



Drinking Water State Revolving Loan Fund Intended Use Plan

SFY 2017

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Arkansas Natural Resources Commission

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I. Introduction

A. Arkansas' Drinking Water State Revolving Loan Fund

This is the State of Arkansas' (State) Intended Use Plan (IUP), prepared jointly by the Water Resources Development Division (Water Division) of the Arkansas Natural Resources Commission (ANRC) and the Arkansas Department of Health Engineering Section (ADHE).

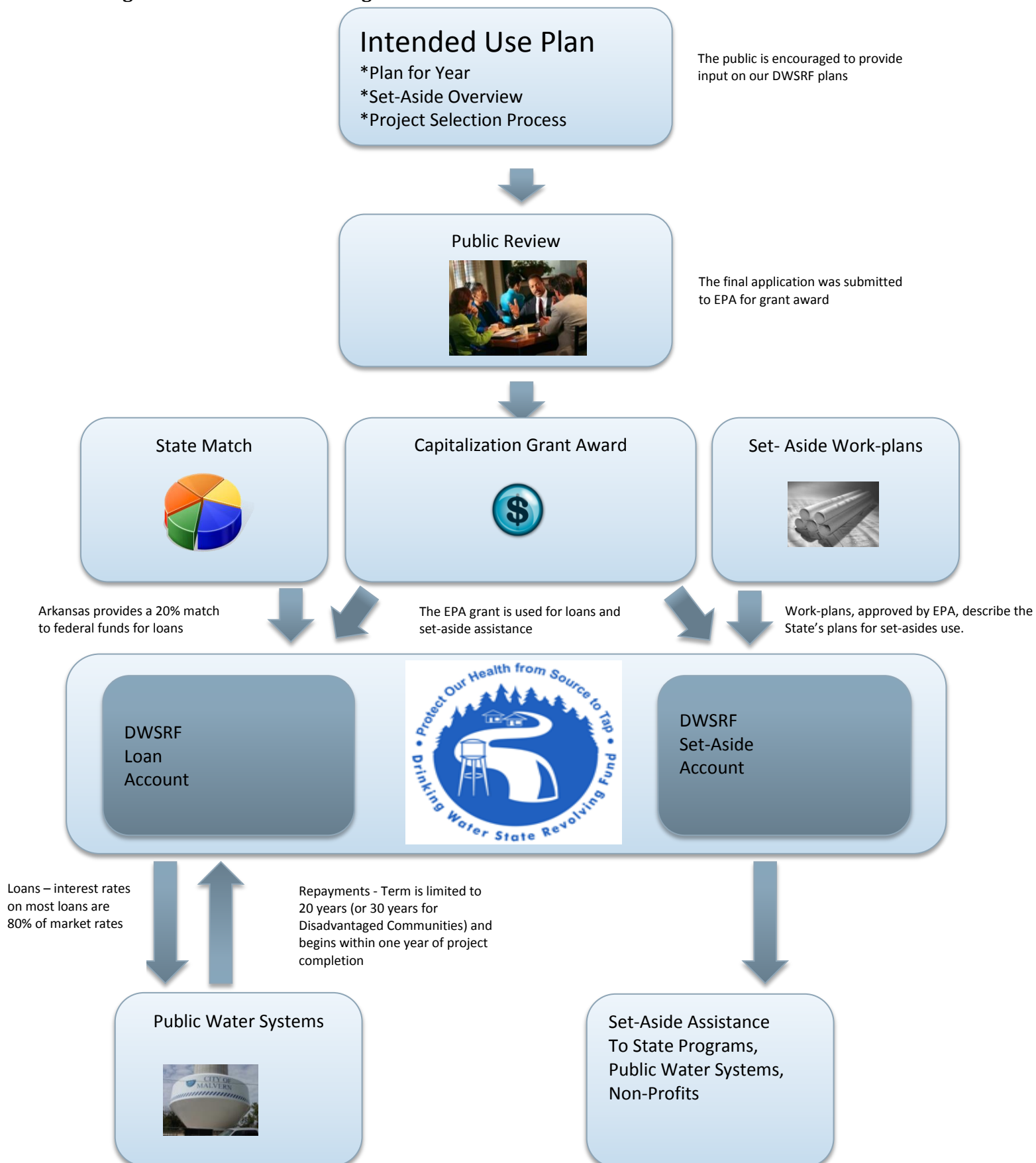
In Arkansas, the overall program is named the Safe Drinking Water Fund (SDWF). The Safe Drinking Water Fund is made up of two programs which are the Drinking Water State Revolving Fund (DWSRF) program and the State Set-Aside Fund (SSAF) program. The Water Division, through an interagency Agreement with ADHE (the Primacy Agency in Arkansas), administers the Drinking Water State Revolving Fund program. Through the Drinking Water State Revolving Fund program, the Water Division will use funds for water projects that further the goals of the Safe Drinking Water Act. The State Set-Aside Fund Program will use the funds to provide Small Systems Technical Assistance, State Program Management, Local Assistance and Administration Funds for the Drinking Water State Revolving Fund. With the exception of the Administration Funds for the Drinking Water State Revolving Fund, which go to the Water Division, the ADHE administers all facets of the State Set-Aside Fund program.

In coordination with the ADHE, the Water Division prepared this document which identifies intended uses of the funds available to Arkansas as authorized by the Safe Drinking Water Act, as amended in 1996 (42 U.S.C. § 300j-12 et. Seq.).

B. What's New for SFY 2017

Arkansas does not anticipate any changes in state fiscal year (SFY) 2017.

Figure 1: The DWSRF Funding Process



II. Projects and Available Assistance

This IUP contains a list of projects the State anticipates to fund and information on how the State plans to use:

- a) The funds carried over from State Fiscal Year (SFY) 2016, which includes set-asides from the 2014 and 2015 capitalization grants.
- b) The remainder of the 2014 capitalization grant in the amount of \$3,728,677.90 and the 2015 capitalization grant in the amount of \$9,545,950.00 (amounts as of 3/31/2016).
- c) The 2016 allotment in the amount of \$12,719,000 which will be applied for in SFY2017 and the matching funds that the State will provide to go with the EPA funds.
- d) The funds the State receives from the repayment of loans previously made from the Drinking Water State Revolving Fund (DWSRF) Program.

The DWSRF program expects to disburse approximately \$11.4 million to projects in SFY 2017. These projects are all designed to meet one or more of the goals of the SDWA which are

- a) Help ensure public health protection
- b) Comply with the SDWA
- c) Ensure affordable drinking water.

In addition, set aside expenditures are estimated at approximately \$4.55 million (this includes the administration set aside) to provide assistance to communities as well as to provide administration funding for both the Water Division and the ADHE. More information pertaining to these set asides is available in Chart 5 of this report.

III. Goals

The Arkansas Drinking Water Program is an integrated and centralized program funded by the Drinking Water State Revolving Fund, Public Water System Supervision and state funding. The primary focus of the program is to achieve public health protection and rule compliance. All mandatory and voluntary program elements, (i.e. technical assistance, capacity development, source protection, rule implementation, enforcement, etc.) are coordinated to assure this end.

- To support **Goal 1** of the Safe Drinking Water Act (SDWA), which is to ensure public health protection the SDWP will provide:
 - Technical assistance to small systems through the Small System Technical Assistance and/or Local Assistance set-asides.
 - Highly trained staff in the Engineering Division, which is partially funded through the State Program Management set-aside. This staff provides technical assistance to and oversight of Public Water Systems (PWS) within the State.
 - Source Water/Wellhead Protection Services and Capacity Development Strategy Assistance to Public Water Systems through funding received from the Local Assistance set-aside.
- To support **Goal 2**, which is compliance with the Safe Drinking Water Act the SDWP has implemented the programs listed above to include providing Small Systems Technical Assistance, Oversight, Source Water/Wellhead Protection Services, and Capacity Development Strategy Assistance. For detailed explanations on set-asides, please see Section VIII starting on page 17.

- To support **Goal 3**, which is to ensure affordable drinking water, SDWP provides Public Water Systems with technical assistance on how to use their systems more efficiently, and also offers low cost financing to Public Water Systems within the state.
- To support **Goal 4**, which is to maintain the long-term financial health of the Safe Drinking Water Fund, SDWP ensures that borrowers have the managerial, operational and financial capabilities to operate their systems properly. As long as the systems are operated efficiently and have the required expertise--either on staff or by contract-- to assure that the assets of the program are managed properly, and the Public Water Systems will have the resources to repay their loans.

A. Short-term Goals

The Division has committed to meet the following goals in the next 1 – 2 years.

1. The Division agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by a drinking water revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)) in all procurement contracts and sub-grants, and require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions.
2. Arkansas will continue to implement the State Public Water Supply Supervision Program plan in conformance with all requirements of the Safe Drinking Water Act. The State Program Management set-aside will fund a portion of this implementation effort. This will include activities such as: review and approval of 200 (goal) plans and specifications, logging and tracking of 1400 (goal) plan submissions, 250 (goal) sanitary surveys, technical assistance to Public Water System Supervision in a variety of ways, and other implementation activities.
3. Arkansas will continue to screen projects using the Project Priority System to assure the Safe Drinking Water Acts overall goals are given priority in the Drinking Water State Revolving Fund program (Goals 1, 2 & 3). Goals are to have at least 30 projects on the Project Priority List.
4. The Division will apply for the federal cap grant funds in the first year that they are appropriated.
5. The Division agrees to comply with all requests for data related to the use of the funds under Section 1452 of the Safe Drinking Water Act (SDWA), and to report all uses of the funds no less than quarterly, as EPA specifies for the Drinking Water Project Benefits Reporting (PBR) database and the Federal Funding Accountability and Transparency Act (FFATA) Requirement.
6. The Division agrees to provide in its Annual Report information regarding key project characteristics, milestones, and environmental/public health protection results in the following areas: 1) achievement of the outputs and outcomes established in the Intended Use Plan; 2) the reasons for delays if established outputs or outcomes were not met; 3) any additional pertinent information on environmental results.
7. The Division agrees to support the repair, replacement and upgrade of existing infrastructures. Fix-it-first projects will be identified on the Drinking Water Project Priority List. Projects will be listed on the PPL in order of priority points, fix-it-first projects to least critical.
8. Arkansas will continue to implement the State source water assessment/protection program (Goals 1 & 2). All initial assessments required by law have been completed and new assessments will be processed as new sources / systems go on line. Technical assistance within the protection element of the program is pursued upon the request of public water system officials.

9. Arkansas will continue to implement the State capacity development program strategy at no cost to entities (Goals 1, 2 & 3). A vital element of this program is the technical assistance contracts provided under the Small System Technical Assistance and/or Local Assistance Set-aside. These were restructured slightly to focus more on direct assistance to the systems. Goals for these contracts are 1500 hours of on-site technical assistance including AWOP activities. Arkansas Department of Health also has a contract to work with small systems, which is providing infrastructure location by GPS coordinates and GIS mapping service. The goal for this contract is to map infrastructure for 45 small water systems.
10. Arkansas anticipates two projects that include components that meet green project reserve requirements. The projects are identified in Chart 6.
11. Arkansas anticipates 2 projects that will meet the add sub requirements. The two projects are identified in Chart 6.
12. Arkansas anticipates entering into five (5) binding commitments for a total of \$7,850,000. The projects are identified in Chart 6.

B. Long-term Goals

Arkansas has committed to continually work towards these goals.

1. Arkansas will continue to implement the Public Water System Supervision Program in accordance with the requirements of the federal Safe Drinking Water Act and in conformance with its Primacy commitments.
2. Arkansas will continue to implement the State source water assessment/protection program (Goals 1 & 2).
3. Arkansas will continue to implement the State capacity development program strategy (Goals 1, 2 & 3).
4. The Division will provide entities with a source of long-term, low-interest financing that will allow them to protect their customers' health and comply with the Safe Drinking Water Act (Goals 1, 2 & 3).
5. Arkansas will continue to screen projects using the Priority System to assure the Safe Drinking Water Act's overall goals are given priority in the Drinking Water State Revolving Fund program (Goals 1, 2 & 3).
6. The Division is committed to enhance the Drinking Water State Revolving Fund program for the benefit of future generations (Goal 3) by continuing to streamline the application process.
7. The Division will maximize the number of entities meeting the Safe Drinking Water Act requirements by combining the Drinking Water State Revolving Fund program with other State and Federal funding programs (Goal 3).
8. The Division plans to maintain the fiscal integrity of the Drinking Water State Revolving Fund (Goal 3 & 4).
9. The Division is committed to maintaining the fund in perpetuity by protecting the principal that has been and continues to be deposited into the Drinking Water State Revolving Fund program (Goal 4).
10. The Division will meet the growing demand for the Drinking Water State Revolving Fund program by leveraging the Fund when the demand exceeds the current revenue streams (Goals 3 & 4).
11. Arkansas will make every effort to expend funds within two (2) years of cap grant award, continuing to expend all funds in an expeditious and timely manner.

C. Environmental Result Goals

The Division's Drinking Water State Revolving Fund Program will satisfy EPA's Strategic Goal 2 for Clean and Safe Water, Objective 2.1 for Protecting Human Health, Sub objective 2.1.1 for Water Safe to Drink by relating the activities of the Program to quantifiable environmental results. The following short term goals are presented in order to be in compliance with EPA Order #5700.7.

Arkansas will continue to implement the State capacity development program strategy at no cost to entities (Goals 1, 2 & 3). A vital element of this program is the technical assistance contracts provided under the Small System Technical Assistance and/or Local Assistance Set-asides. Arkansas Department of Health also has a contract to work with small systems, which is providing infrastructure location by GPS coordinates and GIS mapping service. Goals for these contracts are 60 assessments, and 2400 on-site man-hours of effort. Other anticipated efforts include 2 eight-hour training courses, 24 one-hour group training sessions and four CPEs. See Short term Goal 9

Arkansas will continue to screen projects using the Priority System to assure the Safe Drinking Water Act's overall goals are given priority in the Drinking Water State Revolving Fund program (Goals 1, 2 & 3). See Long term Goal 5

IV. Distribution of Funds

Binding Commitments are calculated in Chart 4 of this report. The Division has defined the Binding Commitment date as the date the Bond Purchase Agreement (BPA) is signed by all parties.

A. Distribution of Funds between DWSRF Program and SSAF Programs

Arkansas puts a priority on providing existing Public Water Systems with technical assistance to insure all Public Water Systems meet the requirements of the Safe Drinking Water Act. Arkansas endeavors to provide these services at no cost to the systems. To meet this goal, Arkansas allocates available funds to the State Set-Aside Fund programs. There are federal restrictions on the amount of funds that can be allocated to these programs, so Arkansas plans to distribute funds to these programs to the maximum amount allowed. Specifically, Arkansas will allocate 10% of grant funds to State Program Management, 5% to Source Water/Wellhead Protection Activity and 10% to Technical and Financial Assistance to Public Water Systems for Capacity Development this year. The ADHE will be responsible for the management and reporting needed for all of these State Set-Aside Fund programs.

The administration of the Drinking Water State Revolving Fund program also falls in the category of State Set-Aside Fund programs. The Division plans to use the full 4% allowed for administration. The Water Division will be responsible for the administration and reporting needed for the Drinking Water State Revolving Fund program.

Arkansas Department of Health (ADH) State Set-Aside Fund program is planning to bank funds (reserve for use on a future cap grant) all of the 2% Small System Technical Assistance (SSTA) funds - \$254,380 from the 2016 capitalization grant. However, ADHE will re-claim banked SSTA funds in the amount of \$308,820 to fund, in part, three small system technical assistance contracts. The SSTA re-claimed monies includes SSTA banked funds from the cap grants listed below:

Amount	Cap Grant
38,701	1998
212,390	1999
29,452	2001
28,277	2002
\$308,820	

See Chart 1 Summary of Funding for open SRF Capitalization Grant Set-Asides.

See Chart 7 Summary of PWSS and SSTA Set-aside Banked Funds.

B. Distribution to Specific Projects in the DWSRF Program

Arkansas' method for the development of the Priority List and Fundable List explains the process used to select systems to receive assistance.

1. Priority System

The ADHE is responsible for developing the Priority System. They have developed a system that includes factors for projects that:

- a) address the most serious risk to human health,
- b) are necessary to ensure compliance with the requirements of the Safe Drinking Water Act, and
- c) assist systems most in need on a per household basis according to State affordability criteria.

The Priority System Questionnaire is sent to each Public Water System (PWS) in the state each year. The questionnaire describes the Priority System used by the Drinking Water State Revolving Fund program and lists the point values assigned to each category in the Priority System. The ADHE sends the questionnaire to the Public Water Systems so they can add new projects to the Priority List. The ADHE evaluates the questionnaires that are returned and assigns point values to the various categories, included as Appendix A. A project's total points are used to determine the project's ranking. The more points that a project receives, the higher it is placed on the priority list. The new projects are added to the projects which were not funded from the previous Priority List, and a new Priority List is assembled.

The only way a project can be placed on the Priority List is by an entity submitting a questionnaire for the project. Since submitting the questionnaire is a voluntary task, only projects that expect to be funded by the Drinking Water State Revolving Fund program are listed on the Priority List. Once the ADHE prepares the Priority List, it is the Water Division's responsibility to create a Fundable List from the Priority List.

2. Priority List of Projects

The Priority List is a list of projects that are interested in utilizing funding from the Drinking Water State Revolving Fund program. Each project goes through an evaluation process to determine its relative priority as compared to the rest of the projects seeking funding through the Drinking Water State Revolving Fund program. The ADHE prepares the Priority System used to rank projects, included as Appendix A, sends out the questionnaires, determines the priority points for the projects that return questionnaires and develops the Priority List. The Water Division then takes the Priority List and from this list establishes a Fundable List. The Fundable List is not a separate list, but is instead composed of projects from the Priority List that expect to expend funds in SFY 2017.

In theory, the projects with the highest priority points get funded first. But in practice, it does not work that way. Most of the projects on the list cannot be funded exclusively through the Drinking Water State Revolving Fund program. These projects typically require large amounts of grant funds that the Drinking Water State Revolving Fund program cannot provide. The projects on the Fundable List are projects that either can be funded exclusively through the Drinking Water State Revolving Fund program or have all of their other funding in place.

40 CFR 35.3555(d) states that the Priority Lists of projects may be amended during the year under provisions established in the IUP as long as additions or other substantive changes to the lists, except projects funded on an emergency basis, go through a public review process. The public review process will include placing it on Arkansas Natural Resources Commissions website for a minimum of thirty days.

Drinking Water State Revolving Fund projects that are qualified (in whole or in part) for Green Project Reserve will be ranked on the same state priority list with non-Green Project Reserve projects, and will be identified as Green Project Reserve projects on those lists. Once ranked they will be selected separately from non-Green Project Reserve projects, using the same priority system principles described above, until the total value of executed assistance agreements in qualified Green Project Reserves projects totals an amount equal to at least 20 percent of the state's 2011 capitalization grant. Arkansas has chosen four projects that qualify as green projects to satisfy the 2011 cap grant requirement, two projects to satisfy the 2012 cap grant requirements and two projects for the 2013 cap grant requirements. To date, Arkansas has two potential green projects for the 2014 and 2015 cap grant allotment.

3. Fundable List of Projects

40 CFR 35.3555I (2) (i) states that the IUP must contain a fundable list of projects that are expected to receive assistance from available funds designated for use in the current IUP. The Water Division defines "receive assistance" to mean closing a loan and expending funds. The planned start of construction or of expending funds is our indication of when a project will "receive assistance." The process whereby the Water Division has developed a Fundable List from the Priority List consists of contacting, in writing, each Public Water System that submitted a project on the Priority List. In this letter each Public Water System is asked if it is going to start construction or expending funds on its project within the next twelve months. The letter makes it clear that by telling us that they will not be ready to proceed within 12 months does not jeopardize their chance for receiving funding from the Drinking Water State Revolving Fund program. We explain that this process is how the Water Division makes its cash flow projections.

With this information, the Water Division can project the amount of funds needed and compare these projections with the amount of funds available. By comparing projections with funding availability, the Water Division can determine if all of the projects can be funded or if some will have to wait for the Drinking Water State Revolving Fund to receive additional funds.

It is Arkansas' intent to offer funding to all of the projects listed on the Priority List. The Fundable List simply shows those projects that expect to be offered funding from the Drinking Water State Revolving Fund in the near future.

See Chart 6 – SFY2017 Drinking Water Project Fundable Priority List

4. Bypass Procedures

Arkansas' intention is to fund every project on the Priority List as it becomes ready to proceed. With the exception of an emergency public health project, the state does not plan to bypass a project that is ready to proceed for another project with a lower ranking.

If a project's readiness to proceed changes status after it was placed on the Fundable List, the State reserves the right to put the project on hold and take another project from the Priority List that is ready to proceed in its place. Previous examples of this kind of problem include court cases being filed, other funding being withdrawn, or change in administration of the entity proposing the project. If a project is not ready to proceed, the Water Division will substitute the next project on the priority list that is ready to proceed.

If the situation develops which causes the state to bypass a project that is ready to proceed for another project, the State will report the case to EPA and include an explanation of the situation in the Annual Report.

5. Emergency Public Health Projects

Arkansas reserves the right to fund projects not on the Priority List if these projects protect the public from an Imminent Health Threat. The Arkansas Department of Health is the sole entity in Arkansas that can declare a situation to be an Imminent Health Threat. The Director or his designee would make the determination of an Imminent Health Threat based on an immediate risk to the public health caused by a situation that is amenable to correction. The project developed to correct the situation would still have to meet eligible qualifications for funding from the Drinking Water State Revolving Fund program. This procedure would allow a project designated as an Imminent Health Threat to bypass the Priority List and Fundable List phases of the Drinking Water State Revolving Fund program only.

Arkansas would notify the EPA in the event that a project was designated as an Imminent Health Threat. This project would be reported in the Annual Report for that year and would be discussed during EPA's annual review.

C. Rationale Used to Determine the Type and Terms of Assistance

Prior to FFY 2010, the Division made the decision to only provide one type of assistance - loans. This decision was made because loans provide the most flexible use of the funds in the Drinking Water State Revolving Fund program. The use of other types of assistance, Insurance or Guarantees, means that funds are tied up and their uses are restricted. By providing assistance in the form of loans, the Division can vary the terms of the loans to help Disadvantaged Communities, refinance existing debt to improve

the finances of entities or pledge the loans to Leverage Issues which would increase the funds available for the Drinking Water State Revolving Fund program.

The two terms that the Division modifies when it makes loans to entities are the Lending Rate and the Repayment Period.

Starting with the FFY 2010 capitalization grant, the Division will provide additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants.

Chart 4 and Chart 4-1 list the projects that the Arkansas Natural Resources Commission anticipates funding from the Drinking Water State Revolving Fund program. These charts show which projects are designated as a Disadvantaged Community or a Small System.

1. Lending Rate

The lending rate is composed of two parts: the interest rate and the servicing fee. The lending rate will be determined at the time the borrower is developing the Bond Purchase Agreement and the Bond Ordinance. The lending rate is determined using a formula that starts with a published list of daily market interest rates for a series of maturity dates for General Obligation Bonds. Those rates are modified to take into account the fact that the Drinking Water State Revolving Fund is a Revenue Bond program and then the series is converted to an average weighted value. That single rate is then multiplied by 80% to get the Lending Rate. Effective January 1, 2015, the Lending Rate is 1.5% for a ten year repayment period, 2.50% for a 20 year repayment period, and 3.0% for a thirty year repayment period.

The Division varies the lending rate in this manner to encourage entities to repay loans as quickly as possible. The quicker that entities repay the sooner the Drinking Water State Revolving Fund program will be able to use these funds on future projects.

The servicing fee is currently set at 1.0%. Therefore, if the lending rate is 3.5%, it is composed of a 1.0% servicing fee and a 2.5% interest rate. The servicing fee is the same for all projects, so changes in the interest rate mirror changes in the lending rate.

The service fees are deposited into the Fees and Administrative account which is outside of the Drinking Water State Revolving Fund and not subject to the four percent administration cap applicable to the Drinking Water State Revolving Fund.

2. Repayment Period

The repayment period is adjusted to provide disadvantaged communities with an incentive to use the Drinking Water State Revolving Fund program. An approved applicant's maximum loan term is 20 years. However, if an entity qualifies as a disadvantaged community the option to extend the term (repayment period) up to 30 years based on the life of the project is available. In no case will the extended loan term exceed the estimated life of the project.

A. Fees Assessed on Entities

The servicing fee of 1% is collected as part of the semi-annual loan repayment. These funds are placed in the Drinking Water State Revolving Fund Administration Account and are used to fund eligible program expenses.

B. Green Project Reserve (GPR)

The Division continues to solicit for “Green” water projects from Public Water Systems (PWS). The program has met the “Green” requirement for the FFY2010 & 2011 Cap Grants. This data has been reported in EPA’s Drinking Water Project Benefits Reporting database (PBR). Green Project Reserve requirements were not included in the remaining capitalization grants or in the 2016 allotment.

To be eligible for funding, the applicant must be a Public Water System and the project must demonstrate that it will facilitate compliance with national primary drinking water regulations or otherwise significantly further the public health protection objectives of the Safe Drinking Water Act for water projects and meet the following definition of “Green”.

Green water projects are: Water Efficiency – The project must conserve water above the norms for operations and maintenance of a Public Water System. Potential green water projects would include one-hundred percent water line replacement in systems experiencing greater than forty percent water loss.

C. Additional Subsidization

The Division has developed the following system to determine if a project is eligible for additional subsidization funds for the Drinking Water Revolving Loan Fund. Arkansas provides additional subsidization in the form of principal forgiveness.

To be eligible to receive additional subsidization from the fund, a Borrower must show either:

- 1) The current utility rates or proposed utility rates for 4,000 gallons of water on an annual basis are at least 1.5% of the Median Household Income (MHI) for the project area.
- 2) The customers who benefit from a project are at least 51% have either Low or Moderate Income as defined by the U. S. Department of Housing and Urban Developments’ Community Block Grant (CDBG) Program; and have 1.25% of Median Household Income.

Once a project has been determined to be eligible for additional subsidization from the Funds, additional priority will be given to projects that meet the Green standards set by the Commission. This data has been reported in EPA’s Drinking Water Project Benefits Reporting database (PBR)

The Division is considering using Additional Subsidization for more than disadvantaged communities as a way to increase the number of projects. Furthermore, the Division is also considering increasing the amount of Additional Subsidization taken from each Cap Grant as a way to increase the number of projects.

D. Wage Rate Requirements (Davis-Bacon)

Starting in FY2013 and thereafter, Davis-Bacon wage requirements now applies to construction of all projects carried out in whole or in part with assistance made available by a Drinking Water State Revolving Fund program. Arkansas agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by a drinking water revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C.300j-9(e)) in all procurement contracts and sub-grants, and require that

loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for any construction project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of \$2,000 the contract clauses. This term and condition applies to all assistance agreements under the authorities referenced herein, whether in the form of a loan, bond purchase, grant, or any other vehicle used to provide financing for a project. Arkansas Natural Resources Commission will continue to update this term and condition as updated procedures are provided with subsequent cap grants.

V. Disadvantaged Community Assistance

Arkansas will provide some incentive for disadvantaged communities to use the Drinking Water State Revolving Fund program. Because of the limited funds the Drinking Water State Revolving Fund program receives, that assistance is limited to offering additional subsidization (principal forgiveness) or extending the repayment period for loans from 20 years to 30 years.

A. What is a Disadvantaged Community?

In Arkansas, a disadvantaged community has been defined as any community with a Median Household Income (MHI) below that of the state's Median Household Income. This information is collected as part of the Priority List, and Arkansas' Median Household Income is \$39,267.00.

B. Affordability Criteria

The Division will offer two types of assistance to disadvantaged communities: an extension of the repayment period and additional subsidization. One of the criteria used is a comparison of the entity's Median Household Income against the State's Median Household Income.

C. Identification of Projects

The Project Priority List includes a column defining which projects will qualify as Disadvantaged Communities.

VI. Financial Planning Process

The Division is not limited to just the Drinking Water State Revolving Fund program in meeting the drinking water needs in the State. Arkansas Natural Resources Commission has three other State programs that can fund the same kinds of projects. There are two other Federal programs in Arkansas that also fund these types of projects. The Financial Planning Process used for the Drinking Water State Revolving Fund program considers all of these sources of funding and each one's strengths and weaknesses.

Arkansas also has an organization called the Water/Wastewater Advisory Committee that reviews all water and wastewater projects before the project applies to a funding program. This process allows the Water Division to have some idea of future projects and who they are likely to apply to for funding. This information is also used to project the future demand for Drinking Water State Revolving Funds.

The Division has hired professional Financial Advisors and Bond Counsel to help keep abreast of changes in the financial market and both State and Federal bond law. These professionals advise us on current market conditions so Lending Rates and Repayment Periods can be adjusted as needed. They also

provide information on the consequences of leveraging, both in terms of funds that can be raised and the long-term effects of repaying the bondholders.

The Drinking Water State Revolving Fund program is continually being reviewed in terms of future demand, changes in loan terms and the need to leverage the program. The primary concern is always to provide low cost loans to entities in Arkansas while maximizing the funds available so no one is turned away because of the lack of funds.

From time to time the Division, through Arkansas Development Finance Authority, issues bonds secured by the revenues from the pledged Drinking Water State Revolving Fund project loans. Proceeds from any bonds issued will be deposited directly into the Drinking Water State Revolving Fund. To the extent that it would benefit the Program, Arkansas Natural Resources Commission may choose to exercise its option to cross-collateralize when issuing revenue bonds. The Division leveraged bonds for the first time in SFY 2012, EPA Region 6 was contacted regarding the leveraging prior to this activity.

VII. Financial Status

The Division receives funds for the Safe Drinking Water Fund from grants from EPA, the state match needed for the EPA grants, repayments from existing loans and interest earnings on various accounts in the Safe Drinking Water Fund. The funds are used to fund State Set-Aside Fund programs, the Drinking Water State Revolving Fund program and pay the cost to administer the Drinking Water State Revolving Fund program.

Arkansas' total funding sources for the Drinking Water State Revolving Fund for SFY 2017 are identified in Chart 3. With the capitalization grants, the required State Match for those capitalization grants, interest earnings, and loan repayments. Chart 3 provides a summary of the Sources and Uses of Funds in the Safe Drinking Water Fund while Chart 3-1 provides a summary of Un-Liquidated Obligations.

A. State Match Sources

The State of Arkansas agrees to deposit into the Drinking Water State Revolving Fund, or make available through a letter of credit or a letter of credit type instrument, monies in an amount equal to 20 percent of each quarterly grant payment on or before the date on which the State receives each payment from the grant award. The State of Arkansas will fund the required State Match by using State appropriations, grants from State funding programs, or servicing fees. Chart 4-1 has a breakdown of the 20% State Match.

B. Leveraging of the Drinking Water State Revolving Fund

Arkansas leverages periodically to increase the funds available for assistance. Arkansas has no plans to leverage the Drinking Water program in State Fiscal Year 2017. If Arkansas decides to leverage then EPA Region 6 will be contacted prior to leveraging.

C. Cash Draw Ratio Proportionality

Arkansas will disburse 100% of the state match for a capitalization grant first and then draw 100% of the Federal funds for that capitalization grant (less the set-asides). This is because Arkansas is prohibited from disbursing State Match in any of the forms used for Additional Subsidization. As long as federal

funds are required to be spent on Additional Subsidization, Arkansas will continue this process for future federal cap grants.

VIII. Capitalization Grant Programs and Amounts Requested

Set-aside Strategy: The Safe Drinking Water Act allows each state to set aside up to 31 percent of its federal capitalization grant to support various drinking water programs including administration, technical assistance, state program management and special activities. We plan to use 29% of the set-asides from the SFY 2016 grant. We have increased our spending rate in order to modernize the program through data collection contracts, software updates, state laboratory equipment maintenance, etc. This modernization process will improve the efficiency of the overall program and assist in the reduction of our un-liquidated obligations. We have and will continue to request set-asides for non-routine investigative monitoring, such as the UCMR and LT2ESWTR source monitoring, for ADH laboratory equipment replacement, as needed, and for updating our Source Water Assessment and Protection Plan. We will transfer portions of older set-aside funding as it is determined not to be needed back to the Drinking Water State Revolving Fund loan account in order to maximize public health protection potential and minimize un-liquidated obligations.

A. Administration of the Drinking Water State Revolving Fund Program

Max Allowed: 4%

Taken from FFY2016 Allotment: 4% \$508,760

The Water Division has the responsibility of managing the Drinking Water State Revolving Fund program and will use the funds allocated to this set-aside program to defray the administrative costs associated with managing the program.

A total of \$537,800 is available to be used by the Water Division.

B. Small Systems Technical Assistance (SSTA)

Max Allowed: 2%

Taken from FFY2016 Allotment: 0%

Taken from banked cap grants: \$308,820

Total Reserved (all cap grants): (\$2,921,223)

Arkansas Department of Health uses these funds to provide assistance to small water systems in assessing and implementing capacity development which will identify individual water system needs, provide corrective action plans addressing identified deficiencies (goal 25), and provide technical assistance in correcting these deficiencies (goal 1500 man-hours). A mix of the 2014 and 2015 grant allotments will be used in SFY 2017 out of the Capacity Development portion of the Local Assistance Set-aside until the 2016 cap grant is awarded. After the 2016 cap grant is awarded a mix of funds to be reclaimed from the 1998, 1999, 2001 and 2002 cap grants (see below) as discussed in section IV. A. on page 9 .

SSTA Reserved* for future use:

Cap Grant	Amount Reserved	Amount to be re-claimed for use in SFY 2017
1998	0	38,701
1999	0	212,390
2001	0	29,452
2002	0	28,277
2007	6,083	
2008	204,580	
2009 (ARRA)	489,700	
2009	204,580	
2010	410,780	
2011	285,040	
2012	271,640	
2013	254,860	
2014	270,680	
2015	268,900	
2016	254,380	
Total Reserved:	2,921,223	
Total to be Re-Claimed in 2016 Cap Grant:		308,820

*Reserved funds include SSTA set-asides "originally" reserved for us on a future grant as well as any SSTA set-asides that were returned to the loan fund.

C. State Program Management Program (PWSS)

Max Allowed: 10%

Taken from FFY2016 Allotment: 10%

Taken from FFY 2016 Allotment \$1,271,900

Taken from banked cap grants: \$0

Total Reserved (all cap grants): (\$6,223,045)

Funds will be used to enable the ADHE to continue to operate its Public Water Supply Supervision Program activities to insure compliance with requirements of the Safe Drinking Water Act. Funds will be used to support full time employees and related expenses including such items as salary, fringe, indirect costs, travel, training, office supplies, PC/LAN/GIS equipment and upgrades, laboratory equipment replacement, and similar routine costs. Day to day activities will include such activities as sanitary surveys (goal 150), engineering plan reviews (goal 1400), complaint investigations, compliance tracking and grading, and technical assistance in a variety of forms to water systems, administrative activities, and other activities. Arkansas Department of Health anticipates using a mix of the 2014, 2015 and 2016 cap grant allotments in SFY 2017. A total of \$9,282,095 funds are available for use by ADH, of this total \$6,223,045 is reserved for future use by the ADHE**.

PWSS Reserved* for future use:

Cap Grant	Amount Reserved	Amount to be re-claimed for use in SFY 2017
2001	241,241	
2002	228,794	
2003	128,908	
2004	402	
2009 (ARRA)	2,448,500	
2009	400,000	
2010	500,000	
2011	1,425,200	
2012	850,000	
Reserve Balance:	6,223,045	
Total To Be Re-Claimed in 2016 Cap Grant:		0

**Reserved funds include PWSS set-asides “originally” reserved for us on a future grant as well as any PWSS set-asides that were returned to the loan fund.

D. Wellhead Protection Program (WHP)

Max Allowed: 5%

Taken from FFY2016 Allotment: 5% (\$635,950)

Arkansas Department of Health uses these funds to provide the necessary staff resources and support to enable the Section to continue implementation and expansion of its wellhead protection program and to insure an updated and well-maintained GIS database system. Tasks include delineation of wellhead protection areas, assistance to public water systems in well siting, aquifer identification and recommended construction features, inventories for sources of contamination in wellhead areas, hydrologic sensitivity assessments of ground water sources, public outreach efforts on the importance of wellhead protection, and other activities. A mix of the 2014, 2015 and 2016 cap grant allotments will be used in SFY 2017.

Wellhead Protection Program funds include a projected allotment balance of \$280,000 from the 2014 grant, \$672,250 from the 2015 grant, and the anticipated 2016 grant allotment projected at \$639,950 to be used by the ADHE. These funds were not requested from the 2011 and 2012 grants. A total of \$1,592,200 funds are available for use by the ADHE.

E. Capacity Development Program (CD)

Max Allowed: 10%

Taken from FFY2016 Allotment: 10% (\$1,271,900)

Arkansas Department of Health uses these funds to accomplish the overall objective under this set-aside which is to provide a variety of technical assistance and public education activities, which will help to insure continued sustainability and performance of public water systems in the state. Activities to be accomplished under this set-aside include such items as training and technical assistance to water

systems in drafting CCRs (goal 698), water operator training and certification, publish and disseminate an informative quarterly newsletter (goal 3500 copies) for operators and other interested parties, a coordinated review of and protection from proposed point and non-point discharges (goal 800 miscellaneous permits) into sources of drinking water, provide assistance to water systems in developing local source water protection plans, participation in EPA's Area Wide Optimization Program efforts, conducting Comprehensive Performance Evaluations at water systems (goal 3 CPEs), and other activities. This effort will require full time employees and associated expenses. A mix of the 2014, 2015 and 2016 cap grant allotments will be used in SFY 2017.

Capacity Development Program funds include a projected balance of \$595,000 from the 2014 grant, \$1,344,500 from the 2015 grant, and a projected amount of \$1,271,900 from the 2016 allotment. A total of \$3,211,400 is available for use by the ADHE for the CD program.

Detailed information pertaining to set-aside activities is located in Chart 1.

IX. Small System Assistance

Arkansas is required to allocate a minimum of 15% of the total funds available each year to funding small systems. Small systems are defined as systems that regularly serve 10,000 or fewer persons. In Arkansas there are approximately 698 Community Public Water Systems (PWS). Of those systems, approximately 68 serve a population of over 10,000 people and 630 serve a population of 10,000 or less.

Arkansas has worked hard with the small systems to help them meet all of the regulatory requirements of the Drinking Water State Revolving Fund program. However, over the last few years, the small systems have found the Drinking Water State Revolving Fund program to be slow and cumbersome and have looked elsewhere for funding. By working with applicants, the Water Division continues to be able to interest small systems in the program as shown in Chart 4 for SFY 2017. We expect to sign Bond Purchase Agreements (Binding Commitments) on three (3) systems of which are to small systems.

Chart 4 has information on which projects are designated as small systems. Arkansas is required to demonstrate that at least 15% of the funds are used for small systems. In SFY 2017, the cumulative calculation looks like this:

Cumulative Loans	\$ 253,822,347
Cumulative Small Systems	\$ 125,844,027
Percentage of Small System BCs	49.57%

Arkansas is committed to continually modifying the Drinking Water State Revolving Fund program in an effort to make the program more attractive to small systems. We continue to streamline the application process and shorten the time for planning and design work.

Arkansas Natural Resources Commission has ongoing marketing plans at various conferences and meetings describing the benefits of the Revolving Loan Fund program available to cities and communities. As always, we evaluate the need to lower the interest rates to cities that request funding. Our goal is to provide a subsidy without harming the program in the long term.

X. Capacity Assessment

The Safe Drinking Water Act requires that a public water system applying for a Drinking Water State Revolving Fund loan must show that it has the technical, financial and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it will help the system to achieve capacity. The goal of this requirement is to ensure that the Drinking Water State Revolving Fund assistance is not used to create or support non-viable systems.

A. Technical Capacity

To demonstrate technical capacity, Drinking Water State Revolving Fund loan applicants must show that drinking water sources are adequate, that the system's source, treatment, distribution and storage infrastructure are adequate and that personnel have the technical knowledge to efficiently operate and maintain the system. As part of reviewing a loan application, Arkansas Department of Health will review the system's records to assure that the system is being properly operated and maintained. The water system must not have outstanding water compliance problems unless the Drinking Water State Revolving Fund project is intended to correct those problems. The engineering reports, plans, and specifications for the proposed Drinking Water State Revolving Funded project and the system's technical capacity will all be evaluated during the loan application process.

B. Financial Capacity

To demonstrate financial capacity, the applicant must show that the system has sufficient revenues to cover necessary costs and demonstrate credit worthiness and adequate fiscal controls. Arkansas Natural Resources Commission will review the applicant's Self-Assessment Worksheets, the project budget, annual financial reports, and other financial information to ensure adequate financial capacity of the applicant.

C. Managerial Capacity

To demonstrate managerial capacity, the water system must have personnel with expertise to manage the entire water system operation. Arkansas Department of Health will review the applicant's managerial capacity through supporting documentation to assure that management is involved in the day to day supervision of the water system, is responsive to all required regulations, is available to respond to emergencies and is capable of identifying and addressing all necessary capital improvements and assuring financial viability. The water system must have a qualified water operator in accordance with the state's operator certification program. After reviewing the water system's technical and managerial capacity, Arkansas Department of Health sends a letter to the application submitter and Arkansas Natural Resources Commission stating whether the system is eligible to be placed on the Priority List to receive Drinking Water State Revolving Fund assistance.

D. Long-Term Capacity

Arkansas Department of Health, Engineering Section (ADHE) will assess whether each water system has a long-term plan to undertake feasible and appropriate changes in operations necessary to develop adequate capacity. In making these assessments, the ADHE will consult with local health departments and review water resource management strategies, comprehensive studies, the State's response to the Drinking Water Needs Survey and other available engineering reports in an effort to improve the overall capacity of systems requesting assistance. ADHE will encourage consolidation efforts when two or more systems can benefit and also encourage other options, such as contract management or partnerships

with other communities in their area. The priority ranking criterion provides additional points to encourage this objective.

XI. Transfer Process

Arkansas is reserving the authority to transfer up to 33 percent of the Drinking Water State Revolving Fund 2016 federal capitalization grant to the 2016 Clean Water State Revolving Fund allotment. These funds will be transferred from Drinking Water construction to Clean Water construction and will not affect the total amount available for set-asides. Currently there are no plans to transfer any funds for SFY 2017.

XII. Cross-Collateralization Process

The Division implemented a system for leveraging bonds and part of that system is cross-collateralization. The Division is not planning on leveraging this fiscal year.

XIII. Public Comment

The Division addresses this requirement in Appendix B titled Public Notices and Comments.

XIV. Audits and Reporting

Arkansas' Intended Use Plans and Annual Reports along with the evaluation or business case for Green Project Reserve projects will be posted on our website:

<http://anrc.ark.org/divisions/water-resources-development/>

An independent audit, and single audit (as required), will be conducted by an outside Certified Public Accounting firm annually.

Project milestones and information are reported through EPA's Drinking Water Project Benefits Reporting database (PBR), the Federal Funding Accountability and Transparency Act (FFATA) Requirement, as well as The National Incident Management System (NIMS). These databases will be updated no less than quarterly. However, the goal is to update monthly.

XV. Intended Use Plan Amendment Procedures

Revisions to this Intended Use Plan that are determined significant will require Public Notice and EPA notification and approval. Revisions to this Intended Use Plan which are deemed to be insignificant shall be made by the Division with notification to EPA. Any changes in the project funding list shall be in accordance with procedures provided in the Drinking Water State Revolving Fund Priority System and List.

Charts

Chart 1 Summary of Funding for open SRF Capitalization Grant Set-Asides

Chart 2 SDWF Cash Flow Diagram

Chart 3 SDWF Sources and uses

Chart 3-1 ULO Analysis

Chart 4 SDWF Binding Commitments

Chart 4-1 SDWF Grant Payments, State Match & Set-Asides

Chart 5 SDWF Projected Disbursements

Chart 6 Fundable Project Priority List

Chart 7 Reclaimed Set-Asides

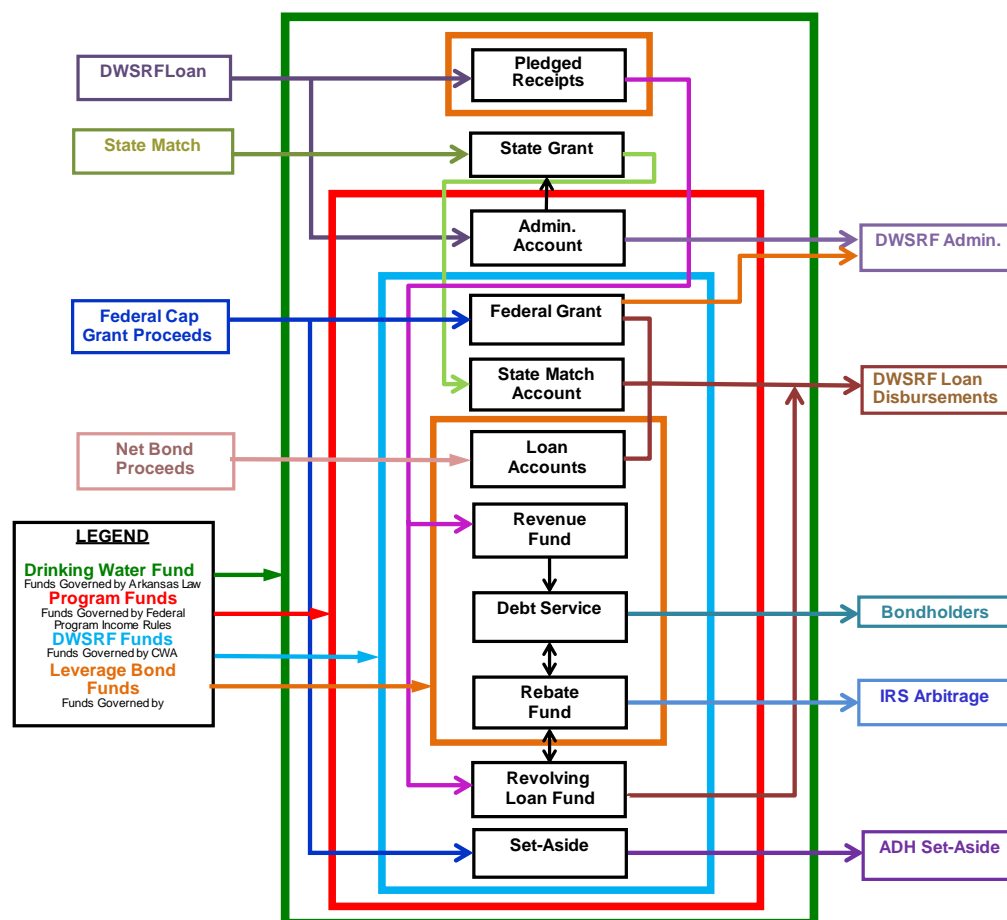
Chart 1 Summary of Funding for Open SRF Capitalization Grant set-asides

Summary of Funding for **open** SRF Capitalization Grant Set-Asides (as of 03/31/2016)

SRF Grant Year	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2014	Admin	4%	533,360.00		533,360.00	533,360.00	0.00	10/1/2014	Jul-14	Jan-15	9/30/2018
	PWSS	10%	1,353,400.00		1,353,400.00	910,750.00	442,650.00		Sep-15	Jul-16	
	SSTA	2%	270,680.00	270,680.00	0.00	0.00	0.00		N/A	N/A	
	WHP	5%	676,700.00		676,700.00	231,816.00	444,884.00		Oct-15	Nov-16	
	Cap Dev	10%	1,353,400.00		1,353,400.00	328,812.00	1,024,588.00		Jan-16	Oct-16	
	Total	27%	4,187,540.00	270,680.00	3,916,860.00	2,004,738.00	1,912,122.00		Jul-14	Nov-16	
2015	Admin	4%	537,800.00		537,800.00	0.00	537,800.00	10/1/2015	Jan-15	TBD	9/30/2019
	PWSS	10%	1,344,500.00		1,344,500.00	0.00	1,344,500.00		Aug-16	Jun-17	
	SSTA	2%	268,900.00	268,900.00	0.00	0.00	0.00		N/A	N/A	
	WHP	5%	672,250.00		672,250.00	0.00	672,250.00		Nov-16	Nov-17	
	Cap Dev	10%	1,344,500.00		1,344,500.00	0.00	1,344,500.00		Oct-16	Jul-17	
	Total	27%	4,167,950.00	268,900.00	3,899,050.00	0.00	3,899,050.00		Jan-15	Nov-17	
2016 Estimates	Admin	4%	508,760.00		508,760.00	0.00	508,760.00	TBD	TBD	TBD	TBD
	PWSS	10%	1,271,900.00		1,684,450.00	0.00	1,684,450.00		Jun-17	TBD	
	SSTA	2%	254,380.00	254,380.00	308,820.00	0.00	308,820.00		Oct-16	TBD	
	WHP	5%	635,950.00		635,950.00	0.00	635,950.00		Nov-16	TBD	
	Cap Dev	10%	1,271,900.00		1,271,900.00	0.00	1,271,900.00		Oct-16		
	Total	27%	3,942,890.00	254,380.00	4,409,880.00	0.00	4,409,880.00		Oct-16	TBD	
Reclaimed & Reserved (see chart 7)	Admin	4%		0.00	0.00	0.00	0.00	N/A	TBD	TBD	N/A
	PWSS	10%		6,223,045.00		0.00	6,223,045.00		TBD	TBD	
	SSTA	2%		2,666,843.00		0.00	2,666,843.00		TBD	TBD	
	WHP	5%			0.00	0.00	0.00		TBD	TBD	
	Cap Dev	10%			0.00	0.00	0.00		TBD	TBD	
	Total	27%	0.00	8,889,888.00	0.00	0.00	8,889,888.00				
Totals Include 2016	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Total Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
Current Balance Totals**	Admin		1,579,920.00	0.00	1,579,920.00	533,360.00	1,046,560.00				
	PWSS		3,969,800.00	6,223,064.00	4,382,350.00	910,750.00	3,471,600.00				
	SSTA		793,960.00	2,921,223.00	308,820.00	0.00	308,820.00				
	WHP		1,984,900.00	0.00	1,984,900.00	231,816.00	1,753,084.00				
	Cap Dev		3,969,800.00	0.00	3,969,800.00	328,812.00	3,640,988.00				
	Total		12,298,380.00	9,144,287.00	12,225,790.00	2,004,738.00	10,221,052.00				

Chart 2 SDWF Cash Flow Diagram

SAFE DRINKING WATER FUND Cash Flow Diagram



Narrative for Flow-of-Funds Chart

Starting with the Federal cap grant funds, 96% plus State Match are used to make loan disbursements to borrowers.

The Set-Aside funds are Federal cap grant funds used for the Arkansas Department of Health Set-Asides. These funds are deposited into the set-aside account and are transferred to ADH for expenses.

The other 4%, of course, is used for paying administration expenses.

Monthly installments of semi-annual loan repayments, principal and interest, are held in the Pledged Receipts account and the 1% financing fee goes into the Admin account.

When drinking water revenue bonds are issued, the remaining portion after expenses is net bond proceeds and goes into the Net Bond Proceeds account and disbursed to loan recipients.

Receipts are transferred from the Pledged Receipts account semi-annually to either the Revenue Fund or the Revolving Loan Fund account depending upon whether or not the loan is leveraged.

Revenue funds are transferred to the Debt Service Fund and from there, payments are made to wastewater revenue bondholders.

Revenue funds not needed for debt service requirements are transferred into the Revolving Loan Fund account.

Funds from the Revolving Loan Fund account are used to make qualified loans and for other eligible purposes.

Funds from the Admin account are used to pay administrative expenses and may also be used for State Match.

Chart 3 SDWF Sources and Uses

Arkansas Natural Resources Commission SDWF Estimated Sources and Uses		
	Estimated SFY2016	Estimated SFY2017
SOURCES		
RLF Revolving Loan Funds	\$ 67,098,533.24	\$ 86,825,913.40
Federal cap grant funds available:		
2014 Cap Grant (Construction)	\$ 872,940.90	\$ -
2015 Cap Grant (Construction)	\$ 9,545,950.00	\$ -
2016 Cap Grant (Construction Estimate)	\$ -	\$ 8,721,670.00
Federal Grant Funds & RLF Funds Sub-Total	\$ 77,517,424.14	\$ 95,547,583.40
Set-aside Funds available:		
Open - Grants 2014-2015		
DWSRF Program administration	\$ 1,046,560.00	\$ 508,760
State program management (PWSS)	\$ 2,842,467.41	\$ 1,271,900
SS Technical assistance	\$ 308,820.00	\$ 308,820
Local assistance and other State programs (WHP+CD)	\$ 4,984,046.68	\$ 1,907,850
Set-Asides Sub-Total	\$ 9,181,894.09	\$ 3,997,330.00
State Match & Other Funds available		
20% State match contributions	\$ -	\$ 2,543,800.00
Interest earning on loans & investments	\$ 3,768,459.46	\$ 3,673,976.86
Principal repayments	\$ 8,416,943.92	\$ 8,924,282.84
TOTAL SOURCES OF FUNDS	\$ 98,884,721.61	\$ 114,686,973.10
USES		
Total Loan Disbursements (Includes State Match)	\$ 11,504,478.60	\$ 6,917,369.40
Set-aside Program's Disbursements		
DWSRF Administration	\$ 541,360.00	\$ 1,344,500.00
State Program Management PWSS	\$ 1,482,581.43	\$ 1,343,461.00
SS Technical Assistance	\$ -	\$ 308,820.00
Local Assistance/Other State Programs	\$ 2,563,900.68	\$ 2,129,881.00
Total Set-Aside Disbursements		\$ 5,126,662.00
Drinking Water Leveraged Bond Debt Service		
Principal	\$ 1,805,000.00	\$ 1,810,000.00
Interest	\$ 1,081,487.50	\$ 991,237.50
Total Sources Less Disbursements, Set-Asides & Debt Service	\$ 84,493,755.51	\$ 99,841,704.20
TOTAL USES OF FUNDS	\$ 98,884,721.61	\$ 114,686,973.10
NOTE:		
TOTAL SOURCES OF FUNDS	\$ 84,493,755.51	\$ 99,841,704.20
Less Undrawn Set-Aside Program funds brought forward	\$ 10,141,894.09	\$ 9,012,562.09
Less Undisbursed funds for Loans Closed & Commission Approved	\$ 22,341,781.70	\$ 10,555,073
FUNDS AVAILABLE FOR NEW LOANS	\$ 52,010,079.72	\$ 80,274,068.77

Chart 3-1 ULO Analysis

Funds to be Disbursed (as of 03/31/2016)	Vehicle and Project(s) to Use Funds	Projected Date the Funds will begin to be Drawn	Projected Date of Funds Final Disbursement or Transfer
Loan Fund - (ANRC)			
Construction Projects Funded - Closed, not fully disbursed			
\$740,831	Chidester 1 & 2	Active	Nov-17
\$255,299	Clinton	Active	Apr-17
\$368,165	Sardis Water Association	Active	Jul-17
\$252,685	Strong	Active	Jun-17
\$706,432	Thornton	Active	Jun-17
\$1,660,359	Waldo	Active	Apr-18
\$84,313	Winthrop	Active	Dec-16
<i>Total Closed - not fully disbursed: \$4,068,084</i>			
Construction Projects Funded - Approved, not closed			
\$4,700,000	Arkadelphia	Oct-16	Oct-20
\$1,100,000	Bearden	Jan-17	Oct-19
\$2,100,000	Eudora	Sep-16	Oct-18
\$1,200,000	Old Bella Vista	TBD	TBD
\$500,000	Marshall	TBD	TBD
\$350,000	Rison	TBD	TBD
\$3,700,000	Central Arkansas Water (CAW) **	TBD	TBD
\$11,700,000	Central Arkansas Water (CAW) **	TBD	TBD
<i>** Pending ANRC Approval</i>			
<i>Total Approved - not closed: \$25,350,000</i>			
Capitalization Grant FFY 2014			3,728,678
Capitalization Grant FFY 2015			9,545,950
Capitalization Grant FFY *2016			8,721,670
Total ULOs			21,996,298
Total funding committed			29,418,084
ULOs uncommitted - over/(under):			7,421,786
SET-ASIDES (ANRC)			
4% Administration (Admin)			
\$537,800	ANRC Drinking Water administrative expenses	Aug-16	TBD
\$508,760	ANRC Drinking Water administrative expenses	Jan-16	TBD
<i>Grant Balances as of 3/31/16</i>			
Capitalization Grant FFY 2015			537,800
Capitalization Grant FFY *2016			508,760
Total ULOs - Admin Set Aside			1,046,560
Total funding committed:			1,046,560
ULOs uncommitted (Admin) - over/(under):			0

SET-ASIDES (ADH)			
2% Small Systems Technical Assistance (SSTA)			
\$308,820	Assistance to small water systems in assessing and implementing capacity development	Oct-16	Jun-17
			<i>Grant Balances as of 3/31/16</i>
Capitalization Grant FFY *2016			308,820
Total ULOs - Admin Set Aside			308,820
Total funding committed:			308,820
ULO uncommitted (SSTA) - over/(under):			0
10% State Program Management (PWSS)			
\$442,650	Assistance to the State Public Water System Supervision program	Aug-15	Sep-16
\$1,344,500	Assistance to the State Public Water System Supervision program	Sep-16	Sep-17
\$1,271,900	Assistance to the State Public Water System Supervision program	Sep-17	Sep-18
			<i>Grant Balances as of 3/31/16</i>
Capitalization Grant FFY2014			442,650
Capitalization Grant FFY2015			1,344,500
Capitalization Grant FFY2016			1,271,900
Total ULOs - PWSS Set Aside			3,059,050
Total funding committed:			3,059,050
ULO uncommitted (PWSS) - over/(under):			0
15% Local Assistance5% Wellhead Protection (WHP)			
\$444,884	Program administration, technical assistance and education activities regarding Wellhead Protection Program	Dec-15	Sep-16
\$672,250	Program administration, technical assistance and education activities regarding Wellhead Protection Program	Oct-16	Sep-17
\$635,950	Program administration, technical assistance and education activities regarding Wellhead Protection Program	Oct-17	Sep-18
			<i>Grant Balances as of 3/31/16</i>
Capitalization Grant FFY 2014			444,884
Capitalization Grant FFY 2015			672,250
Capitalization Grant FFY *2016			635,950
Total ULOs - PWSS Set Aside			1,753,084
Total funding committed:			1,753,084
ULO uncommitted (WHP) - over/(under):			0

15% Local Assistance 10% Capacity Development(CD)			
\$1,024,588	Capacity Development, Technical Assistance and Operator Training activities to assist public water systems	Nov-15	Sep-16
\$1,344,500	Capacity Development, Technical Assistance and Operator Training activities to assist public water systems	Oct-16	Sep-17
\$1,271,900	Capacity Development, Technical Assistance and Operator Training activities to assist public water systems	Oct-17	Sep-18
<i>Grant Balances as of 3/31/16</i>			
Capitalization Grant FFY 2014			1,024,588
Capitalization Grant FFY 2015			1,344,500
Capitalization Grant FFY *2016			1,271,900
Total ULOs - CD Set Aside			3,640,988
Total funding committed:			3,640,988
ULO's uncommitted (CD) - over/(under):			0
TOTALS			
<i>As of 3/31/16</i>			
Total ULOS (ANRC)			23,042,858
Total ULOS (ADH)			8,761,942
Total ULOs (all sources)			31,804,800
Total funding committed (all sources)			39,226,586
ULO's uncommitted (All Sources) - - over/(under):			7,421,786

Chart 4 SDWF Required & Actual Binding Commitments

SDWF DWSRF Binding Commitments (BC)											
	Project Name/ Community Served	Special Status	Equivalency Yes/No	Binding Commitment Target Date	Actual and Projected Binding Commitments						
					Inception to SFY 2016	State Fiscal Year 2017					CUMULATIVE TOTALS
						QTR 1 Jul - Sept 16	QTR 2 Oct - Dec 16	QTR 3 Jan - Mar 17	QTR 4 Apr - Jun 17	TOTAL	
1	Arkadelphia	S	Y	07/01/16		\$0	\$0	\$0	\$4,700,000	\$4,700,000	
2	Bearden	D, S	Y	10/02/16		\$0	\$1,650,000	\$0	\$0	\$1,650,000	
3	Marshall	D, S	Y	TBD		\$5,000,000	\$0	\$0	\$0	\$5,000,000	
4	Old Bella Vista POA	D	Y	TBD							
5	Rison	TBD	Y	TBD		\$0	\$0	\$0	\$3,200,000	\$3,200,000	
1	DWSRF BC Quarterly Totals					\$5,000,000	\$1,650,000	\$0	\$7,900,000	\$14,550,000	
2	DWSRF BC Cumulative Totals				\$253,822,347	\$258,822,347	\$260,472,347	\$260,472,347	\$268,372,347		\$268,372,347
3	SSAF BC Quarterly Totals Less Program Admin (ADH)				\$48,480,660	\$975,280	\$975,280	\$975,280	\$975,280	\$3,901,120	\$52,381,780
4	Program Admin BC Quarterly Totals				\$8,297,300	\$133,340	\$133,340	\$133,340	\$133,340	\$533,360	\$8,830,660
5	SDWF BC Quarterly Commitments (1 + 3 + 4)					\$6,108,620	\$2,758,620	\$1,108,620	\$9,008,620	\$18,984,480	\$272,806,827
6	SDWF BC Cumulative Commitments				\$253,822,347	\$259,930,967	\$262,689,587	\$263,798,207	\$272,806,827		
7	* Required Binding Commitments - Quarterly					\$3,058,738	\$3,058,738	\$3,058,738	\$3,058,738	\$12,234,950	
8	* Required Binding Commitments - Cumulative				\$3,078,985	\$6,137,723	\$9,196,460	\$12,255,198	\$15,313,935		\$15,313,935
	DWSRF BC Cumulative Totals										
9	as a % of Required BC Cumulative (2 / 8)				8244%	4217%	2832%	2125%	1752%		
10	DWSRF BC Quarterly Totals					\$5,000,000	\$1,650,000	\$0	\$7,900,000	\$14,550,000	
11	DWSRF BC Cumulative Totals				\$253,822,347	\$258,822,347	\$260,472,347	\$260,472,347	\$268,372,347		\$268,372,347
12	Cumulative Grant Amount Allocated to Loans				\$59,504,410	\$60,479,172	\$62,556,452	\$64,633,732	\$66,711,012		\$66,711,012
	DWSRF BC Cumulative Totals										
13	as a % of Cum. Grant Amount Allocated to Loans (11 / 12)				427%	428%	416%	403%	402%		
*Note: Required B/C amount is the total of state match, Federal grant payments not allocated to set-asides and any unspecified set-asides transferred back to the loan account lagged by one year.											
**Note the Binding Commitment amounts are Commission Approved Amounts NOT Project Costs											
Special Status D = Disadvantaged Community S = Small System											

SDWF DWSRF Actual Binding Commitments (BC)											
	Project Name/ Community Served	Special Status	Equivalency Yes/No	Binding Commitment Target Date	Actual Binding Commitments						
					Inception to SFY 2015	State Fiscal Year 2016					CUMULATIVE TOTALS
						QTR 1 Jul - Sept 15	QTR 2 Oct - Dec 15	QTR 3 Jan - Mar 16	QTR 4 Apr - Jun 16	ANNUAL TOTALS	
1	Waldo (L)	D ,S	E	08/10/15		\$600,000				\$600,000	
2	Waldo (F)	D, S	E	08/10/15		\$2,600,000				\$2,600,000	
3	Chidester (PF)	D, S	E	11/02/15			\$800,000			\$800,000	
4	Eudora (L)	D, S	E	Estimate					\$1,850,000	\$1,850,000	
5	Eudora (F)	D, S	E	Estimate					\$250,000	\$250,000	
1	DWSRF BC Quarterly Totals					\$3,200,000	\$800,000	\$0	\$2,100,000	\$6,100,000	
2	DWSRF BC Cumulative Totals				\$247,722,347	\$250,922,347	\$251,722,347	\$251,722,347	\$253,822,347		\$253,822,347
3	SSAF BC Quarterly Totals Less Program Admin (ADH)				\$47,971,900	\$833,849	\$576,248	\$764,151	\$286,392	\$2,460,640	\$50,432,541
4	Program Admin BC Quarterly Totals				\$56,777,960	\$493,625	\$0	\$16,095	\$0	\$509,720	\$57,287,680
5	SDWF BC Quarterly Commitments (2 + 3 + 4)					\$4,527,474	\$1,376,248	\$780,246	\$2,386,392	\$9,070,360	\$361,542,568
6	SDWF BC Cumulative Commitments				\$352,472,208	\$252,249,821	\$252,298,595	\$252,502,593	\$254,108,739		
7	* Required Binding Commitments - Quarterly					\$2,899,033	\$2,899,032	\$2,899,032	\$2,899,032	\$11,596,129	
8	* Required Binding Commitments - Cumulative				\$2,899,032	\$5,798,065	\$8,697,097	\$11,596,129	\$14,495,161		\$14,495,161
9	DWSRF BC Cumulative Totals as a % of Required BC Cumulative (2 / 8)				8545%	4328%	2894%	2171%	1751%		
10	DWSRF BC Quarterly Totals					\$3,200,000	\$800,000	\$0	\$2,100,000	\$6,100,000	
11	DWSRF BC Cumulative Totals				\$247,722,347	\$250,922,347	\$251,722,347	\$251,722,347	\$253,822,347		\$253,822,347
12	Cumulative Grant Amount Allocated to Loans				\$142,419,827	\$144,822,112	\$147,224,397	\$149,626,682	\$149,626,682		\$149,626,682
13	DWSRF BC Cumulative Totals as a % of Cum. Grant Amount Allocated to Loans (11 / 12)				174%	173%	171%	168%	170%		
<div><div>*Note: Required B/C amount is the total of state match, Federal grant payments not allocated to set-asides and any unspecified set-asides transferred back to the loan account lagged by one year.</div><div><div>Special Status</div><div>D = Disadvantaged Community</div><div>S = Small System</div></div><div>**Note the Binding Commitment amounts are Commission Approved Amounts NOT Project Costs</div></div>											

Chart 4-1 SDWF Comparison of Grant Payments& Binding Commitments

FFY	QUARTER		State Match	2015 GRANT			2016 GRANT			Cumulative Grant Payments			Cummulative	Binding Commitment		Cummulative	PERCENT
				Total Payment	Set Asides	Loans	Total Payment	Set Asides	Loans	Total Payment	Set Asides	Loans	B/C REQUIRED	Actual	Estimated	B/C Actual & Estimated	
	Cum Bal	Prev Years	41,913,611							209,568,054	57,554,885	152,013,170	181,631,088			261,454,147	144%
2016	Oct/Dec '15	1	672,250	3,361,250	974,763	2,386,488				212,929,304	58,529,647	154,399,657	184,710,073	800,000		262,254,147	142%
	Jan/Mar '16	2	672,250	3,361,250	974,763	2,386,488				216,290,554	59,504,410	156,786,145	187,789,058			262,254,147	140%
	Apr/Jun '16	3	672,250	3,361,250	974,763	2,386,488				219,651,804	60,479,172	159,172,632	190,868,043			262,254,147	137%
	Jul/Sep '16	4	672,250	3,361,250	974,763	2,386,488				222,831,554	61,581,642	161,249,912	193,926,780		5,000,000	267,254,147	138%
2017	Oct/Dec '16	1	635,950				3,179,750	1,102,470	2,077,280	226,011,304	62,684,112	163,327,192	196,985,518		1,100,000	268,354,147	136%
	Jan/Mar '17	2	635,950				3,179,750	1,102,470	2,077,280	229,191,054	63,786,582	165,404,472	200,044,255			268,354,147	134%
	Apr/Jun '17	3	635,950				3,179,750	1,102,470	2,077,280	232,370,804	64,889,052	167,481,752	203,102,993		4,000,000	272,354,147	134%
	Jul/Sep '17	4	635,950				3,179,750	1,102,470	2,077,280	235,550,554	65,991,522	169,559,032	205,816,223			272,354,147	132%
TOTALS			47,146,411	13,445,000	1,949,525	4,772,975	12,719,000	4,409,880	8,309,120								

Chart 5 SWDF Projected Disbursement Schedule

PROJECTED DISBURSEMENTS SFY 2017							
	PREVIOUS DISB.	QTR 1 July - Sept	QTR 2 Oct - Dec	QTR 3 Jan - Mar	QTR 4 Apr - June	ANNUAL TOTALS	CUMULATIVE TOTALS
LOAN DISBURSEMENTS							
Cash Draws From EPA for Loans		2,955,105	411,305	2,955,105	2,955,105	9,276,620	
Cum Cash Draws from EPA	145,122,694	148,077,799	148,489,104	151,444,209	154,399,314		154,399,314
State Share of Loan Disbursements	-	0	2,543,800			2,543,800	
Cum. State Share of Ln. Disbursements	43,930,361	43,930,361	46,474,161	46,474,161	46,474,161		46,474,161
Loan Repayments Fund	-	-	-	-	-	-	
Cum Loan Repayments Fund	17,933,752	17,933,752	17,933,752	17,933,752	17,933,752		17,933,752
Total RLF Loan Disbursements	-	2,955,105	2,955,105	2,955,105	2,955,105	11,820,420	
Cum. RLF Loan Disbursements	208,272,087	211,227,192	214,182,297	217,137,402	220,092,507		220,092,507
Cum ACH Draws as a % of Cum. Disb.	70%	70%	69%	70%	70%		
ADMINISTRATION AND SET-ASIDE DISBURSEMENTS							
State Share Program Administration	-	-	-	-	-	0	-
Program Administration (4%)	7,720,492	135,000	-	-	-	135,000	7,855,492
State Program Management (10%)(PWSS)	15,123,083	335,865	335,865	335,865	335,865	1,343,460	16,466,543
Small Systems Technical Assistance (2%)	1,898,537	77,205	77,205	77,205	77,205	308,820	2,207,357
Local Assistance and Other (15%)	-					0	-
Source Water Protection D/A (10%)	6,321,913					0	6,321,913
Wellhead Protection	4,625,344	186,958	186,958	186,958	186,958	747,832	5,373,176
Capacity Development	10,160,049	345,514	345,514	345,514	345,514	1,382,056	11,542,105
Adm. and Set-Aside Disbursements	-	1,080,542	945,542	945,542	945,542	3,917,168	
Cum Adm. and Set-Aside Disb.	50,164,924	51,245,466	52,191,008	53,136,550	54,082,092		49,766,586
Cum ACH Draw as a % of Cum. Disb.		20%	20%	20%	20%		
OUTSIDE REVOLVING LOAN FUNDS							
Outside RLF Funds		170,000	170,000	170,000	170,000	680,000	
Cum. Outside RLF	4,422,948	4,592,948	4,762,948	4,932,948	5,102,948		5,102,948
TOTAL DISBURSEMENTS:							
Cash Draw From EPA/ACH		3,090,105	411,305	2,955,105	2,955,105	9,411,620	
Cum Cash Draw From EPA/ACH	145,122,694	148,212,799	148,624,104	151,579,209	154,534,314		154,534,314
State Share of Disbursements	-	-	2,543,800	-	-	2,543,800	
Cum State Share of Disbursements	43,930,361	43,930,361	46,474,161	46,474,161	46,474,161		46,474,161
Loan Repayments Fund	-	-	-	-	-	-	
Cum Loan Repayments Fund	17,933,752	17,933,752	17,933,752	17,933,752	17,933,752		17,933,752
Outside RLF Funds	-	170,000	170,000	170,000	170,000	680,000	
Cum Outside RLF Share of Disbursements	4,422,948	4,592,948	4,762,948	4,932,948	5,102,948		5,102,948
Total Disbursements		3,260,105	3,125,105	3,125,105	3,125,105	12,635,420	
Cum Total Disbursements	211,409,755	214,669,860	217,794,965	220,920,070	224,045,175		224,045,175
Cum EPA/ACH Draw as a % of Total	70%	69%	68%	69%	69%		

Chart 6 Drinking Water Fundable Project Priority List

No.	Year	Project Name	Total Points	PWS ID.	Population	Small System (Y/N)	MHI	Project Cost	Est. Binding Commitment Date	Estimated Loan Closing Date	Estimated Construction Start Date	Project Description
1	2017	Arkadelphia	37	085	10,716	No	\$26,420.00	\$4,700,000	7/1/2016	8/1/2016	9/1/2016	New raw water Intake Structure and advanced flocculation/clarification system
2	2017	Bearden	63	401	921	Yes	\$31,095.00	\$1,100,000	11/1/2016	12/2/2016	12/30/2016	Rehabilitate and upgrade four (4) elevated water storage tanks
3	2016	Marshall	47	501	2,760	Yes	\$30,214.00	\$1,200,000	TBD	TBD	TBD	Rehabilitate and/or replace existing water lines to mitigate water loss
4	2004	Old Bella Vista POA	31	039	24,485	No	\$57,929.00	\$500,000	TBD	TBD	TBD	replacement of aged water mains in order to conform to ADH requirements and to reduce maintenance & water loss costs
5	2017	Rison	24	106	1,344	Yes	\$34,271.00	\$350,000	TBD	TBD	TBD	Replace Water Meters
		Total Cost						\$7,850,000				

No.	Year	Project Name	Term (in years)	Interest Rate	Green Project Reserve			Additional Subsidy		
					Green Identifier (estimate)	Green Project Reserve Amt (estimate)	GPR Category (estimate)	Sustainability Policy	Principal Forgiveness Amt	Disadvantaged (Y/N)
1	2017	Arkadelphia	20	3.00%				Fix it First	NA	YES
2	2017	Bearden	20	2.50%				Fix it First	NA	YES
3	2016	Marshall	20	TBD	Categorical	\$900,000	Water Efficiency	Fix it First	\$1,200,000	YES
4	2004	Old Bella Vista POA	20	TBD				Fix it First	\$500,000	NO
5	2017	Rison	10	1.50%	Categorical	\$262,500	Water Efficiency	Fix it First	NA	YES
		Total Cost				\$1,162,500			\$1,700,000	

Chart 7 Reclaimed Set Asides

EPA Grant #	Grant ID	Total Available	Amount Taken (Specified)	UnSpecified / Banked @ Application	Amount of UnSpecified Reclaimed	DWSRF Grant Year(s) Reclaimed From	UnSpecified Balance	Re-Budgeted To Construction SSTA & SPM	Amount Available -- UnSpecified + Re-Budgeted	Amount Reclaimed	Year Reclaimed	Balance Available for Future Use
Proposed Reclaim Schedule												
Grant # 98600197	DWSRF 97											
12,558,800	9F1F-ADH-PWSS	\$ 1,255,880	\$ 1,255,880	\$ -	\$ -		\$ -	\$ -	\$ -			
38,188	9F1E-ADH-SSTA	\$ 251,176	\$ 251,176	\$ -	\$ -		\$ -	\$ -	\$ -			
DWSRF 97 Totals				\$ -	\$ -		\$ -	\$ -	\$ -			
Grant # 98600199	DWSRF 99 (98 - 99)											
20,751,700	98DF-ADH-PWSS	\$ 1,037,585	\$ 1,037,585	\$ -	\$ -	0	\$ -	\$ -	\$ -			\$ -
37,572	98DE-ADH-SSTA	\$ 207,517	\$ 207,517	\$ -	\$ -	0	\$ -	\$ 38,701	\$ 38,701	\$ 38,701	DWSRF 16	\$ -
DWSRF 99 Totals (98 portion)				\$ -	\$ -		\$ -	\$ 38,701	\$ 38,701			
99DF-ADH-PWSS		\$ 1,245,102	\$ 1,245,102	\$ -	\$ -		\$ -	\$ 38,701	\$ 38,701			
99DE-ADH-SSTA		\$ 1,037,585	\$ 1,037,585					\$ -	\$ -			
DWSRF 99 Totals (99 portion)							\$ 212,390	\$ 212,390	\$ 212,390	\$ 212,390	DWSRF 16	\$ -
DWSRF 98-99 Totals (All)		\$ 1,245,102	\$ 1,245,102				\$ -	\$ 212,390	\$ 212,390			
DWSRF 98-99 Totals (All)		\$ 2,490,204	\$ 2,490,204	\$ -	\$ -		\$ -	\$ 251,091	\$ 251,091			
Grant # 98600103	DWSRF 00											
11,036,800	00DF-ADH-PWSS	\$ 1,103,680	\$ -	\$ 1,103,680			\$ 1,103,680		\$ 1,103,680	\$ 1,103,680	DWSRF 01	\$ -
38,603	00DE-ADH-SSTA	\$ 220,736	\$ -	\$ 220,736			\$ 220,736		\$ 220,736	\$ 220,736	DWSRF 01	\$ -
DWSRF 00 Totals		\$ 1,324,416	\$ -				\$ 1,324,416	\$ -	\$ 1,324,416			
Grant 98600104	DWSRF 01											
11,082,400	01DF-ADH-PWSS	\$ 1,108,240	\$ 2,211,920		\$ 1,103,680	DWSRF 00	\$ -	\$ 241,241	\$ 241,241			\$ 241,241
38,973	01DE-ADH-SSTA	\$ 221,648	\$ 442,384		\$ 220,736	DWSRF 00	\$ -	\$ 29,452	\$ 29,452	\$ 29,452	DWSRF 16	\$ -
DWSRF 01 Totals		\$ 1,329,888	\$ 2,654,304				\$ -	\$ 270,693	\$ 270,693			
Grant 98600105	DWSRF 02											
10,461,360	02DF-ADH-PWSS	\$ 1,046,136	\$ 1,046,136					\$ 228,794	\$ 228,794			\$ 228,794
39,094	02DE-ADH-SSTA	\$ 209,227	\$ 209,227					\$ 28,277	\$ 28,277	\$ 28,277	DWSRF 16	\$ -
DWSRF 02 Totals		\$ 1,255,363	\$ 1,255,363				\$ -	\$ 257,071	\$ 257,071			
Grant 98600106	DWSRF 03											
8,665,400	03DF-ADH-PWSS	\$ 866,540	\$ 866,540					\$ 128,908	\$ 128,908			\$ 128,908
39,422	03DE-ADH-SSTA	\$ 173,308	\$ 173,308					\$ -	\$ -			\$ -
DWSRF 03 Totals		\$ 1,039,848	\$ 1,039,848				\$ -	\$ 128,908	\$ 128,908			
Grant 98600107	DWSRF 04											
8,989,100	04DF-ADH-PWSS	\$ 898,910	\$ 898,910					\$ 402	\$ 402			\$ 402
40,085	04DE-ADH-SSTA	\$ 179,782	\$ 179,782					\$ -	\$ -			\$ -
DWSRF 04 Totals		\$ 1,078,692	\$ 1,078,692				\$ -	\$ 402	\$ 402			
Grant 98600108	DWSRF 05											
8,970,100	05DF-ADH-PWSS	\$ 897,010	\$ 897,010					\$ -	\$ -			\$ -
38,978	05DE-ADH-SSTA	\$ 179,402	\$ 179,402					\$ -	\$ -			\$ -
DWSRF 05 Totals		\$ 1,076,412	\$ 1,076,412				\$ -	\$ -	\$ -			
Grant 2F9696601	ARRA											
24,485,000	PWSS	\$ 2,448,500	\$ -	\$ 2,448,500			\$ 2,448,500		\$ 2,448,500			\$ 2,448,500
40,065	SSTA	\$ 489,700	\$ -	\$ 489,700			\$ 489,700		\$ 489,700			\$ 489,700
DWSRF 06 Totals		\$ 2,938,200	\$ -				\$ 2,938,200	\$ -	\$ 2,938,200			
Grant 98600109	DWSRF 06											
10,333,200	06DF-ADH-PWSS	\$ 1,033,320	\$ 1,033,320					\$ -	\$ -			\$ -
39,336	06DE-ADH-SSTA	\$ 206,664	\$ 206,664					\$ -	\$ -			\$ -
DWSRF 06 Totals		\$ 1,239,984	\$ 1,239,984				\$ -	\$ -	\$ -			
Grant 98600110	DWSRF 07											
10,333,000	07DF-ADH-PWSS	\$ 1,033,300	\$ 1,033,300					\$ -	\$ -			\$ -
41,305	07DE-ADH-SSTA	\$ 206,660	\$ 206,660					\$ 6,083	\$ 6,083			\$ 6,083
DWSRF 07 Totals		\$ 1,239,960	\$ 1,239,960				\$ -	\$ 6,083	\$ 6,083			
Grant 98600111	DWSRF 08											
10,229,000	08DF-ADH-PWSS	\$ 1,022,900	\$ 1,022,900					\$ -	\$ -			\$ -
40,927	08DE-ADH-SSTA	\$ 204,580	\$ 204,580					\$ 204,580	\$ 204,580			\$ 204,580
DWSRF 08 Totals		\$ 1,227,480	\$ 1,227,480				\$ -	\$ 204,580	\$ 204,580			
Grant 98600112	DWSRF 09											
10,229,000	09DF-ADH-PWSS	\$ 1,022,900	\$ 622,900	\$ 400,000			\$ 400,000		\$ 400,000			\$ 400,000
40,420	09DE-ADH-SSTA	\$ 204,580	\$ -	\$ 204,580			\$ 204,580		\$ 204,580			\$ 204,580
DWSRF 09 Totals		\$ 1,227,480	\$ 622,900				\$ 604,580	\$ -	\$ 604,580			
Grant 98600113	DWSRF 10											
20,539,000	10DF-ADH-PWSS	\$ 2,053,900	\$ 1,553,900	\$ 500,000			\$ 500,000		\$ 500,000			\$ 500,000
40,927	10DE-ADH-SSTA	\$ 410,780	\$ 210,780	\$ 200,000			\$ 200,000	\$ 210,780	\$ 410,780			\$ 410,780
DWSRF 10 Totals		\$ 2,464,680	\$ 1,764,680				\$ 700,000	\$ 210,780	\$ 910,780			
Grant 98600114	DWSRF 11											
14,252,000	11DF-ADH-PWSS	\$ 1,425,200	\$ -	\$ 1,425,200			\$ 1,425,200		\$ 1,425,200			\$ 1,425,200
40,982	11DE-ADH-SSTA	\$ 285,040	\$ -	\$ 285,040			\$ 285,040		\$ 285,040			\$ 285,040
DWSRF 11 Totals		\$ 1,710,240	\$ -				\$ 1,710,240	\$ -	\$ 1,710,240			
Grant 98600115	DWSRF 12											
13,582,000	12DF-ADH-PWSS	\$ 1,358,200	\$ 508,200	\$ 850,000			\$ 850,000		\$ 850,000			\$ 850,000
41,043	12DE-ADH-SSTA	\$ 271,640	\$ -	\$ 271,640			\$ 271,640		\$ 271,640			\$ 271,640
DWSRF 12 Totals		\$ 1,629,840	\$ 508,200				\$ 1,121,640	\$ -	\$ 1,121,640			
Grant 98600116	DWSRF 13											
12,743,000	13DF-ADH-PWSS	\$ 1,274,300	\$ 1,274,300				\$ -		\$ -			\$ -
41,758	13DE-ADH-SSTA	\$ 254,860	\$ -	\$ 254,860			\$ 254,860		\$ 254,860			\$ 254,860
DWSRF 13 Totals		\$ 1,529,160	\$ 1,274,300				\$ 254,860	\$ -	\$ 254,860			
Grant 98600117	DWSRF 14											
13,534,000	14DF-ADH-PWSS	\$ 1,353,400	\$ 1,353,400				\$ -		\$ -			\$ -
41,904	14DE-ADH-SSTA	\$ 270,680	\$ -	\$ 270,680			\$ 270,680		\$ 270,680			\$ 270,680
DWSRF 14 Totals		\$ 1,624,080	\$ 1,353,400				\$ 270,680	\$ -	\$ 270,680			
Grant 98600118	DWSRF 15											
13,445,000	15DF-ADH-PWSS	\$ 1,344,500	\$ 1,344,500				\$ -		\$ -			\$ -
42,264	15DE-ADH-SSTA	\$ 268,900	\$ -	\$ 268,900			\$ 268,900		\$ 268,900			\$ 268,900
DWSRF 15 Totals		\$ 1,613,400	\$ 1,344,500				\$ 268,900	\$ -	\$ 268,900			
GRAND TOTALS							\$ 9,193,516	\$ 1,329,608	\$ 10,523,124			
Total PWSS Reclaimed					\$ 1,103,680		\$ 6,727,380	\$ 599,345	\$ 7,326,725	\$ 1,103,680		\$ 6,223,045
Total SSTA Reclaimed					\$ 220,736		\$ 2,466,136	\$ 730,263	\$ 3,196,399	\$ 529,556		\$ 2,666,843
Proposed Schedule for Reclaiming Available Funds from Past Grants												
Grant 98600119	DWSRF 16											
12,719,000	15DF-ADH-PWSS	\$ 1,271,900	\$ 1,271,900				\$ -	\$ -	\$ -			
	15DE-ADH-SSTA	\$ 254,380	\$ 308,820	\$ 254,380	\$ 308,820	98, 99, 01 & 02	\$ 254,380	\$ -	\$ 254,380			\$ 254,380
	15DG-ADH-WHP-CD	\$ 1,907,850	\$ 1,907,850									
DWSRF 16 Totals		\$ 3,434,130	\$ 3,488,570	\$ 254,380	\$ 308,820		\$ 254,380	\$ -	\$ 254,380			
Total PWSS Available					\$ 1,103,680		\$ 6,727,380	\$ 599,345	\$ 7,326,725	\$ 1,103,680		\$ 6,223,045
Total SSTA Available					\$ 529,556		\$ 2,720,516	\$ 730,263	\$ 3,450,779	\$ 529,556		\$ 2,921,223
Total WHP-CD					\$ -		\$ -	\$ -	\$ -	\$ -		\$ -

Appendices

Appendix A

Priority Setting Procedures for Drinking Water State Revolving Loan Fund and Project Priority List

Appendix B

Public Notices and Comments

Appendix C

EPA Assurances

Appendix A

Priority Setting Procedures for Drinking Water State Revolving Loan Fund

Priority Points shall be used for ranking proposed drinking water projects for eligibility for funding from the Drinking Water State Revolving Loan Fund (Fund). The points system presented below will be used.

A project otherwise determined to be eligible under the Fund may not receive funding for improvements that were not included in the original project for which priority points were assigned. The additional unranked improvements must rely on alternate funding sources for these improvements, or wait for the next funding cycle for a new point's assessment. Fundable projects proposing to omit specific improvements for which points were assigned must show that this will not compromise public health and will not otherwise impair the water system's capacity when compared to the original project. Acceptable downsized projects will be reassessed and re-ranked under the priority ranking system, possibly resulting in a lower priority status.

PRIMARY MCL VIOLATIONS FACTORS	POINTS
1. Surface Water or Groundwater under the direct influence of surface water with no filtration	100
2. Treatment technique violations, microbiological MCL violations	
a. Total points for first two violations	100
b. Points for additional violations after first two	5
c. Points for imminent violation of future regulation	50
3. Acute Chemical Violations	
a. Total points for first two violations	100
b. Points for additional violations after first two	5
c. Points for imminent violation of future regulation	50
4. New Service Areas for area(s) with contaminated private drinking water sources	
a. Points for Microbial Contamination	100
b. Points for Acute Chemicals	100
c. Points for Other Chemicals	50
5. Chemical MCL Violations	
a. Total points for first two violations	50
b. Points for additional violations after first two	5
c. Points for imminent violation of future regulation	50
SOURCE VULNERABILITY FACTOR	POINTS
1. Vulnerable to point or non-point upstream discharge	
a. Microbiological	25
b. Industrial, agricultural, or mineral	15
c. Unprotected watershed	15
CONSOLIDATION / INTERCONNECTION FACTOR	POINTS
1. Consolidation with an existing system	
< 40 service connections	50
41 – 200	40

201 - 1,320	30
1,321 - 4,000	20
> 4,000	10
2. Interconnection with an existing system	
< 40 service connections	25
41 – 200	20
201 - 1,320	15
1,321 - 4,000	10
> 4,000	5
AFFORDABILITY FACTOR	POINTS
1. Total Population Served: Service Connections < 1,321	10
2. Affordability Ratio	
a) > 2.49 %	15
b) 2.0 % - 2.49 %	12
c) 1.5 % - 1.99 %	9
d) 1.0 % - 1.49 %	6
e) <1.0 %	3
OTHER DEFICIENCIES FACTOR	POINTS
1. Secondary MCL violation	25
2. Fluoridation start-up	5
3. Quantity deficiencies	
Continual/frequent outages	25
Peak demand/daily shortages	20
Peak demand/seasonal shortages	10
Peak demand/sporadic shortages	5
3. Design deficiencies	
Disinfection	10
Chemical Feed	8
Mixing	8
Clarification	8
Filtration	8
Storage	8
Distribution/low pressures	10
Distribution/deteriorated mains	8
Distribution/unaccounted for water	8
Treatment capacity	8
Intake structure	8
Well construction	10
BONUS POINTS	POINTS
1. Board Member or City Council Training in the past 5 years	15
2. Up-to-date Asset Management Plan	10

Eligibility for Priority Points

Projects for public water systems shall not be eligible for points in any category unless they meet the requirements specified below for that category. Should two or more projects accumulate the same number of points, priority will be given beginning with the project serving the least population and moving to the project serving the next higher population, until all projects with that point total are prioritized.

It should be noted that discretion will be used in the awarding of points in the following categories. If a public water system is accumulating violations due to negligence or inattention on the part of the system, points will not be awarded. The system must be taking reasonable actions to achieve compliance.

Primary MCL Violations Factors

- 1) Surface Water or Ground Water under the direct influence of surface water with inadequate filtration
 - a) Points will be awarded only for a water system that currently is required by the Safe Drinking Water Act to provide filtration, and the system does not have a filtration system that complies with the Safe Drinking Water Act regulations. In the case of consolidating systems where the project applicant does not qualify, but one of the consolidating systems does, then points will be awarded based on the consolidating system. If there are multiple consolidating systems within the same project which are SW or GWUDI, then an additional five (5) points will be awarded for each system after the first.
- 2) Treatment technique violations and microbiological MCL violations.
 - a) Points will be awarded only for a water system that has had more than one treatment technique or microbiological MCL violation of the Safe Drinking Water Act during the eighteen months preceding the date of the most recent ranking questionnaire.
 - b) Each microbiological MCL violation and treatment technique violation will be counted as an individual violation, even if they occur in the same month. Points can be awarded for multiple violations of the same type or in combination with other violation types, (e.g.; if a system had both a microbiological MCL and a treatment technique violation in the same month, they would get points for two violations in that month.).
 - i) One hundred (100) points total will be awarded for the first two (2) violations.
 - ii) Five (5) points will be awarded for each additional violation.
 - iii) Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS treatment technique or microbiological violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.
- 3) Acute Chemical & Chemical MCL violations.
 - a) Points will be awarded only for a water system that currently has contamination from a Safe Drinking Water Act regulated contaminant, or other chemical contaminant for which no MCL has been adopted, which presents an acute health risk to consumers, based on EPA standards, health advisories, or other peer reviewed health risk studies found acceptable to the Department.
 - i) One hundred (100) points will be awarded for the first two (2) violations.
 - ii) Five (5) points will be awarded for each additional violation.

- iii) Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.
- 4) New Service Area for Area(s) with contaminated Private Drinking Water Sources. Points may be awarded for a project to provide public drinking water service to an unserved area provided that:
 - a) At least 10% of the private water sources in the project area are sampled at random for microbiological contamination and at least 50% of those samples are coliform positive; or
 - b) At least 10% of the private water sources in the project area are sampled at random for a regulated acute chemical contaminant and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA; or
 - c) At least 10% of the private water sources in the project area are sampled at random for other chemical contaminants and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA.
- 5) Chemical MCL Violations. Points will be awarded only for a water system that currently has contamination from a Safe Drinking Water Act regulated contaminant at a level which exceeds the MCL or Action Level specified by EPA, and has not already received points under "Acute Chemical Violations."
 - a) Each chemical MCL violation will be counted as an individual violation, even when multiple violations occur in the same reporting period. Points can be awarded for multiple violations of the same type (inorganic, organic, radiochemical, etc.) or in combination with other violation types, (e.g.; if a system had both an arsenic MCL and a barium MCL in the same reporting period, they would get points for two violations in that reporting period.).
 - i) Fifty (50) points will be awarded for the first two (2) violations.
 - ii) Five (5) points will be awarded for each additional violation.
 - iii) Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.

Source Vulnerability Factors

- 1) Source Vulnerable Due to Contamination from a Point or Non-point Source Discharge (with the potential to cause microbiological contamination). Points will be awarded only to a surface water source where there exists identifiable point or non-point discharges which can be documented to result in, or can potentially result in, instances where the raw water coliform concentrations exceed the limitations set forth in Section IX.A of the "Rules and Regulations Pertaining to Public Water Systems", or otherwise cause significant microbiological contamination of the source water.
 - a) Source Vulnerable Due to Contamination from Industrial Operations. Points will be awarded for a water source where analyses indicate the occasional presence of hazardous chemicals from an industrial source. In the case of a water system utilizing a ground water source, points will be awarded when documentation is provided that a contaminant plume exists in the source aquifer and is approaching the wellhead.
 - b) Source Vulnerable Due to Contamination from Agricultural Operations. Points will be awarded for a water source where analyses indicate the occasional presence of agricultural chemicals. Points will be awarded in the case of a water system utilizing a ground water source, only when analyses indicate the occasional presence of contaminants of agricultural origin in the source water or documentation of a contaminant plume in the source aquifer which is approaching the wellhead.

- c) **Source Vulnerable Due to Potential Contamination from Oil, Gas, or Mineral Operations.** Points will be awarded for a surface water source where analyses indicate the occasional presence of contaminants from oil, gas, or mineral operations. Points will be awarded for a ground water source where the recharge area contains oil, gas, or mineral operations that have caused a plume of contamination that is approaching the water supply wellhead.
- d) **Source with Inadequate Buffer Zone.** Points will be awarded for a surface water source where the required 300-foot buffer zone required under the Arkansas Rules and Regulations Pertaining to Public Water Systems has not been obtained. Points will be awarded for a ground water source where the 100-foot radius buffer area zone required in these regulations has not been obtained.

Consolidation/Interconnection Factor

1. **Consolidation with an Existing System.** Points will be awarded only for systems which agree to legally merge with another water system which is fully compliant with Safe Drinking Water Act water quality regulations or will become compliant as a result of the merger. In cases where multiple systems will consolidate, point assignments will be based upon the number of service connections of the smallest system. Extra points for additional consolidating systems under the same project will be assigned at a rate of ten percent (10%) of the original rate for each additional consolidating system.
2. **Interconnection with an Existing System.** Points will be awarded only for systems which propose an interconnection and water purchase agreement with another water system, which is SDWA compliant, as a means of resolving a water quantity or quality problem for which points are awarded. In cases where multiple systems will interconnect, point assignments will be based upon the number of service connections of the smallest system. Extra points for additional systems under the same project will be assigned at a rate of ten percent (10%) of the original rate for each additional consolidating system.
3. Projects are eligible for either consolidation points or interconnection points, but not both.

Affordability Factor

1. **Total Population Served.** Points will be awarded for systems serving fewer than 1321 service connections.
2. **Affordability Ratio.** Points will also be awarded based on the value of the Affordability Ratio, calculated as the current average yearly residential rate, based on a usage of 4000 gallons of water per month, divided by the Median Household Income. The Median Household Income shall be based on the entire service area of the project water system using the most current information available.

Other Factors – Public Health Improvements or Deficiencies

1. **Secondary MCL Violations.** Points will be awarded only for those water systems where analyses document that a violation of an MCL for any of the Secondary Drinking Water Standards has occurred.
2. **Fluoridation start-up.** Points will be awarded for those water systems adding installing fluoridation to the treatment process.
3. **Quantity Deficiencies**

- a. Continual Shortage (Frequent Outages). Points will be awarded only for a water system that experiences frequent complete pressure losses, which are the result of demand exceeding supply, and are not the result of main break, equipment failure, lack of proper maintenance, or other operational failures.
 - b. Shortage During Peak Demand Period (Daily). Points will be awarded only for a water system that frequently experiences minimal pressures due to daily demand exceeding supply.
 - c. Shortage During Peak Demand Period (Seasonal). Points will be awarded only for a water system that has to routinely issue conservation orders during heavy use periods or experiences minimal pressures during heavy use periods.
 - d. Occasional Shortage During Peak Demand Period. Points will be awarded only for a water system that, once or twice a year, experiences some pressure loss due to peak demands.
4. Design Deficiencies
- a. Inadequate Disinfection. Points will be awarded for a water system that either does not disinfect or does not continuously disinfect due to equipment failure or lack of adequate feed rate capacity. Points may also be awarded for inadequate chlorine contact time (CT) as defined by regulation.
 - b. Inadequate Chemical Feed. Points will be awarded only for a water system that is unable to either reliably or consistently feed adequate chemicals to meet treatment objectives.
 - c. Inadequate Mixing. Points will be awarded only for a water system whose rapid mixing detention time is inadequate based on Department design standards.
 - d. Inadequate Clarification. Points will be awarded for a water system whose clarification process is functioning improperly due to an inadequate detention time, using Department accepted design standards. Points will be awarded for a water system where improper functioning is occurring due to mechanical or structural failure.
 - e. Inadequate Filtration. Points will be awarded for a water system whose filtration process is functioning improperly due to excessive filtration rates, damaged underdrains, or other physical plant defects. Points shall not be awarded under this section if points were awarded under the section pertaining to filtration of surface water or groundwater under the direct influence of surface water.
 - f. Inadequate Storage. Points will be awarded only for a water system whose usable storage is less than one day's average system demand.
 - g. Inadequate Distribution (Low Pressures). Points will be awarded only for a water system that has areas of chronic low pressure due to localized peak demands.
 - h. Inadequate Distribution (Deteriorated Mains). Points will be awarded only for a water system that has chronic consumer complaints that can be directly tied to the deterioration of cast iron, galvanized, or other metal piping, or has frequent main breaks due to deteriorated pipe.
 - i. Inadequate Distribution (Unaccounted for Water). Points will be awarded only for a water system that has unaccounted for water at a level that exceeds 10% of average daily production.
 - j. Inadequate Treatment Unit Capacity. Points will be awarded only for a system whose plant, or individual process units in the plant, are undersized for process flow rates determined by using Department accepted design standards.

- k. Inadequate Intake Structure. Points will be awarded only for a water system whose intake structure is either unable to deliver an adequate quantity of water or whose intake structure will not allow for adjustment of withdrawal depth.
- l. Improper Well Construction. Points will be awarded only for a water system whose well is vulnerable to surface drainage into the well from improper wellhead and appurtenances construction or inadequate casing and/or grouting.

Bonus Points

- 1. Board Member or City Council Training in the past 5 years. Points will be awarded to systems for training.
- 2. Up-to-date Asset Management Plan. Points will be awarded only for a water system whose Asset Management Plan is current.

SFY2017 Drinking Water Project Priority List

No.	Entity	Total Points	PWS ID.	Project Cost	Population	Small System (Y/N)	MHI	Disadvantaged (Y/N)	Project Description	Status of Project
1	North East Water Association	331	33	\$12,200,000	3,540	YES	\$19,689	YES	System Expansion to serve Henderson & Gamaliel Areas	No Funding Application Received
2	Clinton Waterworks	175	564	\$4,400,000	5,725	YES	\$30,125	YES	Water Treatment Plant Clarifier	ANRC Funding
3	Mena Water Utilities	174	438	\$1,084,000	5,590	YES	\$28,222	YES	Irons Fork Water Treatment Facility Improvements	No Funding Application Received
4	Hozanna Heights Water Association	149	884	\$5,180	79	YES	\$18,682	YES	New Treatment Installation	No Funding Application Received
5	Pleasant View Water PFB	127	202	\$1,287,098	1,698	YES	\$34,819	YES	Royal Oak and Manitou Mountain Extensions	No Funding Application Received
6	Siloam Springs Water Works	124	56	\$21,033,125	19,022	NO	\$38,750	YES	Water Treatment Facility Improvements	No Funding Application Received
7	Lockesburg	84	517	\$2,222,985	853	YES	\$31,213	YES	Replacement of Distribution System	ANRC Funding
8	Viola	74	205	\$85,000	387	YES	\$35,673	YES	Rehabilitation of Existing Storage Tank	ANRC Funding
9	Scranton Waterworks	73	330	\$5,974,000	1,100	YES	\$24,500	YES	Connection to the City of Clarksville - Transmission Facilities	ANRC Funding
10	Central Arkansas Water	64	465	\$2,000,000	313,588	NO	\$43,890	NO	Galvanized Pipe Replacement Project	No Funding Application Received
11	Bearden	63	401	\$780,200	921	YES	\$31,095	YES	Tank Rehabilitation Project	ANRC Funding
12	City of Gould	62	316	\$789,312	1,041	YES	\$34,107	YES	New 150,000 Gal. Elevated Storage Tank	No Funding Application Received
13	Central Arkansas Water	60	465	\$11,535,000	313,588	NO	\$43,890	NO	Ozark Point Water Treatment Plant - Reliability & Redundancy Improvements	ANRC Funding

No.	Entity	Total Points	PWS ID.	Project Cost	Population	Small System (Y/N)	MHI	Disadvantaged (Y/N)	Project Description	Status of Project
14	Central Arkansas Water	58	465	\$675,000	313,588	NO	\$43,890	NO	12" Asbestos Cement & Cast Iron Pipe Replacement, Roosevelt Road	No Funding Application Received
15	Central Arkansas Water	58	465	\$1,750,000	313,588	NO	\$43,890	NO	24" Suction Main to Pump Station/Tank No. 23 - Montgomery	No Funding Application Received
16	Conway Corporation	53	189	\$8,000,000	52,000	NO	\$41,917	NO	Water Quality Compliance Project	No Funding Application Received
17	Jasper	47	397	\$1,108,260	466	YES	\$14,333	YES	Water Line Rehabilitation	No Funding Application Received
18	Marshall	47	501	\$1,128,000	2,760	YES	\$30,214	YES	Water Line Rehabilitation	No Funding Application Received
19	Chidester	45	403	\$817,500	335	YES	\$25,500	YES	New Storage Tank & Pump Replacement Project	ANRC Funding
20	Siloam Springs	45	56	\$9,600,000	14,672	NO	\$38,750	YES	Rehab Tank, New RW Transmission Main, Rehab AC Dist Mains	No Funding Application Received
21	City of Waldo	45	112	\$2,507,655	782	YES	\$18,514	YES	Replacement of Existing Water Distribution System	ANRC Funding
22	City of Thornton	38	72	\$2,496,966	972	YES	\$20,193	YES	Replacement of Existing Water Distribution System	ANRC Funding
23	City of Gould	38	316	\$1,132,061	1,041	YES	\$15,929	YES	Distribution System Replacement	No Funding Application Received
24	Central Arkansas Water	38	465	\$5,835,000	313,588	NO	\$43,890	NO	Improve Pump Station 1A, Wilson Water Treatment Plant	ANRC Funding
25	Arkadelphia	37	85	\$6,977,050	10,716	NO	\$26,420	YES	Water Treatment Plant Improvements	ANRC Funding
26	Bradley Waterworks	37	294	\$1,533,711	502	YES	\$24,632	YES	Distribution System Replacement	Application in Review
27	Gilmore	36	154	\$1,288,000	292	YES	\$48,750	NO	New Water Treatment Plant and New Elevated Storage Tank	No Funding Application Received

No.	Entity	Total Points	PWS ID.	Project Cost	Population	Small System (Y/N)	MHI	Disadvantaged (Y/N)	Project Description	Status of Project
28	City of Winthrop	35	642	\$1,633,098	474	YES	\$32,250	YES	Distribution System Replacement	ANRC Funding
29	Beebe	33	592	\$1,065,000	5,000	YES	\$40,912	NO	LWPWA Connector Main	No Funding Application Received
30	Central Arkansas Water	33	465	\$1,700,000	313,588	NO	\$43,890	NO	24" and 16" Transmission Main from Tanks 14A and 14B	ANRC Funding
31	Chidester Waterworks	32	403	\$1,643,716	335	YES	\$28,000	YES	Distribution System Replacement	No Funding Application Received
32	City of Strong	32	556	\$1,341,781	1,220	YES	\$21,250	YES	Water Line Replacement	ANRC Funding
33	City of Reed	32	603	\$612,256	141	YES	\$18,462	YES	Water Line Replacement	Application in Review
34	Bella Vista POA	31	39	\$4,300,500	24,485	NO	\$57,929	NO	Distribution improvements	ANRC Funding
35	City of Huttig	31	553	\$1,920,056	777	YES	\$31,250	YES	Water Line Replacement and New Well	ANRC Funding
36	City of Wooster	31	196	\$2,475,510	3,700	YES	\$57,471	NO	Water System Improvements	ANRC Funding
37	City of Eudora	30	83	\$4,000,000	3,158	YES	\$18,438	YES	Water Line Replacement and System Improvements	ANRC Funding
38	Benton Washington RPWA	30	871	\$29,500,000	16,300	NO	\$44,048	NO	Water treatment improvements	No Funding Application Received
39	Lakeview Municipal Water	30	420	\$230,000	575	YES	\$15,536	YES	Rehab of Storage Tank	No Funding Application Received
40	Wilton Waterworks	29	321	\$1,163,082	534	YES	\$30,625	YES	Distribution System Replacement	No Funding Application Received
41	Coy Waterworks	27	340	\$46,000	310	YES	\$36,250	YES	Rehab of Storage Tank	No Funding Application Received
42	Saline County Waterworks PFB	27	491	\$165,800	491	YES	\$30,500	YES	Mountain Circle Standpipe	No Funding Application Received

No.	Entity	Total Points	PWS ID.	Project Cost	Population	Small System (Y/N)	MHI	Disadvantaged (Y/N)	Project Description	Status of Project
43	North Howard RWA	27	1075	\$2,227,535	964	YES	\$33,729		Replacement of Existing 10" Water Main	ANRC Funding
44	City of Flippin	25	351	\$2,000,000	3,325	YES	\$28,942	YES	Storage/Distribution Improvements	No Funding Application Received
45	City of Rison	24	106	\$331,309	1,344	YES	\$34,271	YES	Water Meter Replacement Project	ANRC Funding
46	Wabbaseka Waterworks	23	283	\$405,000	244	YES	\$22,206	YES	Water Treatment Rehab	No Funding Application Received
47	Mountain View Water & Wastewater	21	542	\$675,000	5,864	YES	\$19,302	YES	Distribution System Improvements	Entity decided not to get funding
48	City of Berryville	21	74	\$926,266	5,020	YES	\$28,537	YES	CR 501 Water Main Upgrade	No Funding Application Received
49	Tollette Waterworks	21	618	\$46,000	339	YES	\$21,125	YES	Rehab of Storage Tank	No Funding Application Received
50	City of Bryant	21	486	\$2,000,000	15,382	NO	\$54,521	NO	Automated Meter Reading System & Replacement	No Funding Application Received
51	Danville Waterworks	21	603	\$360,500	2,705	YES	\$33,632	YES	Cedar Piney Transmission Main	No Funding Application Received
52	Riviera Utilities now called Lake Catherine WW & SFB	21	239	\$207,275	1,800	YES	\$38,680	YES	Meter Change out and Upgrade Project	ANRC Funding
53	Ladd Water Association	16	277	\$365,000	2,800	YES	\$28,891	YES	Water System Improvements	Entity decided not to do project
54	Bono Waterworks	13	126	\$180,000	1,971	YES	\$31,429	YES	Radio Meter Replacement	No Funding Application Received
55	Gosnell Water Association	13	374	\$750,000	3,612	YES	\$42,475	NO	System Loop	No Funding Application Received
56	Hampton Waterworks	11	70	\$296,340	1,730	YES	\$32,500	YES	Water Tank Rehab	No Funding Application Received
57	Hope Tank Rehab	11	230	\$500,000	11,405	NO	\$29,774	YES	Tank Rehab	No Funding Application Received

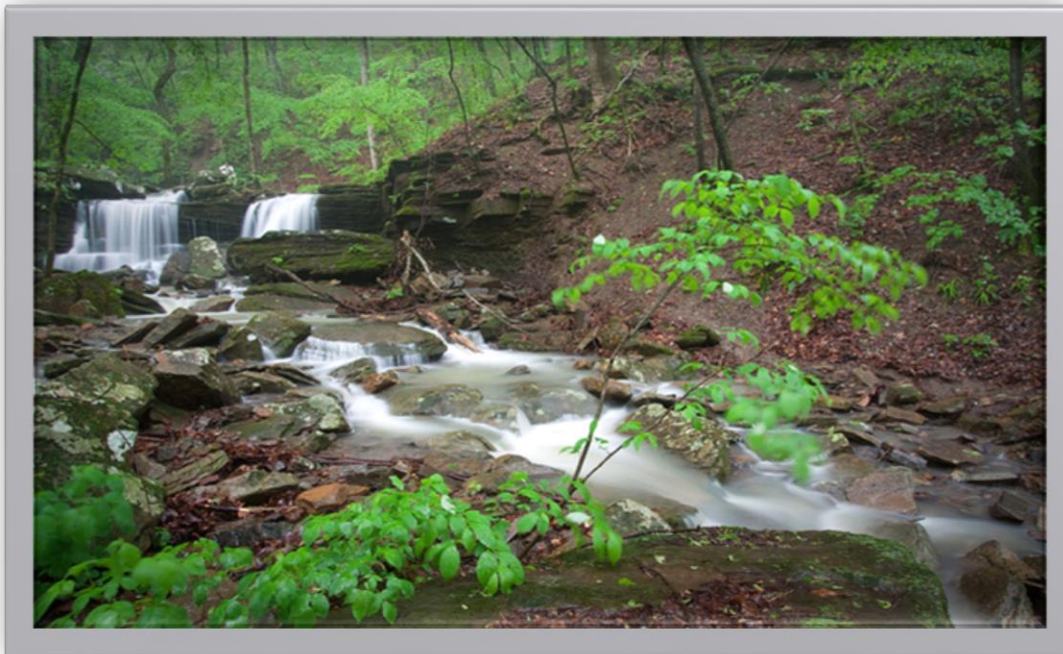
No.	Entity	Total Points	PWS ID.	Project Cost	Population	Small System (Y/N)	MHI	Disadvantaged (Y/N)	Project Description	Status of Project
58	Gosnell Water Association	11	374	\$350,000	3,612	YES	\$42,475	NO	Meter Change out and Upgrade Project	No Funding Application Received
59	City of Prescott	11	394	\$2,997,276	5,198	YES	\$25,104	YES	Raw Water Main Replacement	No Funding Application Received
60	City of Stamps	11	296	\$2,581,633	2,268	YES	\$25,987	YES	Replacement of Existing Water Distribution System	ANRC Funding
61	Hope WL	3	230	\$450,000	11,405	NO	\$29,774	YES	Water Line Replacement	No Funding Application Received
62	Hope WL	3	230	\$450,000	11,405	NO	\$29,774	YES	Water Line Replacement	No Funding Application Received

Appendix B

Public Notices and Comments

On May 15th & 22nd, 2016, the State of Arkansas published the required public notice advertisement for the Drinking Water Intended Use Plan in the Arkansas Democrat-Gazette, a statewide paper. A public meeting was scheduled for May 23, 2016 and a deadline for submittal of written comments was set for June 23, 2016. Copies of the Intended Use Plan were available for public inspection at the Water Resources Development Division of the Arkansas Natural Resources Commission. A meeting was held on May 23, 2016 at the Arkansas Natural Resources Commission offices in Little Rock, to accept comments on the Intended Use Plan. Representatives of Arkansas Natural Resources Commission were available to answer questions about the Drinking Water Intended Use Plan.

No one outside ANRC attended, and no comments were received.



Appendix C

EPA Assurances

Arkansas' Intended Use Plan includes the following assurances as required by the EPA DWSRF Program Guidelines and 40 C.F.R. §35.3550.

Arkansas requires all projects to comply with federal requirements and that equivalency will not be used.

1. Assurance that the State has the authority to establish a fund and to operate the DWSRF program in accordance with the Safe Drinking Water Act.
 - The Arkansas Safe Drinking Water Fund Act (ACT 772 of 1997), ANRC Regulation XV and the Interagency Agreement between the ADH, the ADFA and ANRC establishes the proper authority, assigns responsibilities and sets up the necessary funds to manage the SDWA, section 1452 programs.
2. Assurance that the State will comply with State statutes and regulations.
 - The State of Arkansas agrees to comply with all State statutes and regulations that are applicable to DWSRF funds, including Federal Capitalization Grant funds, state match, interest earning, bond proceeds and repayments, and funds used for set-aside activities.
3. Assurance that the State has the technical capability to operate the program.
 - Since 1961 ANRC has administered State financial assistance programs. The ANRC currently manages both the DWSRF and the CWRLF programs.
 - With the exception of Administration, the ADH manages the set-aside programs. There was 22 new staff positions created upon the availability of the initial set-aside funds. ADH has been granted primacy from the EPA to administer the State Public Water Supply Supervision program and continues to receive favorable reviews from the EPA Region 6 staff.
 - The ADFA manages the banking, fund accounting and auditing requirements. It has administered the CWSRF program since 1987 and many other state and federal financial assistance programs. No new staff positions are anticipated.
4. Assurance that the State will accept Federal Capitalization Grant funds in accordance with a payment schedule.
 - The State of Arkansas agrees to accept the federal grant payments in accordance with the negotiated payment schedule (reference Chart 4) and use those payments for the activities of the DWSRF and State set-aside programs under SDWA Section 1452.
5. Assurance that the State will enter into binding commitments with assistance recipients to provide assistance from the Fund.
 - Binding commitments must be made in an amount equal to the amount of each capitalization grant payment and accompanying State match that is deposited into the Fund and must be made within one year after the receipt of each grant payment.
 - A State may make binding commitments for more than the required amount and credit the excess towards the binding commitment requirements of subsequent grant payments.
 - If a State is concerned about its ability to comply with the binding commitment requirement, it must notify the RA and propose a revised payment schedule for future grant payments

6. Assurance that the State will deposit all Federal Capitalization Grant funds in the fund or set-aside accounts.
 - The State of Arkansas agrees to deposit all the Federal Capitalization Grant funds into the Drinking Water State Revolving Fund account except for those portions of the grant that Arkansas intends to use for set-aside purposes authorized under the SDWA (Section 1452(a)(1)(b)). Funds for set-aside activities will be placed in separate accounts inside the SDWF but outside the DWSRF account.
7. Assurance that the State will provide an amount at least equal to 20 percent of the Federal Capitalization Grant (state match) in the Fund.
 - The State of Arkansas agrees to provide an amount into the DWSRF equaling at least 20% of the amount of each Federal Capitalization Grant.
8. Assurance that the State will deposit net bond proceeds, interest earning, and repayments into the Fund.
 - The State of Arkansas agrees to credit the applicable proportion of net bond proceeds and interest earnings, and the DWSRF borrower's principal and interest repayments into the Arkansas DWSRF.
 - The State of Arkansas also agrees to deposit any 1452(k) (1) loans principal and interest repayments into the Arkansas DWSRF.
9. Assurance that the State will match Federal Capitalization Grant funds uses for 1452(g) (2) set-asides.
 - The State of Arkansas agrees to provide 100% state match funds equaling its Federal Capitalization Grant for 1452(g) (2) set-asides.
10. Assurance that the State will use Generally Accepted Accounting Principles.
 - The State of Arkansas agrees to establish fiscal controls and accounting systems, according to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board, that are sufficient to account for and report DWSRF Program activities.
11. Assurance that the State will have the fund and set-aside accounts audited annually in accordance with Generally Accepted Government Auditing Standards (GAGAS).
 - The State of Arkansas agrees to conduct an annual audit on the Arkansas Safe Drinking Water Fund in accordance with Generally Accepted Government Auditing Standards (GAGAS).
12. Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of a privately owned system, demonstrated that there is adequate security).
 - The State of Arkansas does require all DWSRF borrowers to have a dedicated source of revenues for repayments (or in the case of a privately owned system, demonstrated that there is adequate security) per ANRC Regulation XV.
13. Assurance that the State will commit and expend funds as efficiently as possible and in an expeditious and timely manner.
 - The State of Arkansas agrees to commit and expend all funds allotted under SDWA section 1452 "as efficiently as possible" (Section 1452(g) (3)) and in an expeditious and timely manner.
 - Federal EPA/ACH payments shall be expended within 16 quarters from scheduled payment dates. The Bond proceeds shall be expended within 3 years from the bond issue dates. The State Match funds shall be expended in a prudent and expeditious managerial manner.

14. Assurance that funds will be used in accordance with the Intended Use Plan.
 - The State of Arkansas agrees to expend DWSRF funds in accordance with the Intended Use Plan (Section 1452(b)) that has undergone public review and comment.
15. Assurance that the State will provide EPA with an annual report.
 - The State of Arkansas DWSRF agrees to complete and submit an annual report with available financial information to the Region within 90 days after the end of the States reporting period.
16. Assurance that the State will comply with all Federal cross-cutting authorities.
 - The State of Arkansas agrees to ensure that all applicable Federal cross-cutting authorities will be complied with.
17. Assurance that the State will comply with the American Iron and Steel (AIS) requirements.
 - P.L. 114-113, The Consolidated Appropriations Act, 2016, includes an American Iron and Steel (AIS) requirement in section 424 that requires Clean Water State Revolving Loan Fund and Drinking Water State Revolving Fund assistance recipients to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project is funded through an assistance agreement executed beginning January 17, 2014 (enactment of the Act), through September 30, 2016 (the end of Federal Fiscal Year 2016).
18. Assurance of Competency.
 - In 2013 EPA Issued the directive FEM 2012-)2 Rev. 1, requiring organizations generating or using environmental measurement data under EPA-funded agreements to submit documentation of their competency prior to performing new grant-funded work. The directive is effective for grants totaling more than \$200,000 and issued or renewed after October 1, 2013. The goal of the directive is to assure that organizations (and their grantees/contractors) performing environmental data operations have effective quality management systems and the technical competence to generate valid environmental data.
 - Competency is demonstrated through the Arkansas Department of Health's Quality Management Plan (QMP) submitted to and approved by EPA annually. The QMP provides descriptions of the quality policies, including all requirements described in EPA QA/R-2. The Arkansas Department of Health QA manager will ensure implantation of the directive through coordination with the individual EPA Programmatic Project Officers. The ADH also submits to and receives approval from EPA a Quality Assurance Project Plan (QAPP) every four years. The QAPP address the collection of environmental data made during water quality monitoring and sanitary survey program activities.
19. Signage
 - Arkansas agrees to comply with the SRF Signage Guidance in order to enhance public awareness of EPA assistance agreements nationwide.
 - Arkansas will be in compliance with the following federal requirements:
 - Federal Socioeconomic Cross-Cutters (DBE etc.)
 - Federal Environmental crosscutters
 - Federal Funding Accountability and Transparency ACT (FFATA) reporting
 - Single Audit Act (OMB A-133)