

SFY 2021

Drinking Water Intended Use Plan

Amendment 1

January, 22 2021



Water Infrastructure
Finance Authority of
Arizona



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AMENDMENT 1 TO THE IUP FOR SFY 2021 The Intended Use Plan (IUP) for State Fiscal Year (SFY) 2021 has been amended to update sections 5, 10, and 11 due to a change in the percentage of forgivable principal available.

INTRODUCTION

The Arizona Finance Authority Board of Directors is pleased to release Arizona's Drinking Water State Revolving Fund (DWSRF) Intended Use Plan (IUP) for the State Fiscal Year (SFY) 2021 funding cycle. The DWSRF IUP describes the Water Infrastructure Finance Authority's (WIFA) plan to utilize various sources of funds to finance drinking water infrastructure and support related program activities during the SFY 2021 funding cycle from July 1, 2020 through June 30, 2021. This IUP is a required element of the grant application documentation to obtain the Federal Fiscal Year (FFY) 2020 grant award.

Arizona herewith submits its IUP for the FFY 2020 funds available to Arizona for the purposes of continuing the development, implementation and administration of the DWSRF program in Arizona. This IUP is based upon the FFY 2020 DWSRF Federal Appropriation of \$1,126,088,000. Of this, Arizona's Capitalization Grant is anticipated to be \$19,802,000.

The Arizona DWSRF Loan Program funds publicly and privately-owned community water systems and non-profit non-community water systems. Eligible projects include treatment, transmission and distribution, source, storage, consolidation and creation of new systems. Projects to acquire land or to refinance debt obligations of publicly-owned systems may also be eligible. The program also places an emphasis on small and disadvantaged communities and on programs that address compliance and health advisories, as well as prevention and sustainability as tools for ensuring safe drinking water.

Section 1: Short-Term Goals

For the purposes of this IUP, a short-term goal is an activity intended to be initiated, and in some cases, completed within a year. The following are the short-term goals of the loan program:

- WIFA will make drinking water infrastructure loans more accessible and affordable to small communities by subsidizing all loans.
- If available, WIFA will provide additional assistance to communities who are identified as disadvantaged as described in Section 7.
- WIFA will provide any required percentage/amount of the Capitalization Grant amount as additional subsidization in the form of forgivable principal.
- WIFA will continue to encourage borrowers to address water and energy efficiency improvements and other environmentally innovative activities.

Section 2: Long-Term Goals

For the purposes of this IUP, a long-term goal is defined as the life of the program. The following are the long-term goals of the loan program:

- Award WIFA's resources in accordance with the needs of Arizona's citizens.
- Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.
- Effectively and efficiently deliver financial and technical assistance.
- Market agency programs and advocate the importance of safe, reliable water through presentations, networking and outreach. See Exhibit 1 for WIFA's Marketing Strategy.

Section 3: Important Program Changes

WIFA adjusted the Combined Interest and Fee Rate (CIFR) setting method during SFY 2020, adding a floor, with the intention of continuing to offer below market rates but to also protect the financial sustainability of the program for all borrowers.

HB2464 became effective in August 2019. This bill amended A.R.S. § 9-571 to allow cities and towns with populations 150,000 and under to borrow from WIFA without an election (they may now obtain debt authorization through their city/town councils as only cities and towns 50,000 and under did previously). With this amendment, eight additional cities are now more affordably and easily pursue WIFA financing. This bill allowed the Town of Queen Creek and the City of Buckeye to receive WIFA financing without an election.

WIFA in collaboration with the Town of Queen Creek and our EPA partners submitted a deviation request to allow for the funding of water rights. As a result of the Class Deviation issued November of 2019 WIFA is now working toward closing on two “water rights”/credits deals. These represent significant volume and it is anticipated that there could be more to follow.

With the encouragement of EPA staff WIFA modified its procedure for awarding forgivable principal to allow for up to 100% forgivable principal on drinking water loans. Additionally, the procedure also opened up eligibility to all drinking water projects. While still focusing on economically disadvantaged communities and projects that resolve threats to health and safety the new eligibilities should help the program attract more and larger borrowers.

Section 4: Agreement to Enter Data into PBR and NIMS

WIFA agrees to enter data into PBR and NIMS.

Section 5: Description of Public Notice Process and Actions Taken to Address Public Comments

Public review and written comment period of this IUP was conducted from May 15, 2020 through May 29, 2020. Public review and written comment period for Amendment 1 was conducted from January 22, 2021 through February 22, 2021. Notes on the changes done in Amendment 1 are on pages 4 and 5.

WIFA solicited public review and comment on the draft SFY 2021 DWSRF IUP and Project Priority List (PPL) according to the following schedule.

May 15, 2020	Distribution and Web posting of the draft DWSRF IUP and PPL to all interested parties.
May 29, 2020	Public Hearing – online via Webex at 10:00 a.m.
May 29, 2020	Deadline for public comments on the draft DWSRF IUP and PPL (5:00 pm).
June 18, 2020	Advisory Board recommendation of adoption of the final draft DWSRF IUP and PPL.
June 24, 2020	Arizona Finance Authority Board of Directors’ adoption of the final draft DWSRF IUP and PPL. IUP will then be sent to EPA for final approval.
July 1, 2020	Begin implementation of the Approved DWSRF IUP and PPL

Section 6: Assurances and Specific Proposals

WIFA intends to comply with the following:

- WIFA will comply with its environmental review policy as approved by EPA;
- WIFA will notify its borrowers of the requirement to comply with the Davis-Bacon requirements outlined in the Capitalization Grant Terms and Conditions;

- WIFA will notify its borrowers of the requirement to comply with the American Iron and Steel requirements outlined in the Capitalization Grant Terms and Conditions; and
- WIFA will make every effort to comply with EPA’s guidance for timely and expeditious use of funds.

WIFA agrees to the remaining required assurances and proposals in the grant application and the IUP.

Section 7: Disadvantaged Community Program

WIFA is committed to providing assistance to public water systems serving Disadvantaged Communities. The Board may designate an applicant as a Disadvantaged Community if the applicant satisfies one of the following:

1. The community is a designated “colonia” community through the federal government, or
2. The community received 60 or more Local Fiscal Capacity points on the DWSRF PPL.

WIFA intends on providing a total of 14 percent of the capitalization grant in additional subsidy as forgivable principal to communities who cannot otherwise afford projects (including at least 6 percent to Disadvantaged Communities). WIFA’s Disadvantaged Policy also allows for extended term, reduced interest or a combination. Further, WIFA’s new Additional Subsidy Procedure (III.20.1) for drinking water projects allows for up to 100% forgivable principal for disadvantaged communities who are resolving public health threats and project costs are \$250,000 or less.

Section 8: Criteria and Methods for Distribution of Funds (Priority Setting Criteria)

- **Project Priority List and Fundable Range**
 - **Project Priority List (PPL):** On an annual basis, following a statewide solicitation for projects, WIFA develops a statewide priority list of projects. Projects are scored and ranked on the list based upon public health risk, SDWA compliance, and financial need. Projects to address health advisories are a priority for DWSRF funding, as well as projects to address MCL exceedances. Currently, WIFA’s DW PPL has 17 applications totaling \$24,497,220.00. Staff are in discussions regarding several potential DW projects that may be added to the PPL during the year.
 - **Fundable Range:** The Fundable Range includes the applicants ready to receive design or construction financial assistance.
- **Project Priority List Updates**

The Board may update the DW PPL by adding or deleting projects or adjusting the fundable range for design or construction projects. The decision to update the DW PPL may be based on a project’s readiness to proceed, availability of other funding sources or other new information affecting the expansion or contraction of the PPL and Fundable Range. The Board adopts the updated DW PPL at a public meeting and the updates are posted on WIFA’s website. All projects must meet the applicable requirements under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-26.

Section 9: Bypass Procedures and Emergency Funding Procedures

The Fundable Range process is used to bypass projects that are not ready to proceed. In determining which projects may be included on the Fundable Range, WIFA evaluates each project for evidence of debt authorization according to A.A.C. R18-15-104. WIFA may not present an application to the Board for consideration until the applicant has provided such evidence. If sufficient funds are not available to fund all projects that are ready to proceed, WIFA will use tie breaking procedures established in A.A.C. R18-15-304.

WIFA may approve emergency funding for eligible applicants if a declaration of emergency is made by the Governor of Arizona or the Federal Emergency Management Agency (FEMA). The term of the loan will not exceed one year and be no more than \$250,000 per emergency event.

Section 10: Sources and Uses Table

Arizona DWSRF Sources & Uses for SFY 2021 (FFY 2020 Cap Grant)			
	Federal Contribution	WIFA Revenues	Total
Funding Sources			
New funds expected in SFY 2021	\$ 19,802,000	\$ 91,014,525	\$ 110,816,525
Total Funding Sources	\$ 19,802,000	\$ 91,014,525	\$ 110,816,525
Funding Uses			
Financial Assistance Loans	\$ 14,368,440	\$ 89,426,605	\$ 103,795,045
15% Set-Aside Source Wtr Protection (ADEQ)	\$ 1,866,680		\$ 1,866,680
15% Set-Aside Technical Assistance (WIFA)	\$ 400,000	\$ 130,000	\$ 530,000
10% Set-Aside PWSS (ADEQ)	\$ 1,979,000		\$ 1,979,000
4% Set-Aside Administration (WIFA)	\$ 792,080	\$ 1,457,920	\$ 2,250,000
2% Set-Aside Capacity Development (ADEQ)	\$ 395,800		\$ 395,800
Forgivable Principal \$ 2,772,280 (14%) \$4,752,480 (24%)			
Green Project Reserve (voluntary)			
Banked FFY 2014 funds** (10% to ADEQ)			
Total Funding Uses	\$ 19,802,000	\$ 91,014,525	\$ 110,816,525

**ADEQ banked \$1,000,000 from the FFY 14 and \$691,300 from the FFY 13 Capitalization Grants' 10% set-asides.

The Safe Drinking Water Act §1452(g) and §1452(k) allows States to set aside up to 31 percent of the Capitalization Grant for specific activities. These are referred to as the 2 percent, 4 percent, 10 percent, and 15 percent set-asides and are further described below. Funds not expended in these categories by the end of SFY 2021 will revert to the DW Loan Fund Account.

15 Percent Set-aside

State and Federal Statutes allow setting aside up to 15 percent of the Federal Capitalization Grant funds to provide local assistance to water systems in Arizona. ADEQ has requested \$1,866,680 for Source Water Protection activities to protect underground sources of drinking water. WIFA will utilize \$530,000 of this set-aside as described in Section 11 below.

10 Percent Set-aside

State and Federal Statutes allow setting aside up to 10 percent of the Federal funds for the Public Water System Supervision activities. ADEQ will use this funding for the PWSS Program, which encompasses all of the various activities involved in implementing the Safe Drinking Water Act requirements in Arizona. These activities include operator certification, source water assessment and protection, development of regulatory guidance and assistance documents, assisting systems in

obtaining the technical, financial, and managerial capability to comply with drinking water regulations, and technical consultations on water system and treatment system design. ADEQ is requesting \$1,979,000.

4 Percent Set-aside

State and Federal Statutes allow setting aside up to 4 percent of the Federal funds for the administration of the DWSRF program. WIFA will utilize this set-aside to pay salaries and associated expenses of program's personnel devoting time to the administration of the funds as well as the necessary ancillary services performed by other agencies. These funds will also be used to procure equipment and training necessary for the adequate performance of staff. Expenses for DWSRF-related public meetings, workshops and conferences will also be paid for out of this set-aside. Funds not used immediately will be reserved for use in future years. As evidenced in the Sources and Uses Table, WIFA will provide additional program administration support through use of WIFA Fees.

2 Percent Set-aside

State and Federal Statutes allow setting aside 2 percent of the Federal funds to provide local assistance to water systems in Arizona. The 2 percent set-aside in the amount of \$395,800 will be used by ADEQ's Capacity Development Program. ADEQ's Capacity Development Unit assists small drinking water systems, serving 10,000 or fewer people, to improve their day-to-day operation.

ADEQ Drinking Water Program

The Drinking Water program is federally mandated to ensure safe drinking water supplies for the public. Staff reviews water system construction plans, conducts compliance inspections on drinking water systems, reviews water quality monitoring data, initiates enforcement actions in response to continued or significant noncompliance, and conducts outreach to educate stakeholders on regulatory requirements. The program also evaluates source waters to ascertain their susceptibility to contamination, promotes voluntary community programs aimed at protecting aquifers for drinking water use, and administers the monitoring assistance program to assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act.

Section 11: Identify the Types of Assistance Provided and the Terms (Principal Forgiveness, Extended Terms)

WIFA provides low interest loans for projects eligible under the Safe Drinking Water Act. Eligible projects include treatment, transmission and distribution, source, storage, consolidation and creation of new systems. Projects to acquire land or to refinance debt obligations of publicly-owned systems may also be eligible.

- Subject to the limitation that loan terms are not to exceed the useful life of the project, all loans for the financing of projects will be for a term not to exceed 30 years from loan closing date. WIFA may provide additional subsidization to projects for communities who cannot otherwise afford the projects. WIFA intends on providing 14 percent of the capitalization grant in additional subsidy as forgivable principal. WIFA intends on providing 24 percent of the capitalization grant in additional subsidy as forgivable principal, 10% of which shall be used for disadvantaged communities.

WIFA also provides the following types of Technical Assistance:

Staff Technical Assistance - WIFA will use up to \$400,000 to provide staff technical assistance to borrowers. The purpose of WIFA's Staff Technical Assistance Program is to help prepare systems for construction of capital improvement projects. Awards will be made to small or disadvantaged

systems that need assistance in completing the design phase of an infrastructure project, or any system that needs assistance to comply with WIFA's environmental review process. Under agreements between the councils of governments and WIFA, the councils of governments will be reimbursed to oversee compliance with Davis-Bacon and contractor procurement. Fees will be provided to the councils of governments to defray the cost of Davis-Bacon monitoring and procurement. The SFY 2021 allocation for these activities will be \$100,000 (included as part of the \$400,000 staff technical assistance budget). Funds will be available for projects to be funded with a WIFA construction loan.

Professional Technical Assistance – Professional Technical Assistance includes studies, surveys and other types of reports that provide benefit to a range of drinking water systems statewide. Additional funds may also be used to provide technical, managerial and financial capacity development assistance.

The 2020 Drinking Water Needs Survey was scheduled to launch in SFY 2020. The Survey is now scheduled to begin possibly in July of 2020 (SFY 2021). WIFA has budgeted \$130,000 to complete the Drinking Water Needs Survey. This survey effort would include travel, training, one-on-one consultation with the systems selected to participate, data review and consultation with EPA's contractor, and participation in EPA's preparation of the Report to Congress.

Throughout the Funding Cycle and as circumstances require, WIFA may fund additional Professional Technical Assistance projects. The Board will act to add Professional Technical Assistance projects at a public meeting of the Board.

Financial Terms of Loans

1. All loans for the financing of projects will be for a term not to exceed 30 years from loan closing date. Loan terms are not to exceed the useful life of the project.
2. Repayment of loan principal must begin within 12 months of project completion based on the construction schedule available at the loan closing date or actual completion date or three years from the date of the loan closing, whichever is earlier.
3. Loan disbursements are to be made on a cost reimbursement basis.
4. The decision to leverage will be based on demand on the loan fund for projects to address public health concerns, market conditions and long-term impact to the fund.
5. ~~Fourteen percent~~ **Twenty-four percent** of the FFY 2020 Capitalization Grant funds will be provided as forgivable principal (unless the grant requirement is higher, in which case this percentage will be adjusted accordingly).
6. All contracts for DWSRF construction financial assistance will require the borrower to comply with the Davis-Bacon Act regardless of the source of funding.
7. All contracts for DWSRF construction financial assistance will require the borrower to comply with the Use of American Iron and Steel as described in WIFA's Capitalization Grant regardless of the source of funding, if required as part of the FFY 2020 Capitalization Grant.
8. WIFA will assess income from the Standard Combined Interest and Fee Rate (CIFR) as either fee income or interest income in accordance with the following table.

CIFR – Fee = Interest

Financial Structure	CIFR	Fee	Interest
Governmental	Set in accordance with Section 1 of WIFA Procedure: III.3.1	1.5%	CIFR – Fee
Non-Governmental		3.0%	CIFR – Fee

Section 12: State Match Sources

As demonstrated in the Sources and Uses Table, WIFA revenues will provide match for the FFY 2020 Capitalization Grant.

Section 13: Identification of Overmatch

Through April 2020, WIFA has overmatched the federal grants when viewed in a cumulative perspective by \$12,880,036 (through June 30, 2019 the overmatch was \$9,513,005).

Section 14: Anticipated Cash Draw Ratio (proportionality) or Statement of Match Drawdown then Federal

With the overmatch, WIFA will draw 100 percent of federal funds until the overmatch is reduced. Once the overmatch is depleted, WIFA will draw the proportional state match amount prior to drawing federal funds.

Section 15: Estimated Disbursement Schedule

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
20%	35%	35%	10%

Section 16: Identification of any Intended Transfers between Funds

WIFA currently has no planned transfers between the CWSRF and the DWSRF.

Section 17: Identification and Explanation of any Cross Collateralization

The Authority maintains the CWSRF and DWSRF as separate and distinct programs. Revenues generated by either program will remain within that program. Any transfers between funds will be temporary in nature and done only to alleviate short term cash shortages.

Section 18: Combined Interest and Fee Rate (CIFR)

WIFA Procedure has established a target CIFR ranging between 70 percent and 95 percent of the tax-exempt AAA MMD Rate for governmental entities and non-profits, and the taxable-equivalent to MMD for non-governmental entities. CIFR/subsidies on each loan will be set pursuant to the criteria below:

- Total Points; and
- Local fiscal capacity of the area served by the system requesting assistance.

Section 19: Fees Charged if Applicable and Uses of Fees

Section 11 describes how fees are charged. The Sources and Uses table demonstrates how fees will be used for SFY 2021, providing match to the federal grant and administration of the SRF.

Section 20: Overview of Program Financial Status and Management

The Arizona DWSRF established and is managing the revolving loan fund to make low cost loans and other types of assistance to water systems to finance the cost of infrastructure projects to achieve or maintain compliance with Safe Drinking Water Act requirements. All planned and prior year loans have assisted public water systems in meeting the federal and state drinking water compliance requirements. Details of Arizona's DWSRF activities supporting EPA's Strategic Plan will be included in the DWSRF Annual Report as well as in the Drinking Water National Information Management System (DW NIMS), Drinking Water Project Benefit Reporting System (PBR); and the Federal Funding Accountability and Transparency Act (FFATA) Reporting System.

Section 21: Leveraging Plan

As a matter of practice, WIFA pays close attention to its cash position and lending capacity. This practice includes reports to the WIFA Advisory Board at each Advisory Board meeting defining WIFA's current cash position and lending capacity. At this time, WIFA is considering a Bond Issue during this fiscal year due to strong demand in the drinking water program.

Section 22: Binding Commitment Schedule

When the Board of Directors approves an applicant's financial assistance request, WIFA staff prepares and circulates financial assistance (loan) documents to evidence the binding commitment in accordance with applicable federal and state requirements. Based on the DW PPL, WIFA expects to enter into binding commitments at 124 percent (dollars on PPL vs. the federal cap grant). WIFA's process is to accept PPL applications throughout the fiscal year instead of locking the PPL at the beginning of the year. WIFA is currently in discussions with numerous borrowers on potential projects that will be added to the SFY 2021 PPL as the year progresses. See also Exhibit 1 for WIFA's Marketing Strategy.

Section 23: Grant Payment Schedule

WIFA will receive all payments in the first quarter available.

Sections 24-33: (These Sections are for CWSRF)

These Sections are for CWSRF, not applicable to DWSRF.

Section 34-43: Fundable List

Arizona combines the Fundable and Comprehensive lists into one list. WIFA applies all crosscutters to all DWSRF projects with the exception of FFATA. FFATA is treated on an equivalency basis. It is unknown at this time which projects will be awarded forgivable principal.

Arizona’s Drinking Water Revolving Fund Project Priority List – SFY 2021 Funding Cycle

PPL Rank	Applicant	Population	County	PWS Number	Project Name	Description	Project Number	Amount Requested	Subsidy
1	¹ San Simon Domestic Water Improvement District	300	Cochise	AZ0402027	San Simon Project Drinking Water	The system is under an ADEQ consent decree for fluoride. The infrastructure for the water system is antiquated. Currently the pressure tank has leaks, compromising the tank. The system only has one well, which was lowered 40 feet this year. The system also needs a new pressure tank. The project will include exploration of a second well as a backup solution to the fluoride problem.	010 2021	\$250,000.00	75%
2	¹ Q Mountain Water, Inc.	1,125	La Paz	AZ0415096	Q Mountain Water System Improvements	Q Mountain Water Company is seeking WIFA assistance to address several system deficiencies identified by ACC. The project will include the demolition of two storage tanks, refurbishment of two storage tanks, construction of a new 100,000 gallon storage tank, installation of shade canopies for electrical equipment, electrical and SCADA upgrades, extension of power to Well No. 7, installation of new pump and motor at Well No. 7, and installation of new fencing at Well No. 7.	014 2020	\$1,145,000.00	70%
3	¹ DS Water Company	244	Mohave	AZ0408072	DS Water Storage Tank Installation and Arsenic Treatment Plant	This project will provide a storage tank and pumping facilities on the south side of the Virgin River so when infrastructure is washed away by flooding customers will still have water. This project will also install an arsenic treatment facility to achieve compliance and fulfill requirements of an ADEQ Consent Order.	006 2021	\$635,000.00	80%

PPL Rank	Applicant	Population	County	PWS Number	Project Name	Description	Project Number	Amount Requested	Subsidy
4	¹ Kohl's Ranch Water Company	114	Gila	AZ0404013	Meter Replacements and Installation	The existing meters are old and inaccurate. The company plans to replace the meters with "smart" meters and new ball valves and backflow device.	008 2021	\$137,500.00	80%
5	¹ Tonto Village Water Company, Inc.	185	Gila	AZ0404023	System Improvements	Project will replace old service lines and meters.	001 2021	\$618,377.00	75%
6	Lyn-Lee Water Company	90	Pima	AZ0410007	Water Storage	The system is in need of water storage and electrical updates to comply with ADEQ.	007 2021	\$40,000.00	85%
7	^{1, 2} Williams, City of	3,256	Coconino	AZ0403026	Dogtown Waterline	Eighty percent of the City's water supply flows through 70 year old pipes. This line transports both refined well water and crude lake water to the main pumping station then to the water processing plant. The project solution would include replacing eight miles of 70 year old pipeline with a dual line that would separate the crude lake water supply from the refined well water supply. This would save significantly on plant processing and overall maintenance costs.	015 2021	\$12,500,000.00	80%
8	¹ Mayer Domestic Water Improvement District	1,400	Yavapai	AZ0413039	Mayer DWID Improvement Projects	The system is aging and facing serious infrastructure deficiencies. This loan will address the following: relocate and upgrade water mainlines; install 4-5 new storage tanks; upgrade the booster stations; replace 700 meters; and construct an arsenic blending station.	003 2021	\$5,000,000.00	75%
9	¹ Tonto Village Domestic Water Improvement District (TVDWID)	256	Gila	AZ0404023	TVDWID Purchase of TVWC Water System	This loan is to secure funds to purchase the Tonto Village Water Company.	002 2021	\$410,200.00	75%

PPL Rank	Applicant	Population	County	PWS Number	Project Name	Description	Project Number	Amount Requested	Subsidy
10	¹ Cactus Stellar Limited	40	Pima	AZ0420801	Distribution System and Meter Replacement	Cactus-Stellar Limited is a consecutive system that proposes to replace their 40 year old distribution system. The transmission line experiences leaks in addition to having old, inaccurate water meters at each of its connections.	013 2021	\$300,000.00	75%
11	¹ Tonto Basin Water Company, Inc.	594	Pinal	AZ0411052	Cactus Forest Water System Improvements	The Tonto Basin Water Company intends to repair, replace, and upgrade various components of the Cactus Forest Water System. They plan to replace and/or relocate old or poorly placed distribution lines, rehabilitate and upgrade two wells, increase their storage capacity with an additional storage tank, and relocate critical electrical controls and equipment inside a building.	012 2021	\$1,000,000.00	75%
12	¹ Rim Trail DWID	250	Gila	AZ0404035	Addition of third well and replacement of all water meters to AMR technology	Water meters were installed 70 years ago. Additionally, the SWTP suffers from turbidity problems. As their main water supply, the DWID is struggling to meet demand. This project would resolve these issues by purchasing and outfitting a third well and replacing the meters.	004 2021	\$140,000.00	75%
13	¹ Springerville, Town of	1,991	Apache	AZ0401013	Water FYE 21-25	Springerville intends to install meters at well sites, inspect and rehabilitate wells, improve controls at booster stations, replace water lines, and complete a water model of their system. They also plan to purchase water conversation kits and distribute them to their customers.	016 2021	\$877,480.00	80%

PPL Rank	Applicant	Population	County	PWS Number	Project Name	Description	Project Number	Amount Requested	Subsidy
14	¹ Walnut Creek Water Company LLC	500	Mohave	AZ0408078	Tank Refurbish Project	The two older water storage tanks are in poor condition and need to be refurbished. The Company's water loss is approaching 10% as the leaking tank continues to worsen. The solution is to repair and refurbish the inside of both older water storage tanks including any needed welding and complete interior recoating.	011 2021	\$161,500.00	80%
15	Appaloosa Water	500	Yavapai	AZ0413208	Operational Equipment Upgrades	This project is to replace the existing well meters, purchase a stronger well pump, and clean and coat the storage tank.	005 2021	\$350,000.00	80%
16	Kearny, Town of	2,076	Pinal	AZ0411031	Water Infrastructure Rehabilitation	The loan would refinance a USDA loan in the amount of \$600,000 at 5.125% to a lower interest rate, and include an additional \$85,000 for distribution system rehab.	009 2021	\$685,000.00	85%
17	Oak Creek Public Service, LLC	497	Yavapai	AZ0413042	OCPS Storage Improvement, Tank Renovation and Valve Replacement.	Oak Creek Public Service plan to replace old equipment and improve storage capabilities. They will increase storage by adding a 65,000-gallon tank and renovate a 48,000-gallon tank. They will replace 24 mainline shutoff valves and 260 meters. They will install new lines to existing mainlines while installing the new storage tank. They also plan to move the mainline that currently runs under the office to a safer line route around building.	017 2021	\$247,163.00	85%

Total: **\$24,497,220.00**

¹ Eligible for disadvantaged community designation

² Potential equivalency project

Section 44: IUP Includes Set-Asides Taken and Authority to be Banked if Applicable

See Sources and Uses Table for Set-Aside budgeted for FFY 2020.

Section 45: IUP Includes Uses of the Set-Aside Funds and Expected Timeline of Expenditure

Section 10 describes the uses of the set-aside funds. ADEQ provides a timeline in a separate work plan for their portion.

Section 46: IUP Includes Expected Outcomes of the Set-Aside Funds

Provided by ADEQ under separate cover.

Exhibit 1 – WIFA’s SFY 2021 Marketing Strategies

I. Introduction

The purpose of this Marketing Plan (the plan) is to increase brand awareness, attract potential/previous borrowers to WIFA and promote the CWSRF/DWSRF programs.

II. Goals and Objectives

- Increase the awareness of WFA’s funding, benefits, and technical assistance program to eligible borrowers.
- Market the policy changes ways to alleviate administrative strain on potential/current borrowers by offering additional support.
- Develop and enhance relationships with communities and water systems. Increase awareness that funding is not limited, and borrowers of all sizes are welcome.
- Increase outreach to non-profits, state/federal agencies, financial advisors, and engineers.
- Maintain excellent customer experience and position WIFA as a “community-engaged” organization that serves as both a financial and a technical resource.
- Modernize WIFA’s digital presence and marketing materials.
- Continue WIFA’s visual refresh and increase the usability of printed materials.

III. Core Messages

Low-interest rates and cost savings

WIFA financing offers substantial cost savings to the borrower, achieved through various methods, such as forgivable principal or technical assistance funding.

Funding availability and limitations

WIFA will continue to strengthen the communication of funding for all eligible borrowers/projects.

Application process

WIFA accepts applications at any time with no deadline to apply. Applications are accepted electronically, and application assistance is always available during business hours.

Quick processing and disbursement

Processed loan documents, on average, in less than one week - from board action (loan resolution approval) to distribution of loan documents. WIFA processes disbursement requests with an average of six days.

Customer service

WIFA staff are available to answer any questions about funding options, the application process, and potential eligibility. Inquiries can be made via phone, email, or written correspondence. At the request of potential borrowers, WIFA can also offer in-person meetings, workgroups, or training to assist with our processes.

IV. Target Audiences

Small and/or disadvantaged communities, including Colonia

Generally, with lower household incomes and less ability to generate appropriate revenue for projects. These communities typically struggle with planning, design, already high rates, and project management.

Tribal communities

Eligible Native American tribal governments and authorized tribal entities having jurisdiction over disposal of sewage or own a public water system.

Previous and newly eligible borrowers

Outreach efforts will highlight the programmatic changes and convenience of borrowing for additional projects.

HB242 Eligible borrowers

House Bill 2464 went into effect fall of 2019, raising the voter approval requirement for cities and towns from 50,000 to 150,000, opening WIFA up to an additional 8 communities.

V. Tasks & Tactics

WIFA staff will collaboratively use the following marketing tactics: *A. face-to-face strategy, B. Digital Strategy, and C. Program materials.*

A. Face-to-face strategy

Attachment A contains a list of events that WIFA typically attends/sponsors. The list is updated as new events or workshops are added.

Conferences and conventions

WIFA staff attend conferences as a speaker, sponsor, or exhibitor. Attendance satisfies professional development and enables program communication to audiences of various sizes.

Presenter: Each presentation is adapted to meet the needs of the event; the core objective is to educate the audience about WIFA and increase potential borrower engagement.

Exhibitor or Sponsor: Marketing materials are placed on/around the occupied space. Exhibitor time is also used for networking with other exhibitors.

Individualized assistance

WIFA Provides personalized service to each potential applicant and borrower, especially individuals in the rural parts of Arizona. Many rural applicants/borrowers may not be able to attend in-person outreach because of limitations. Examples of individualized assistance provided by WIFA staff include:

- In-person meetings to discuss projects and potential for funding
- Providing materials for community outreach, awareness, and education
- Fiscal Impact Analysis (loan savings, terms, benefits)
- e-apps support and troubleshooting
- Navigating federal and local requirements

Alternatives will be used if travel is burdensome or unreasonable. Webcasts, teleconferences, screen-sharing, or video may be used in conjunction with other strategies.

B. Digital strategy

Website

WIFA's website is the first-place applicants and borrowers look for information. The communications Director and Information Technology staff will implement periodic content audits, and other updates will be published on an ad hoc basis. Website updates will be visually appealing with logical Information Architecture (IA), focusing on user experience, mobile optimization, accessibility, and those with limited technological expertise.

Some improvements to WIFA's website will include:

- Implementation of a Joomla Content Management System (CMS)
- Elimination of redundant navigation and content
- Subjects by topic or category
- Newsroom and notices
- Responsive mobile-first
- SEO optimization
- Enhanced "contact us" pages

Social media

Facebook, LinkedIn, Twitter, and Vimeo will be used to announce program updates and promote the SRF. Content calendars are maintained and updated monthly, individual campaigns will be added as needed.

Publications and partner resources

Staff will research relevant publications, studies, or materials and promote them as necessary; these promotions may be combined with the website and social media updates. Quarterly, WIFA submits content to Kachina News and will seek to add new publications, such as The League of Cities and Towns quarterly newsletter.

C. Program materials

Attachment B outlines the target audience and the type of outreach material that is relevant to the recipient.

Brochures and Flyers

All of the brochures and flyers are maintained on WIFA's website for viewing or download. All brochures and flyers are updated as needed.

WIFA tri-fold brochure

General information about Arizona's SRF program, including an overview of funding types, eligibility, business, and application information. Commonly used for:

- Promotional-folder
- General outreach
- Conferences/expos
- Potential borrowers
- Legislative interest
- Public interest

Fact sheet Flyers

The fact-sheets provide more information about specific topics. Promotional folders

containing relevant fact-sheets are created. Fact-sheets are also displayed at booths or expos. List of current fact-sheets:

- Annual report Highlight
- Application process
- CIP financing
- Flexible lending options
- Funding – stormwater
- Funding - Technical Assistance
- Funding – Reuse
- Funding – NPS

Media kit

WIFA will create a media kit to highlight program benefits and offer SRF education. This kit will primarily be used for legislative staff, media inquiries, or public information requests. Included information will be dependent on the recipient, but may include:

- WIFA information letter
- Recent press coverage
- Case studies
- Testimonials

Outreach letters

WIFA marketing staff will create outreach letters (drinking water and clean water) for direct marketing to potential borrowers. The purpose of these letters is to inform the recipient of the funding options. These letters are sent out annually, or as needed, example audiences include:

- The League of Cities and Towns directory
- ADEQ-EPA non-compliant systems
- Previous borrower leads

***Note:** the team will verify that the recipient is eligible for the program and that no previous outreach has been done in the last year. Inundating potential borrowers with information will result in frustration and a loss of interest.*

Newsletter

Using examples set by other SRF's and state agencies, WIFA's marketing team will develop and pilot a quarterly newsletter. Content will be geared towards SRF, water, and water infrastructure-related topics. The following topics will be included:

- Program updates
- Highlights
- Important dates and reminders
- Calendar of WIFA events
- Special announcements
- Contact information

Implementation Schedule

Under the Executive Director's supervision, marketing and outreach efforts are led by WIFA's Communications Director. WIFA has significant modernization efforts to work through, making this marketing plan a multi-phase project; projects related to outreach, borrower acquisition, and visibility will take the highest priority. Additional phases are subject to shift and will be determined by workload, priority items, resources, and staff limitations. Attachment C outlines the high-level implementation plans for CY2020

VI. Metrics and engagement

Proper marketing metrics will enable WIFA to evaluate the implementation of this plan and create an adaptable approach to future marketing efforts; the following progress tracking methods will include:

Surveys: WIFA surveys are created and maintained in SurveyMonkey or Google Forms.

Applicant feedback: Through e-apps, WIFA will monitor the number of applications received and how the applicant became aware of the SRF program. WIFA will review this data quarterly and adjust marketing efforts.

General Inquiries: WIFA's "contact us" web form. The Communications Director ensures that the most appropriate staff responds in accordance with WIFA's customer service procedure.

Social media engagement: WIFA will utilize a social media management tool. This enables the team to track the engagement and success of social media campaigns. Engagement metrics will help the team develop content that is more relevant and engaging.

Website analytics: Google analytics will be used to analyze web traffic for all associated websites; qualitative and quantitative data will be used to ensure that user needs are met.

Distribution list dashboard: WIFA will utilize Sendgrid as its email marketing and email automation platform. Sendgrid's automation allows for the maintenance of accurate distribution lists, automation, and website/social publishing at the same time.

Joomla Content Management System: Content editors can submit changes for approval without asking IT to do it. A CMS is mobile-friendly, scalable, integrates well with analytic tools, and can be easily audited for accuracy.

Attachment A: WIFA's Major event schedule

Date	Activity	Audience
Feb.	GFOAz Winter Conference	Government finance professionals
Feb.	The project of the Year Awards	Past borrowers, WIFA board, public
March	Water Resources Research Center Annual Conference	Water policy and management professionals, public
March	Rural Water Association of Arizona Annual Technical Conference	DW & WW professionals, potential borrowers
April	CIFA Federal Policy Conference	Infrastructure financing professionals
May	Arizona Water Association Conference	Water professionals, public
June	GFOAz Annual Conference (national)	Government finance professionals
July	Water Reuse Conference	State and local government, manager, operators
Aug.	League of Cities and Towns Annual Conference	Local government leaders, potential borrowers
Aug.	American Public Works Association - Arizona Chapter	Public Works Directors, consultants, and suppliers
Aug.	AZ Rural Development Council - Rural Policy Forum	Rural stakeholders, businesses, nonprofits, and community leaders
Aug.	GFOAz Summer Training	Government finance professionals
Sept.	Rural Water Association of Arizona Annual Leadership Conference	DW & WW professionals, potential borrowers
Sept.	Arizona Hydrological Society Annual Symposium	Water professionals, researchers, and hydrologists
Nov.	CIFA SRF National Workshop	Infrastructure financing professionals

Attachment A. Cont.: WIFA's 2019 Events, CY2019

Date(s)	Activity	Audience
2/1/2019	Arizona Runs on Water: Scarcity, Challenges, and Community-based Solutions	Water professionals, researchers, and hydrologists
3/18/2019	AIS Workshop	WIFA staff, potential/current/previous borrowers
4/9/2019	Cobre Valley Water Forum	government, industry, nonprofit, university. Current/potential borrowers
4/30/2019	Morning Scoop: Water	Water professionals, elected officials, media
5/8/2019	Focus Group - Small/Med systems	Current/past/previous/potential borrowers
5/23/2019	WIFIA Workshop	potential borrowers
07/22/2019 - 07/24/2019	Annual Arizona Symposium	Water professionals, local government staff
07/28/2019 - 07/30/2019	Arizona WaterReuse Symposium	City, town, and county managers, as well as other local government administrators
08/07/2019 - 08/09/2019	GFOAz Summer Conference	Financial staff from the state, city, county gov. school districts, colleges, universities, special districts, private bodies
10/28/2019 - 10/30/2019	State of the Watershed	policymakers, potential borrowers, environmental staff
11/18/2019 - 11/19/2019	CIFA SRF Workshop	State SRF programs
2/13/2019 - 2/14/2019	WLC Workshop - South	DW & WW professionals, borrowers
2/17/2019 - 2/18/2019	WLC Workshop - PHX	DW & WW professionals, borrowers
2/20/2019 - 2/22/2019	GFOAz Winter Conference	Financial staff from the state, city, county gov. school districts, colleges, universities, special districts, private bodies
2/25/2019 - 2/26/2019	WLC Workshop - North	DW & WW professionals, borrowers
3/19/2019 - 3/20/2019	Western States Water Council (WSWC)	DW&WW professionals from 18 western states
3/31/2019 - 4/3/2019	Sustainable Water Management Conference	DW & WW professionals, potential borrowers
3/5/2019 - 3/7/2019	RWAA 28th Annual Technical Conference	DW & WW professionals, potential borrowers
4/23/2019 - 4/26/2019	Spring Conference	State SRF programs
8/07/2019 - 08/09/2019	Statewide Conference	Public works directors, infrastructure experts, policymakers
8/26/2019 - 8/27/2019	Region 9 CW/DW SRF training	SRF/EPA staff
11/6/2019	Wastewater Treatment 2019 technical seminar	Engineers, operators, technicians, planners, compliance officers, regulators
12/6/2019	Arizona Legislature 101	City council members, league members

Attachment B: Target Audience, Materials

	City/town managers	Elected Officials	State Agencies/Partners	Tribal Communities	Small/DAC	Utility Admin
Annual Report	x	x	x			
Conferences/Events/Expos	x	x	x	x	x	x
CW/DW SRF General info, tri-fold	x		x	x	x	x
E-apps	x		x	x	x	x
Website	x	x	x	x	x	x
Online Guidance	x	x	x	x		x
Newsletter	x	x	x	x	x	x
Outreach Workshops/Webinars	x		x			x
Outreach Workshops for Small, DAC, or tribes		x	x	x	x	x
Publication Articles	x		x	x	x	x
Social Media	x	x	x	x	x	x
Outreach Letters or Marketing packet	x	x		x	x	x
Subject Specific brochures/Factsheets	x			x	x	x
Cold Calling (outreach from non-compliant systems list)					x	x

Attachment C: Implementation Schedule

Marketing Outreach Task	Start Date	Est. End Date	Status/Comments
Newsletter Q1-Q4	January 2020	December 2020	Sent at the end of the quarter
Kachina Q1-Q4	January 2020	December 2020	Dates defined by Kachina
Brochure (trifold)	December 2019	January 2020	Update general trifold. May add additional brochures
WRRC	February 2020	March 2020	Printed materials need to be ready for this event
Conferences/Expos	Ongoing	Ongoing	
Drupal Deployment	November 2019	May 2020	Deployed to test. Easy migration
E-apps update	May 2019	TBD	Update e-apps language and add features from a focus group in May 2019
SEO/Mobile optimization of the website	Attachment D	Attachment D	Part of the web plan
Outreach Letters	January 2020	January 2020	
Outreach workshops (or webinars)	Ongoing	Ongoing	Aiming for 1x a quarter.
Outreach Small, tribal, and DAC	Ongoing	Ongoing	Aiming for 1x a quarter
Publication Articles	Ongoing	Ongoing	WIFA is a member of AMWUA. Aiming to create visibility through guest spots or op-eds
RWIC Funding Fair	December 2019	Fall 2020	Discussed at the Q4 RWIC meeting. Partners are deciding
Social Media	Ongoing	Ongoing	Social Calendar built out monthly
Distribution List Management	December 2019	May 2020	Researching with ASET if this is an appropriate solution
Subject-specific sheets	January 2020	February 2020	Review, redesign, and add new if necessary
Outreach Calling	Ongoing	Ongoing	Staff follow up on leads as soon as possible
CRM implementation	December 2019	Ongoing	Business Process Analyst hired
Website	December 2019	Ongoing	Test environment installed, content audit in progress, page build-out in progress
Business Process Analysis and Lean events	December 2019	Ongoing – Estimated 4-6 months	BPS wired, start date 12/16
New Materials, 100% FP, DB assistance, COGS	January 2019	February 2020	New policies approved, some projects in progress. Materials in design
Annual Report (Governor)	December 2020	December 2020	Yearly report to the governor's office. Shares content with the yearly EPA report. Due by the end of the CY each year