

# **Water Infrastructure Finance Authority**

## **SFY 2014 Drinking Water Intended Use Plan**



**Arizona Drinking Water State Revolving Fund**

## **INTRODUCTION**

The WIFA 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) 2014 funding cycle. The DWSRF IUP describes WIFA's plan to utilize various sources of funds to finance drinking water infrastructure and support related program activities during the SFY 2014 funding cycle from July 1, 2013 through June 30, 2014. This IUP is a required element of the grant application documentation to obtain the FFY 2013 grant award. Arizona herewith submits its IUP for the FFY 2013 funds available to Arizona for the purposes of continuing the development, implementation and administration of the DWSRF program in Arizona.

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 emphasize 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:

- WIFA will make drinking water infrastructure loans more accessible and affordable to small communities by subsidizing all loans;
- WIFA will provide additional assistance to communities who are identified as disadvantaged;
- WIFA will provide at least 20% of the capitalization grant amount as additional subsidization in the form of forgivable principal;
- WIFA will continue to encourage borrowers to address green stormwater infrastructure, 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;
- Coordinate with other funding sources, technical resources, regulatory authorities, and private sector legal and financial counterparts;
- Actively pursue leadership in infrastructure finance;
- Efficiently administer WIFA within a positive work environment;
- Facilitate and encourage Board of Directors' involvement in WIFA.

### **Section 3: Important Program Changes**

WIFA plans to adjust the interest vs. fee ratio of the Combined Interest and Fee Rate (CIFR) during SFY 2014.

**Section 4: Agreement to Enter Data into PBR and NIMS**

WIFA agrees to enter data into PBR and NIMS. WIFA is currently working with Northbridge Consulting to improve the historical data in NIMS.

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

Public review and written comment period of this IUP will be conducted from June 4, 2013 through June 18, 2013.

WIFA will solicit public review and comment on the draft SFY 2014 DWSRF IUP and Project Priority List (PPL) according to the following schedule:

June 4, 2013	Distribution and Web posting of the draft DWSRF IUP and PPL to all interested parties.
June 18, 2013	Public Hearing – 1110 West Washington, Room 130, Phoenix, Arizona 85007 from 1:00 P.M. to 2:00 P.M.
June 18, 2013	Deadline for public comments on the draft DWSRF IUP and PPL.
June 19, 2013	The WIFA Board of Directors to adopt the final draft DWSRF IUP and PPL. IUP will then be sent to EPA for final approval.
July 1, 2013	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 Policy as approved by EPA;
- WIFA will comply with the Davis-Bacon requirements outlined in the Capitalization Grant Terms and Conditions;
- WIFA will make every effort to comply with EPA’s guidance for timely and expeditious use of funds; and
- WIFA agrees to the remaining required assurances and proposals in the grant application or 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 applicant meets the following criteria:
  - a. The applicant’s project is at or above the 50th percentile on the DW PPL; and
  - b. WIFA awarded the project 50 or more Local Fiscal Capacity points on the DW PPL.

WIFA intends on providing the 20% additional subsidy as forgivable principal to disadvantaged communities. WIFA’s Disadvantaged Policy allows for extended term, reduced interest or a combination. WIFA may choose to provide additional subsidization to ‘fix it first’ projects if they are identified on the PPL and move into the ‘ready to proceed’ category.

## **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. Currently, WIFA's DW PPL has 16 project priority list applications totaling \$26,473,690.40.
- **Fundable Range:** The Fundable Range includes the applicants ready to receive design or construction financial assistance.

- **Project Priority List Updates**

The WIFA Board of Directors 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, refined project cost estimates, availability of other funding sources or other new information affecting the expansion or contraction of the PPL and Fundable Range. The WIFA Board of Directors adopts the updated DW PPL at a public meeting and the updates are posted on the WIFA website. All projects must meet the applicable requirements under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-26.

- **Project Readiness to Proceed**

Applicants accrue readiness to proceed points based on the following criteria:

- Approved debt authorization has been received by WIFA.
- Plans and specifications are complete.
- Local and state permits have been obtained.
- The bid or solicitation process has been initiated.

## **Section 9: Bypass Procedures and Emergency Funding Procedures**

The Fundable Range process is used to bypass projects that are not ready to proceed. As part of this process, readiness to proceed points are awarded for each of the criteria identified above, with a project needing to accrue at least 40 points out of 100 possible. Projects which have not received at least 40 points are bypassed, allowing projects which are ready to proceed to move forward with obtaining financing.

In accordance with ARS 49-1269 WIFA may enter into short term emergency loan agreements under the following conditions: 1) the term of the loan does not exceed one year, 2) the dollar amount of the loan does not exceed \$250,000, 3) the purpose of the loan is to provide assistance for systems that have failed as a result of a disaster, a natural disaster or a catastrophic event, 4) the disaster, natural disaster or catastrophic event is memorialized in a declaration of emergency by the governor or FEMA.

**Section 10: Sources and Uses Table**

<b>Arizona DWSRF Sources &amp; Uses for SFY 2014 (FFY 2013 Cap Grant)</b>					
		<b>Federal</b>	<b>WIFA</b>	<b>WIFA Loan</b>	
		<b>Contributions</b>	<b>Revenues</b>	<b>Accounts</b>	<b>Total</b>
<b>Funding Sources</b>					
	Estimated fund balance as of 7/1/2013	\$ -	\$ 3,692,200	\$ 37,045,041	\$ 40,737,241
	New funds expected in SFY 2014	\$ 18,026,000	\$ 2,346,100	\$ 3,613,345	\$ 23,985,445
	Banked Funds (see below) **	\$ 1,100,000			
	<b>Total Funding Sources</b>	<b>\$ 19,126,000</b>	<b>\$ 6,038,300</b>	<b>\$ 40,658,386</b>	<b>\$ 64,722,686</b>
<b>Funding Uses</b>					
	Financial Assistance Loans	\$ 14,994,360	\$ 3,605,200	\$ 40,658,386	\$ 59,257,946
	15% Set-Aside Wellhead Protection (ADEQ)	\$ 833,000			\$ 833,000
	15% Set-Aside Technical Assistance (WIFA)	\$ 311,000			\$ 311,000
	10% Set-Aside PWSS (ADEQ)*	\$ 1,000,000			\$ 1,000,000
	4% Set-Aside Administration	\$ 721,040	\$ 818,960		\$ 1,540,000
	2% Set-Aside Capacity Development (ADEQ)	\$ 166,600			\$ 166,600
	Drinking Water Programs (ADEQ)				\$ -
	Forgivable Principal \$3,605,200 (20%)				
	Green Project Reserve (voluntary)				
	Banked FY 2009 funds **	\$ 500,000			\$ 500,000
	Banked FY 2010 funds **	\$ 600,000			\$ 600,000
	<b>Total Funding Uses</b>	<b>\$ 19,126,000</b>	<b>\$ 4,424,160</b>	<b>\$ 40,658,386</b>	<b>\$ 64,208,546</b>
* ADEQ PWSS 10% includes \$75,000 Border TA. Required match comes from ADEQ Fees and PWSS FY-93					
**ADEQ has banked \$500K in FFY 2009 and \$600K in FFY 2010					
WIFA may sell water quality revenue bonds - proceeds will be used to increase WIFA's lending capacity					

The Safe Drinking Water Act §1452(g) and §1452(k) allows States to set aside up to 31% of the capitalization grant for specific activities. These are referred to as the 2%, 4%, 10%, and 15% set-asides and are further described below. Funds not expended in these categories by the end of SFY 2014 will revert to the DW Loan Fund Account.

**15% Set-aside**

State and Federal Statutes allow setting aside up to 15% of the Federal Capitalization Grant funds to provide local assistance to water systems in Arizona. A maximum of up to 10% (\$1,800,000) of the Capitalization Grant funds will be used by ADEQ for Wellhead Protection activities to protect underground sources of drinking water. WIFA will utilize \$311,000 of this set-aside. \$11,000 will support the Drinking Water Residential Rate Survey (see Professional Technical Assistance in Section 11 below) and \$300,000 will be provided as planning and design assistance through two

competitive cycles beginning on July 1, 2013 and January 1, 2014 (see Planning and Design Assistance in Section 11 below).

#### **10% Set-aside**

State and Federal Statutes allow setting aside up to 10% of the Federal funds for the Public Water System Supervision activities. This set-aside requires an additional 1:1 match which will be provided by ADEQ Fees. 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 \$1,000,000.

#### **4% Set-aside**

State and Federal Statutes allow setting aside up to 4% 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% Set-aside**

State and Federal Statutes allow setting aside 2% of the Federal funds to provide local assistance to water systems in Arizona. The 2% set-aside in the amount of \$166,600 will be used by ADEQ's Capacity Development Program (see Staff Technical Assistance in Section 11 below).

#### **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. This effort is being funded through WIFA Revenues.

### **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 20 years from loan closing date;

except that under certain conditions (including loans to disadvantaged communities) project financing may be made for a period of up to 30 years.

- WIFA may provide additional subsidization to projects for Disadvantaged Communities and projects identified as ‘fix it first’ (as described in Section 7 of this document).

WIFA also provides three types of Technical Assistance:

- **Staff Technical Assistance** (2% set-aside) - ADEQ's Capacity Development Unit assists small drinking water systems, serving 10,000 or fewer people, to improve their day-to-day operation. For more information contact ADEQ's Drinking Water Division Deputy Director.
- **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. WIFA will complete the Drinking Water Residential Rate Survey with these funds.
- **Planning and Design Assistance**– The purpose of WIFA’s Planning and Design Grant Program is to help prepare systems for construction of capital improvement projects. Typically, awards are made to facilities with limited resources that need assistance in completing the planning and/or design phase of an infrastructure project. WIFA has also placed high priority on projects that improve water or energy efficiency. The Request for Grant Applications issued for each grant cycle establishes the scoring criteria on which the applications are evaluated. Awards are capped at \$35,000 per project.

**Financial Terms of Loans**

- 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 initial principal advance, whichever is earlier.
- Loan disbursements are to be made on a cost reimbursement basis.
- 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.
- A minimum of 20% of the FFY 2013 Capitalization Grant funds will be provided as forgivable principal.
- All contracts for construction financial assistance will require the borrower to comply with the Davis-Bacon Act regardless of the source of funding if required as part of the FFY 2014 Capitalization Grant.
- 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.

**Combined Interest and Fee Rate (CIFR) for 20 Year Loans**

Financial Structure	CIFR
Governmental	Municipal Market Data Index (MMD) or 3.5%, whichever is higher, multiplied by the Subsidy Rate
Non-Governmental	Prime Rate plus 200 basis points or 4%, whichever is higher, multiplied by the Subsidy Rate

**Section 12: State Match Sources**

As demonstrated in the Sources and Uses Table, WIFA revenues will provide match for the FFY 2013 Capitalization Grant.

**Section 13: Identification of Overmatch**

Through April 2013, WIFA has overmatched the federal grants when viewed in a cumulative perspective by \$5,568,318.

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

With the overmatch, WIFA will draw 100% federal funds until the overmatch is depleted. Once the overmatch is depleted WIFA will draw the state match equivalency 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)**

For 20 year term loans, the WIFA Board of Directors has established a target CIFR rate ranging between 70% and 95% of the tax-exempt AAA MMD Rate (or 3.5%, whichever is higher) for governmental entities and the Prime Rate plus 200 basis points (or 4%, whichever is higher) for non-governmental entities. CIFR/subsidies on individual loans will be set pursuant to the criteria below:

- Priority of the project;
- Local fiscal capacity of the area served by the system requesting assistance; and,
- Lending capacity of Arizona’s DWSRF.

**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 2014, providing match to the federal grant, administration of the SRF, and providing support to ADEQ’s Drinking Water Program.



**Section 20: Overview of Program Financial Status and Management**

The Federal Capitalization Grant for FFY 2013 will be \$18,026,000, and an additional \$301,000 of funding will be received from EPA as a redistribution. See Table below.

<b>AZ DW-SRF Capitalization Grants</b>		
	<b>Document</b>	<b>Total Amount</b>
1	FS99989498	16,938,300.00
2	FS99990299	14,863,800.00
3	FS99990200	7,905,300.00
4	FS99990201	7,937,900.00
5	FS99990202	9,126,300.00
6	FS99990203	9,071,400.00
7	FS99990204	9,345,300.00
8	FS99990205	9,455,400.00
9	FS99990206	23,350,750.00
10	FS99990207	23,358,750.00
11	FS99990208	23,118,000.00
12	FS99990209	23,118,000.00
13	2F00T05809	55,340,000.00
14	FS99990210	27,259,000.00
15	FS99990211	18,614,000.00
16	FS99990212	18,026,000.00
17	Supplement	301,000.00
<b>18</b>	<b>FS99990213</b>	<b>18,026,000.00</b>
	<b>Totals</b>	<b>315,155,200.00</b>

The Arizona DWSRF program supports the National USEPA Strategic Plan Goal 2 (Clean and Safe Water), Objective 1 (Protect Human Health), Sub-objective 1 (Water Safe to Drink) listed below. Specifically, Arizona 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. Arizona DWSRF activities support USEPA Program Reporting Measure SDW-04 Fund Utilization and SDW-05 DWSRF projects that have initiated operations.

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 the National USEPA 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.

Measure	Measure Text	National Target	Region 9 Target	Arizona Target
SDW-04	Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the DWSRF	93%	86%	100%
SDW-05	Number of DWSRF projects that have initiated operations (cumulative)	Base ARRA Total 6,080	360	111 29 140

DWSRF Fund Utilization is calculated by dividing the cumulative funds provided (DWNIMS Line 130) by the cumulative DWSRF Funds available (DWNIMS line 283).

### 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 Board of Directors at each Board meeting defining WIFA's current cash position and lending capacity. As a result of slow loan demand and prepayments, it appears that WIFA's next Bond Issue won't be needed until late summer 2013.

### Section 22: Binding Commitment Schedule

When the WIFA 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 149% (min is 120%) (dollars on PPL vs. the federal cap grant).

### Section 23: Grant Payment Schedule

WIFA will receive all payments in the first quarter available.

**Sections 24-33:** 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 projects with the exception of FFATA. FFATA is treated on an equivalency basis. See yellow highlight below. It is unknown at this time which projects will be awarded forgivable principal. Projects identified as “green” are highlighted in green.

**Arizona’s Drinking Water Revolving Fund Project Priority List – 2014 Funding Cycle**

PPL Rank	Applicant	Population	County	PWS Number	Project Name	Description	Project Number	Amount Requested / Probable Green Amount	Subsidy
1	*Cienega Water Company	140	La Paz	AZ0415002	Fluoride Treatment and System Upgrades	Water quality sampling indicated a fluoride content of 5.6 ppm. Company will install Point of Use (POU) devices for the 55 residential metered connections in their service area.	003 2014	\$50,000.00	70%
2	*Humboldt Water System	690	Yavapai	AZ0413052	Water Treatment Facility	Two wells require treatment for MCL Violations for arsenic and for nitrates. The project is to design and construct a treatment facility.	010 2014	\$300,000.00	80%
3	Truxton Canyon Water Company	2,136	Mohave	AZ0408035	Arsenic Treatment, Transmission Replacement, & Well Electric Changeover	Fix-it-first: System’s main transmission line was installed in the 1940’s and is under constant repair due to deterioration and must be replaced.	008 2014	\$419,208.00	80%
4	*Clear Springs Utility Company	1,180	Cochise	AZ0402008 AZ0402049	Clear Springs Utility Consolidation & Upgrades	Fix-it-first: Water system needs to upgrade aging infrastructure which includes a 100,000 gallon steel reservoir, refurbishing a well and upgrading the distribution system to provide for increased pressure and water flow. A water main needs to be relocated to a public right-of-way.	004 2014	\$511,000.00	70%

5	*Somerton, City of	14,287	Yuma	AZ0414015	Water Meter/MXU Retrofit	Fix-it-first: Water meters are over 30 years old and inaccurate, and are either read manually or require reading by a hand-held receiver. City will install new meters with radio frequency transmitters to eliminate monthly meter read-time and accurately measure water use.	014 2014	\$780,000.00 / Categorical  \$780,000.00	80%
6	*Sandario Water Company	1,000	Pima	AZ0410093	Capital Improvements (Storage & Electrical)	The company will construct a storage tank at Well #2 and install electrical upgrades at Well #3.	005 2014	\$633,450.00	75%
7	*Granite Mountain Water Company	225	Yavapai	AZ0413150	Well #5 Replacement & Tank #3 Addition	Company proposes to purchase a replacement well and a 50,000-gallon storage tank.	016 2014	\$196,032.40	75%
8	Sunrise Water Company	4,350	Maricopa	AZ0407070	Arsenic Treatment, Booster Pumps & Storage Tank	Well #2 has an arsenic level of 40 ppb. Booster pumps are 40+ years old and inefficient. Because of low well output, additional storage is needed at Well #4. Project is to install arsenic treatment and replace booster pumps at Well #2 and install 250,000 gallon storage tank at Well #4.	013 2014	\$755,000.00	80%
9	Montezuma Rimrock Water Company LLC	450	Yavapai	AZ0413071	Storage Tank Replacement	The two existing 10,000 gallon storage tanks leak profusely, have been repaired numerous times and are beyond repair. In order to meet the customer demand and fire flow demand, two 40,000 gallon storage tanks must be constructed.	012 2014	\$108,000.00	80%
10	Appaloosa Water Company	630	Yavapai	AZ0413208	Backup Generator	Company proposes to increase their storage tank capacity and install a backup generator.	009 2014	\$60,000.00	80%

11	Clarkdale, Town of	4,026	Yavapai	AZ0413024	Water System Security Improvements	Fix-it-first: Town has two potable water storage reservoirs which do not conform with Water System Security Standards. At the 89A Reservoir: install 350 feet of security fencing. At the Haskell Springs Reservoir site: install security fencing, access gate and install security lighting, alarm and surveillance systems.	001 2014	\$68,000.00	80%
12	Payson Water Company, Inc	1,148	Gila	AZ0404030	Mesa del Caballo Supplemental Water Supply Project	Participation by Mesa del Caballo subdivision (Payson Water Company) in the SRP/Town of Payson Cragin pipeline project with water deliveries to Mesa del Caballo will solve the subdivision's chronic water supply problem.	002 2014	\$1,238,000.00	80%
13	Queen Creek, Town of	32,000	Maricopa	AZ0407033 AZ0411060	Acquisition of H2O, Inc. Water Utility	Town proposes to purchase the H2O, Inc. which would eliminate the need for Town to construct \$12 million worth of capital improvements needed within the next five years, and also would greatly reduce or delay long term needed improvements due to the added infrastructure, security systems, and water capacity.	011 2014	\$16,000,000.00	90%
14	Green Valley Domestic Water Improvement District	8,790	Pima	AZ0410157	Water Storage Tank Upgrading	District proposes power cleaning two storage tanks. Spot repairs will be done after cleaning. Then the tanks will be coated with a 3-coat epoxy system coated in accordance with ANSI/AWWA D102 ICS-2.	015 2014	\$800,000.00	85%
15	San Luis, City of	25,505	Yuma	AZ0414005	Well Upgrades, Interconnect and Filtration System	City will connect two wells to address supply problems. The project also includes a water tank, iron and manganese filtration system, replacement of existing submersible well motors, and replacement of the motor control units on existing three booster motors with new VFD motor control.	007 2014	\$2,800,000.00	85%

16	Litchfield Park Service Company	39,000	Maricopa	AZ0407046	LPSCO Recharge Wells	LPSCO will install several recharge wells within its service area to recharge approximately 1,290 acre feet of effluent/year.	006 2014	\$1,755,000.00	90%
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\* *Disadvantaged communities*

**Total:** **\$26,473,690.40**

**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 2013 as well as the funds already approved to be banked. WIFA is requesting the authority to “Bank” the current balance FFY 2010 4% set-aside funds.

**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.