	\$8,421,336

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 2016 Water Infrastructure Improvements for the Nation (WIIN) Act provisions provide states with three options with regard to the amount used for this Set-Aside as listed below:

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

ADEC plans to utilize funds generated by the loan administration fees for administrative expenses related to ADWF program operations. In SFY20, 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

This year, ADEC plans to utilize four percent of the grant award, totaling \$440,160. This amount will be used by the Division of Environmental Health Drinking Water Program (DWP) for technical assistance to support public water systems. Within 90 days of receipt of the capitalization grant, ADEC will submit a work plan for EPA approval.

### Small System Technical Assistance (2%)

In SFY20, ADEC will bank \$220,080, 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 DWP. Structural changes within ADEC initiated in 2017 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 SFY20, ADEC will submit an interim revised Capacity Development Strategy for EPA approval and continue work on a more substantial and long term Strategy revision. 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 \$1,100,400 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, \$550,200, 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 \$1,100,400, or ten percent of the SFY20 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, 2019. The notice was also posted on the ADEC Public Notice website. The draft IUP was available on the ADEC SRF Program website throughout the 30 day public comment period. Interested parties were invited to review the IUP and submit written comments within 30 days.

The EPA provided review comments on the draft document. No other comments were received.

## Appendix 1

### **Alaska Drinking Water Fund Projects Priority Criteria for SFY20**

## Alaska Drinking Water State Revolving Fund - Priority Criteria for SFY20 Projects

PUBLIC HEALTH CONSIDERATIONS (only one):		Points
1	<p><b>This project will correct the cause of a human disease event documented by ADEC or a recognized public health organization. Documentation is required.</b></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><b>This project will eliminate acute risks to public health. Documentation is required.</b></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><b>This project will correct potential long-term, chronic health threats or resolve serious distribution system problems or leaks. Documentation is required.</b></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></p>	50
4	<p><b>This project will eliminate potential health hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations.</b></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><b>This project has no significant health hazard related issues.</b></p>	0
COMPLIANCE WITH SAFE DRINKING WATER ACT (only one)		
1	<p><b>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. Documentation required.</b></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><b>This project will resolve a significant compliance issue. Documentation required.</b></p> <p>Enforcement Targeting Tool (ETT) violations, Notices of Violation (NOVs), repeated or long-term boil water notices, one or more RTRC Level 2 Assessments</p>	25
3	<p><b>This project will address a documented compliance issue. Documentation required.</b></p> <p>Examples include relatively minor compliance issues documented by an agency notification letter.</p>	10
4	<p><b>This project addresses no significant compliance related issues.</b></p>	0
SOURCE WATER PROTECTION (Only one)		
1	<p><b>The system's Drinking Water Protection Plan is current (within 3 years) and on file with ADEC Drinking Water Program. No documentation is required.</b></p>	5
2	<p><b>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.</b></p>	10
3	<p><b>The system's Drinking Water Protection Plan is not current and/or the project does not address any vulnerabilities or potential sources of contamination.</b></p>	0

## Alaska Drinking Water State Revolving Fund - Priority Criteria for SFY20 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. Documentation required.		5
2	A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted to the ADEC SRF Program. Documentation required.		5
3	This project will result in the regionalization and/or consolidation of two or more existing public water systems. Documentation required.		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

### **SFY20 Project Priority List**

## Alaska Drinking Water Fund - State Fiscal Year 2020 (SFY20) Project Priority List - 1st Quarter

Note: The total available funding for SFY20 projects is \$28.7 million.

(1) To Fund column indicates that the project is within the current fundable limit. Projects within the fundable limit may submit an application within the initial two-month priority period. Beginning on September 1, 2019, applications will be accepted for any remaining funds for any project on the list that is ready to proceed.

(2) Allocation of subsidy is subject to change depending on the readiness of projects to proceed. Subsidy shown in the table is shown based on the year when allocated: SFY19 or SFY20.

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

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

Rank	Score	To Fund (1)	Public Water System ID# (Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Subsidy (2) (SFY19)	Estimated Subsidy (2) (SFY20)	Disadvantaged Community	Loan Term (3) (years)	Green Project Amount (Type)	Sustainability Policy	Estimated Start Date	Quarter Added to PPL
<b>DRINKING WATER PROJECT QUESTIONNAIRES</b>														
1	161	X	AK2310926 (950)	Valley Water Company	<b>Valley Water System Upgrade and Rehabilitation</b> - Design, purchase and install a water supply treatment system to address exceedances of water quality standards for copper. Provide improvements to 50-year-old distribution system.	\$350,000		\$175,000	X	5 to 20	\$350,000 (Energy)	Fix It First	10/1/2018	SFY19-Q3
2	155	X	AK2110619 (253)	Haines Borough	<b>Small Tracts/Mud Bay AC Pipe Replacement Phase 2</b> - Replace approximately 2,900 feet of aging, deteriorating asbestos cement (AC) pipe with C-900 PVC on Small Tracts and Mud Bay roads. Replacement will prevent leaks or a major line break. Design of this work was completed under a previous SRF loan agreement.	\$1,329,860		\$500,000	X	5 to 20	\$1,329,860 (Water)	Fix It First	6/1/2020	SFY20-Q1
3	146	X	AK310900 (13,000)	College Utilities Corp. (Fairbanks)	<b>Pearl Creek Extension</b> - Design and construct infrastructure to provide potable water to approximately 749 lots that were previously unserved. The project will include installing high density polyethylene water main, a water storage reservoir, circulation station and a control system.	\$11,141,059		\$500,000	X	5 to 20	\$5,000,000 (Energy)	Effective Utility Mgmt	5/25/2020	SFY20-Q1
4	146	X	AK2260294 (915)	Sand Point	<b>Water Distribution System Upgrade</b> - Valve identification and helium leak detection to map currently unmapped portions of the water distribution system, adding pressure reducing valve to control pressure and eliminate leaks, and energy efficiency upgrades to the water treatment plant.	\$276,800		\$138,400	X	5 to 20	\$218,800 (Water)	Fix It First	7/1/2019	SFY19-Q3
5	145		AK2320086 (556)	North Slope Borough	<b>Wainwright Water Plant Replacement</b> - Construct new administrative, mechanical, chemical storage, and shop areas to replace portions of the existing treatment plant that are at risk of structural failure.	\$9,557,000		\$337,200	X	5 to 20	TBD (Energy)	Fix It First	12/1/2019	SFY19-Q4
6	120		AK2350235, AK2320426, AK2320256, AK2320086 (1,743)	North Slope Borough	<b>Water Distribution Pump Variable Frequency Drives (VFDs)</b> - Design, construction, and installation of VFDs for water distribution pumps in Anaktuvuk Pass, Point Hope, Point Lay and Wainwright. VFDs will allow pumps to ramp up/down as system demands change to address system pressure issues.	\$456,000			X	< 5	\$456,000 (Energy)	Fix It First	9/2/2019	SFY19-Q4
7	105		AK2260197 (2,500)	Dillingham	<b>Water System Improvements</b> - Construct approximately 5,770 feet of new water mains to eliminate dead ends, replace approximately 2,965 feet of asbestos cement pipe, install additional fire hydrants, rehabilitate or replace water main valve boxes.	\$532,500			X	20 to 30		Fix It First	4/1/2019	SFY19-Q4
8	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	4/2/2018	SFY19-Q1 SFY20-Q1
9	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; and install automated input pipe with control valve.	\$219,000			X	5 to 20		Fix It First	10/01/2018	SFY19-Q1
10	101		AK2260244 (972)	King Cove	<b>Recoat Water Storage Tank</b> - The existing steel tank has signs of localized rusting. The proposed project will remove the existing coating, clean and recoat the tank to prevent further degradation.	\$400,000			X	5 to 20		Fix It First	8/15/2018	SFY19-Q2
11	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	9/3/2018	SFY19-Q1
12	75		AK2320086, AK2320426 (745)	North Slope Borough	<b>Wainwright &amp; Point Hope Water Plant SCADA Upgrade</b> - Design, construct, and install upgrades to allow remote Supervisory Control and Data Acquisition (SCADA) access to allow remote access for remote assessment or troubleshooting. This phase requests construction funds for Wainwright and design/construction funds for Point Lay.	\$749,000			X	< 5		Effective Utility Mgmt.	10/1/2019	SFY19-Q4

13	74 <sup>(4)</sup>	X	AK2210906 (297,483)	Anchorage AWWU	<b>SFY20 Pro Fi Questionnaire</b> - The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for wastewater infrastructure projects (see attached list).	\$9,757,660					20		Fix It First		SFY20-Q1
14	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.	6/25/2018	SFY19-Q1
15	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.	9/17/2018	SFY19-Q1 SFY20-Q1
16	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	5/31/2018	SFY19-Q1
17	46		AK2120193 (1,548)	Craig	<b>Water Plant Contact Chamber Baffles</b> - Install baffles in the existing 35,000 gallon 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.	9/17/2018	SFY19-Q1 SFY20-Q1
<b>SUBTOTAL</b>						<b>\$39,852,079</b>	<b>\$650,000</b>	<b>\$1,650,600</b>					<b>#####</b>		
<b>AMENDMENTS TO EXISTING LOANS</b>															
1	43	X	AK2210906 (297,483)	Anchorage AWWU	<b>Reservoir 3 &amp; 4 Circulation Line</b> - Construct yard piping and automated valves to provide Eklutna water directly to and through reservoirs 3 and 4 to enhance reservoir cycling. Original loan amount is \$1,000,000 from SFY15 IUP. This amendment request is for an additional \$3,510,590 for a total loan amount of \$4,510,590.	\$3,510,390					20		Fix It First		SFY20-Q1
2	98	X	AK2210906 (297,483)	Anchorage AWWU	<b>Hillcrest Drive Water Rehabilitation</b> - Rehabilitate and/or replace steel water main along Hillcrest Drive that is at the end of its useful life. Original loan amount is \$400,000 from SFY18 IUP. This amendment request is for an additional \$1,731,950 for a total loan amount of \$2,131,950.	\$1,731,950					20		Fix It First		SFY20-Q1
<b>LOAN AMENDMENT SUBTOTAL</b>						<b>\$5,242,340</b>									
<b>MICRO LOAN QUESTIONNAIRES</b>															
1	125	X	AK2340109 (600)	Noorvik	<b>Utilidor Replacement (Water) Phase 2</b> - Replace approximately 300 linear feet of aboveground water and sewer utilidor. This project will include installing new aluminum rectangle utilidor insulation and adjustable supports.	\$75,000		\$52,500	X	< 5			Fix It First		SFY20-Q1
2	125	X	AK2272004 (617)	Kotlik	<b>Water Connections</b> - Renovate five sewer service connections by removing the arctic boxes and installing flexible service connections. Install a circulating pump and a through wall shut-off valve at each home.	\$75,000		\$37,500	X	< 5			Fix It First		SFY20-Q1
3	160	X	AK2340141 (184)	Diomedea	<b>Water Treatment</b> - Provide water treatment equipment to adequately treat surface water to comply with SDWA including new filtration and ion exchange equipment, refurbish source water intake, and construct ocean outfall. SRF loan to be used as contribution requirement for federal funding through Indian Health Service. The water system has health-based violations for the arsenic level and for the Surface Water Treatment Rule. This project will help to bring the system into compliance.	\$55,244		\$27,622	X	< 5			Effective Utility Mgmt.		SFY20-Q1
4	110	X	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	< 5			Effective Utility Mgmt.	7/1/2018	SFY19-Q1
5	45	X	AK2260367 (510)	New Stuyahok	<b>Curb Stops Phase 2</b> - Install 12 water service curb stops in existing buried copper services as well as access risers. 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 rural communities with limited water supplies.	\$150,000		\$75,000	X	< 5			Fix It First		SFY20-Q1
6	80	X	AK2260325 (817)	Togiak	<b>Togiak Water Treatment Plant Heat Recovery</b> - Design and construct a heat recovery system to provide waste heat from the power plant to serve the water treatment plant. The project is anticipated to reduce the fuel used by the WTP by approximately 7,795 gallons of fuel annually.	\$770,719	\$616,575		X	20 to 30	\$ 770,719 (Energy)		Effective Utility Mgmt.	6/1/2019	SFY19-Q2
7	115	X	AK2270184 (484)	Scammon Bay	<b>Water Storage Tank Rehabilitation</b> - Replace exterior insulated pipes, valves, and fittings that connect to the aboveground water storage tank. Replace the level control for the tank and automated valves that control filling and draining the tank.	\$135,000		\$67,500	X	< 5			Fix It First		SFY20-Q1
<b>MICRO LOAN SUBTOTAL</b>						<b>\$1,296,763</b>	<b>\$645,215</b>	<b>\$260,122</b>							
<b>TOTAL FUNDING REQUESTED (ALL CATEGORIES)</b>						<b>\$45,229,419</b>									

## Alaska Drinking Water Fund - State Fiscal Year 2020 (SFY20) Programmatic Financing (Pro Fi) Projects

**Applicant: Anchorage Water and Wastewater Utility**

**Loan Term: 20 years**

The Pro Fi questionnaire includes the following improvements included in AWWU's capital improvement plans for the water utility.

Number	Project Name	Description
D-20-01	Thunderbird Grandview Subdivision Water Upgrade	Replace or rehabilitate existing water distribution main in the Thunderbird Grandview subdivision. Condition assessment of the project pipe and the leak history of the area were used to identify this project.
D-20-02	Eklutna Water Treatment Facility (EWTF) Primary Electrical Upgrade	Replace or rehabilitate power service infrastructure and distribution equipment associated with the Primary Plant, Portal Facility and Intake Facility.
D-20-03	W 43rd Aero to Constellation Water Rehabilitation	Replace approximately 1023 feet of 1967 - 6" cast iron water main at the end of its useful life.
D-20-04	486 Zone DeBarr Intertie	Construct approximately 700 feet of 16 inch diameter water main between the Anchorage Loop 06" DeBarr PRV Vault (630HGL) and Early View Drive (486 HGL) located in East Anchorage including piping modifications within the DeBarr PRV vault. Additionally, this project will 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.
D-20-05	92nd Ave Intertie Zone Conversion	Construct water main intertie between the 320 Hydraulic Grade Line Pressure Zone (HGL PZ) and the 347 HGL PZ at 94th Ave and Old Seward Hwy
D-20-06	92nd Ave PRV	Construct a new pressure reducing valve facility near Old Seward, Dowling Rd and 92nd Ave to ensure sufficient capacity in the area.
D-20-07	Dowling Rd PRV	Construct a new pressure reducing valve facility near Old Seward, Dowling Rd and 92nd Ave to ensure sufficient capacity in the area.
D-20-08	E 7th Lane to Pine Water Rehabilitation	Replace approximately 572 feet of 1968 6" cast iron water main at the end of its useful life.
D-20-09	Eagle River Well Rehab - Norfolk, Gruening, Well #8	Rehabilitate one or more wells that are currently not capable of going to production in order to reduce the risk of a supply outage to the area and reduce the risk of cross connection due to outage.
D-20-10	E. Northern Lights Blvd Augustine Water Upgrade	Replace or rehabilitate approximately 1,194 feet of 8-inch ductile iron pipe at the end of its useful life and abandon approximately 491 feet of 8-inch pipe.
D-20-11	Becharof St Rakof to Chirikof Water Rehabilitation	Replace approximately 988 LF of 1968 installed 8" CI water main and 660 LF of 1965 installed 6" water main at the end of its useful life. Install interties to reduce the consequences of failure of each of these pipes.
D-20-12	Tanglewood Place Water Rehabilitation	Replace approximately 600 feet of 1967 6-inch cast iron water main at the end of its useful life and in need of replacement.
D-20-13	Mink Avenue Water Rehabilitation	Reconstruct approximately 550 feet of 1966 6-inch cast iron water main at the end of its useful life and in need of replacement.
D-20-14	Girdwood Well Rehabilitation	Design and construct upgrades to the backup power system and the hypochlorite generation system. During design, the condition of other system at the well site will be evaluated for potential upgrades as part of the project with the overall purpose of enhancing the reliability of the water source.
D-20-15	Updated Water Master Plan	The water master plan provides a guide for future expansion, modifications and rehabilitation over a 20-year planning horizon.
D-20-16	Gruening Reservoir/Booster/Well Station Rehabilitation	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.
D-20-17	Briarwood Dimond Intertie	The Briarwood Dimond Intertie will 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 Blvd, Lore Road, the Old Seward Highway and the New Seward Highway.
D-20-18	Girdwood St Moritz Emergency Generator	Install an emergency generator onsite to allow for continued service during power outages. Pressure losses due to frequent power outages pose a risk of backflow or cross contamination.
D-20-19	Girdwood Timberline PRV Upgrade	This project will replace failing pressure reducing valve equipment within the Girdwood Timberline PRV Vault. The project will also upgrade SCADA communications equipment. Completion of this project will insure that AWWU will be able to maintain water service to existing customers in the 330 and 460 HGL zones of Girdwood by maintaining pressures and communication at this facility.
D-20-20	Glenn Square PRV Facility	The project involves construction of a new aboveground PRV facility to replace or upgrade the aged Chrysler PRV vault originally constructed in 1971 and modified in 1981. The existing vault is in a condition requiring improvements and access is limited by inbound traffic from the Glenn Highway.
D-20-21	Asplund and West Anchorage International Airport Water Supply Line	This project will replace an existing line that is buried beneath the north-south runways of the Ted Stevens Anchorage International Airport that is no longer accessible for maintenance due to the depth of the bury and airport operations. The new line will go along the north side of the north-south runways. The new line will ensure existing water service is maintained to existing customers west of the airport including the Asplund Wastewater Treatment Facility and other commercial and industrial customers.
D-20-22	900 Reservoir & Transmission Main	This reservoir is necessary to supply operational and emergency water storage needs in the upper Eagle River pressure zones. This project will construct a one million gallon reservoir and associated transmission piping to serve the upper Eagle River pressure zone. Construction of this reservoir will ensure operational and emergency water storage and prevent the water system from experiencing low system pressures during peak demand periods or emergencies.
D-20-23	Eklutna Water Treatment Facility Energy Recovery Station (ERS) Control Improvements	Rehabilitate the control infrastructure for the water treatment energy recovery station.
D-20-24	Eklutna Water Treatment Facility SCADA Backbone & Fire Improvements	Rehabilitate and improve the existing SCADA system.
D-20-25	475 Loop Conversion	Convert portions of the Anchorage bowl transmission loop to the 475 hydraulic grade line to enhance system operations.
D-20-26	Anchorage Townsite 5th-8th Water Upgrade	Rehabilitate water distribution infrastructure in downtown Anchorage that is at the end of its useful life.
D-20-27	Bragaw 16th DeBarr Water Upgrade	Rehabilitate or replace approximately 1,281 feet of 1956 6-inch and 8-inch cast iron pipe that is at the end of its useful life.
D-20-29	Ship Creek Water Treatment Facility Plan	Evaluate the condition and provide for planned management and upgrades to the Ship Creek Water Treatment Facility.

## Appendix 3

### **Revised Public Notice Procedure for Categorical Exclusion Determinations Amendment to the State Environmental Review Process**

The Alaska Department of Environmental Conservation (ADEC) proposes a revision in the public notice procedure for Categorical Exclusions as identified in the State Environmental Review Process (SERP) for both the Alaska Clean Water Fund (ACWF) and the Alaska Drinking Water Fund (ADWF). The Clean Water State Revolving Fund and the Drinking Water State Revolving Fund federal rules require an environmental review of all construction projects that receive funding assistance through these programs. In Alaska, the process for complying with the federal environmental review requirement is described in the SERP.

The SERP for both the ACWF and ADWF currently states that Categorical Exclusion determinations will be posted in a newspaper of community wide circulation as noted below:

**Issue Notices.** The Department will issue public notices in a newspaper of community wide circulation. Determinations for which public notice will be issued include Records of Decision, Findings of No Significant Impact, and Eligibility for Categorical Exclusion.

The ADEC proposes to revise the Categorical Exclusion public notice requirement to require posting the determination on the DEC Public Notice web page at <https://dec.alaska.gov/commish/public-notice/> and discontinue publishing the Categorical Exclusion notice in the newspaper. The proposed revision to the Categorical Exclusion process would state the following:

**Issue Notices.** Determinations for which public notice will be issued include Records of Decision, Findings of No Significant Impact, and Eligibility of a Categorical Exclusion. The Department will issue public notices in a newspaper of community wide circulation as well as on the DEC Public Notice web page for Records of Decision and Findings of No Significant Impact. The Department will issue public notices for Categorical Exclusion determinations on the DEC Public Notice web page.

Posting Categorical Exclusion determinations on DEC Public Notice web page will not only reduce administrative costs for the SRF Program, it will also streamline the public notice process for those projects that do not have a significant effect on the environment.

Public notices for projects that require a Finding of No Significant Impact or a Record of Decision will continue to be posted in a newspaper of community wide circulation as well as on the DEC Public Notice web page.