CLEAN WATER STATE REVOLVING FUND

State Fiscal Year 2024 Draft Intended Use Plan

Base Program
Supplemental Base Program
Emerging Contaminants

COMMONWEALTH OF KENTUCKY

Prepared by the

KENTUCKY INFRASTRUCTURE AUTHORITY
&
ENERGY AND ENVIRONMENT CABINET

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INTRODUCTION

The 2024 Intended Use Plan (IUP) for the Clean Water State Revolving Fund Program (CWSRF) is used to communicate Kentucky's CWSRF plan for state fiscal year 2024 to potential borrowers from the CWSRF, public wastewater systems, the public, the U.S. Environmental Protection Agency (USEPA), and other interested parties. The IUP is prepared in accordance with Title VI of the Clean Water Act (CWA) and the Further Consolidated Appropriations Act, 2020 (Pub. L. 116-94, December 20, 2019) and is a requirement for participation in the Clean Water State Revolving Fund Program (CWSRF).

The CWSRF plan for FY 2024 will include the Base Program as well as additional funding provided through the Bipartisan Infrastructure Law (BIL) as Supplemental Base funding and Emerging Contaminants funding. Projects to be considered for funding through the CWSRF are submitted during the call for projects. Projects are reviewed for eligibility and ranked for funding priorities. 130 projects were considered for funding from the CWSRF. The total amount requested is approximately $800 million. The total project need from all funding sources is approximately $975 million. The requests are primarily to fund construction but include planning and design. The IUP is to serve as the public documentation of the list of projects anticipated for funding as shown on the Comprehensive Project Priority List. This Project Priority List (PPL) is provided in Appendix A. For State Fiscal Year (SFY) 2024, the Fund has available just over $83.5 million with $53.4 million available in Base funding, $27.6 million available in Supplemental Base funding, and $2.5 million available in Emerging Contaminants funding.

An annual IUP is required by Title VI of the CWA and is an integral part of the process to request the federal funds. Each year, the US Congress authorizes funding for the CWSRF through the USEPA. The USEPA prepares allocations for states to receive the funds by way of a Capitalization Grant. The current IUP is for the 2023 Capitalization Grant, which is the FFY of October 1, 2023 through September 30, 2024. This IUP identifies how the funds available to Kentucky's CWSRF will be used during the SFY of July 1, 2023 through June 30, 2024.

The IUP identifies how the funds will be used to support the goals of the CWSRF. The 2024 IUP includes:

1. A description of the short and long term goals of the CWSRF;
2. The criteria and methods established for selecting projects;
3. Administration and operation policies of the CWSRF established by the KIA for compliance with requirements of the US Congress authorization as administered by the USEPA;
4. The public participation process;
5. The sources and uses of available funds; and
6. The Project Priority List - a list of eligible projects whose sponsors expressed interest in low interest rate loans from the CWSRF.

What is the Clean Water State Revolving Fund?

The CWSRF is a national program by which the USEPA provides capitalization grants to states to further the goals of the CWA. The national CWSRF was created in 1988, to establish a water pollution control revolving fund that would provide financial assistance for construction of publicly owned treatment works under section 212 of the CWA, implementation of watershed management plans under section 319 of the CWA, and development and implementation of conservation and management plans under section 320 of the CWA.

The CWSRF was established to fund projects and activities whose primary goal is the protection of water quality. In 1996, the USEPA issued the funding framework, which encouraged all states that fund both point and nonpoint source projects to integrate their planning and priority ranking systems so that CWSRF funds can most effectively target the nation's highest water quality problems.

The general intent of Title VI of the CWA is to ensure that each state's CWSRF is designed and operated to provide financial assistance for water pollution control activities in perpetuity. This is done by providing annual capitalization grants, while allowing states to utilize principal and interest repaid on prior loans to fund new loans. The Water Resources Reform and Development Act (WRRDA) amended Titles I, II, V, and VI of the CWA. The EPA implements the national CWSRF program in such a manner that preserves for states a high degree of flexibility to operate their programs in accordance with each state's unique needs and circumstances.

Kentucky's CWSRF financing program provides low interest loans for infrastructure projects that are considered a priority based on the water pollution control criteria outlined in the CWA. Projects identified to receive funding are selected from the ranked group of Project Profiles submitted during the annual Call for Projects. The Fund is administered by the KIA. By Memorandum of Agreement, the Kentucky Energy and Environment Cabinet (EEC) through the Division of Water (DOW) perform environmental and technical reviews on projects that seek assistance from the CWSRF. Since its inception in 1988, Kentucky's CWSRF has committed funds to 468 clean water infrastructure projects, totaling more than $1.75 billion (through April, 2023).

Eligibility

Only projects listed in the IUP are eligible for funding. Examples of eligible projects include:

- Planning, design, and construction of wastewater or storm water collection, conveyance, and treatment facilities.
- The implementation of nonpoint source pollution control management programs.
- Purchase of another wastewater system eligible under 33 U.S.C. 1383(d).

An eligible borrower or borrowing entity means any agency of the state or its political subdivisions, any city, or any special district created under the laws of the state acting individually or jointly under interagency or inter-local cooperative agreements to enter into assistance agreements with the authority as defined in KRS 224A.011(6).

Some examples include:

- Municipal corporations
- Cities
- Agencies
- Commissions
- Authorities
- Districts

Significant Federal Components and Requirements

Bipartisan Infrastructure Law Funding Highlights:

On November 15, 2021, President Biden signed into law the $1.2 trillion Infrastructure Investment and Jobs Act (IIJA) of 2021 (H.R. 3694) also known as the Bipartisan Infrastructure Law (BIL). BIL provides supplemental funding for the Clean Water State Revolving Fund which is in addition to the annual SRF capitalization grants. The additional funding is federally appropriated and will be available over five federal fiscal years (2022 – 2026). The additional funding will expand SRF program capacity for loans and loan forgiveness while adhering to existing SRF project eligibilities.

American Iron and Steel (AIS) Utilization

On June 10, 2014, WRRDA amended the CWA to include permanent requirements for the use of American iron and steel products in Clean Water SRF projects. Materials utilized must be certified as AIS. Implementation guidance can be found at the link below:

https://www.epa.gov/cwsrf/state-revolving-fund-american-iron-and-steel-ais-requirement

Davis-Bacon Prevailing Wage Labor Laws Compliance

Federal labor laws regarding prevailing wages, hours of work, and rates of pay are collectively known as the Davis-Bacon laws. All projects funded in whole or in part with assistances from CWSRF will be required to comply with Davis-Bacon laws and incorporate their provisions into any project work that has been or will be contracted. For more information on Davis Bacon laws, please visit: http://www.dol.gov/whd/regs/compliance/whdfs66.pdf.

Build America, Buy America Act (BABA)

BIL also expands domestic sourcing requirements with the inclusion of the Build America, Buy America Act (BABA). Starting on **May 14, 2022**, all steel, iron, manufactured products, non-ferrous metals, plastic and polymer-based products (including polyvinylchloride, composite building materials, and polymers used in fiber optic cables), glass (including optic glass), lumber, and drywall used in infrastructure projects for federal financial assistance programs must be produced in the United States. Final implementation guidance was published on August 14, 2023 and is available at the website: https://www.whitehouse.gov/wp-content/uploads/2023/08/REV_2-CFR-Guidance-Pre-publication-version-8.13.pdf. For additional BABA information, please visit: https://www.epa.gov/grants/epas-identification-federal-financial-assistance-infrastructure-programs-subject-build. A number of generally applicable waivers have been published by the EPA and borrowers may apply for project specific waivers under certain circumstances.

Technical Assistance

In addition to funding infrastructure projects, the CWSRF also allows the use of capitalization grant funds for technical assistance. Up to 2% of the CWSRF capitalization grant, BIL Supplemental CWSRF capitalization grant, and BIL Emerging Contaminants capitalization grant will be used for technical assistance. Technical assistance may be carried out directly by the Kentucky Infrastructure Authority or the Division of Water in the Energy and Environment Cabinet and through contracts with other agencies and organizations. The intent is to partially use technical assistance set asides to fund upgrades to the Water Resource Information System to assist rural and small publicly owned treatment works. The WRIS works directly with utilities to assist disadvantaged communities in preparing for potential CWSRF projects. KIA reserves the right to utilize unused portions of the technical assistance set aside for use at a later date.

Additional Subsidization

To be eligible for additional subsidization, a community must be a disadvantaged community. Disadvantaged communities are those that meet at least one of the three disadvantaged community criteria below:

1. A system wide MHI less than the state's MHI ($55,454) as calculated by the WRIS, or
2. A project area MHI less than the state's MHI ($55,454) as calculated by the WRIS or by using census tract information, or
3. An affordability index ratio of 1.0 or greater calculated as the annual 4,000 gallon water rate divided by the system area MHI rounded to the nearest tenth.

KIA will use the same disadvantaged community definition for the Base, Supplemental, and Emerging Contaminants programs for the state fiscal year 2024 funding cycle.

The total amount of principal forgiveness available for Base and Supplemental borrowers will be distributed such that each qualifying borrower will receive the same percentage of principal forgiveness. This funding cycle, the percentage is approximately 26%. To arrive at the same percentage, the Base borrowers may also receive principal forgiveness from the Supplemental program.

1. Base Program – Additional Subsidy

The authorization of the base federal capitalization grant requires that beyond the subsidization provided through the low interest financing, additional subsidization is to be provided to utilities in disadvantaged communities. The amount of the capitalization grant received from the federal government that is available for additional subsidization varies each year based on the allowable range authorized by the federal grant, and the amount decided upon by the Commonwealth of Kentucky. The FFY 2023 Capitalization Grant requires that at least 10 percent, be provided as additional subsidization. An additional subsidization consistent with the WRRDA amended provisions will be provided between 10 to 30 percent. Total additional subsidization for FFY 2023 that must be awarded ranges between 20%, or 1,909,600, and 40%, or $3,819,200.

This additional subsidization is provided through forgiveness of a portion of the principal loan amount upon completion of the project. The KIA Board sets the amount of additional subsidization to be provided and determines the maximum amount to any single borrower as well as the criteria for determining the projects that will be offered additional subsidization. For SFY 2024 the total amount of base program additional subsidization that will be awarded is approximately 30%, or $2,864,400. The table below consists of the projects being invited to submit a loan application that includes base program additional subsidization. All borrowers receiving additional subsidization have a system area MHI below the State's MHI.

Loan Number	WRIS #	Applicant	Requested Loan Amount	Invited Loan Amount	System Service Area MHI	Principal Forgiveness Amount	Cumulative Principal Forgiveness
A24-001	SX21155013	Lebanon, City of	$5,563,500	$5,563,500	$32,376	$586,019	$586,019
A24-003	SX21049045	Clark County Sanitation District	$2,000,000	$2,000,000	$43,004	$520,324	$1,106,343
A24-004	SX21177035	Greenville Utilities Commission	$38,370,000	$20,000,000	$36,504	$586,019	$1,692,362
A24-006	SX21161031	Maysville, City of	$3,150,000	$3,150,000	$40,130	$586,019	$2,278,381
A24-007	SX21001019	Adair County Water District	$2,672,250	$2,672,250	$45,647	$586,019	$2,864,400

Principal forgiveness will be reallocated in subsequent invitations as available. If a loan is eligible for principal forgiveness, it will be allocated only once. Principal forgiveness may not be provided on loan increase requests. This includes projects receiving financing over multiple funding cycles.

In an effort to further protect public health and provide assistance to small wastewater systems and package treatment plants, KIA worked with DOW to identify such systems and may provide critical funding that will allow these systems to become sustainable through consolidation and regionalization. This is considered a "set aside" subsidization under the CWSRF program. If the total

amount set aside for this purpose is not utilized during the 2024 funding cycle, KIA may retain the funds in the CWSRF program or provide additional principal forgiveness to eligible projects. Funding will be allocated based on the following factors: age of the system, the history of non-compliance, the structural condition of the wastewater treatment plant, and the population served.

2. Supplemental Base Program – Additional Subsidy

BIL mandates that 49% of funds provided through the CWSRF General Supplemental Funding must be provided as additional subsidization to disadvantaged communities. The table below consists of projects being invited to submit a loan application that includes supplemental base program additional subsidization. All borrowers have a system area MHI below the State's MHI. A portion of the principal forgiveness will be awarded to borrowers receiving a loan invitation from the base program.

Loan Number	WRIS #	Applicant	Requested Loan Amount	Invited Loan Amount	System Service Area MHI	Principal Forgiveness Amount	Cumulative Principal Forgiveness
A24-009	SX21129009	Beattyville, City of	$1,075,000	$1,075,000	$26,775	$279,674	$279,674
A24-010	SX21095509	Benham, City of	$45,000	$45,000	$41,877	$11,707	$291,381
A24-012	SX21045003	Liberty, City of	$1,000,000	$1,000,000	$26,246	$260,162	$551,543
A24-013	SX21133023	Whitesburg, City of	$1,500,000	$1,500,000	$28,167	$390,243	$941,786
A24-014	SX21033010	Princeton Water & Wastewater Commission	$13,600,000	$13,600,000	$41,540	$3,538,202	$4,479,988
A24-015	SX21133022	Whitesburg, City of	$2,000,000	$2,000,000	$28,167	$520,324	$5,000,312
A24-016	SX21229013	Springfield Water and Sewer Commission	$2,623,000	$2,623,000	$42,539	$682,405	$5,682,717
A24-017	SX21129011	Beattyville, City of	$1,410,000	$1,410,000	$26,775	$366,828	$6,049,545
A24-020	SX21225012	Sturgis, City of	$4,670,000	$4,337,160	$37,787	$1,128,364	$7,177,909
A24-001	SX21155013	Lebanon, City of			$32,376	$861,392	$8,039,301
A24-004	SX21177035	Greenville Utilities Commission			$36,504	$4,617,219	$12,656,520
A24-006	SX21161031	Maysville, City of			$40,130	$233,491	$12,890,011
A24-007	SX21001019	Adair County Water District			$45,647	$109,199	$12,999,210

3. Emerging Contaminants – Additional Subsidy

BIL mandates that 100% of funds provided through the CWSRF Emerging Contaminants Funding must be provided as additional subsidization to the following assistance recipients or project types:

1. Municipalities that meet the state's affordability criteria.
2. Municipalities that do not meet the state's affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class.
3. Entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates storm water runoff; or encourages sustainable project planning, design, and construction.

CWSRF Emerging Contaminants funding and additional subsidization will be awarded to the project below which addresses flooding and storm water runoff. The project is located in and will protect an area inside the city that has a median household income less than the State's MHI and qualifies as a disadvantaged community.

Loan Number	WRIS #	Applicant	Requested Loan Amount	Invited Loan Amount	Project Service Area MHI	Principal Forgiveness Amount	Cumulative Principal Forgiveness
A24-002	SX21111024	Louisville and Jefferson County MSD	$216,841,403	$2,544,580	$36,514	$2,544,580	$2,544,580

Green Project Reserve

Provided that there are sufficient eligible projects in the 2024 Project Priority List, not less than 10 percent of the funds shall be used by the KIA for projects that address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These projects and green amounts are identified in Appendix A.

Fiscal Sustainability Plan

Section 603(d)(1)(E) of the CWA requires that a loan recipient develop and implement a fiscal sustainability plan that includes:

1. An inventory of critical assets that are a part of the treatment works;
2. An evaluation of the condition and performance of inventoried assets or asset groupings;
3. A certification that the recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan; and
4. A plan for maintaining, repairing, and, as necessary, replacing the treatment works and a plan for funding such activities.

The recipient may also certify that they have developed and implemented a plan that meets the forgoing requirements.

Cost and Effectiveness Evaluation

In accordance with Section 602(b)(13) of the CWA, as amended: "… the recipient of such assistance must certify, in a manner determined by the Governor of the State, that the recipient has studied and evaluated the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and has selected, to the maximum extent practicable, a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation, and energy conservation, taking into account the cost of constructing the project or activity, the cost of operating and maintaining the project or activity over the life of the project or activity, and the cost of replacing the project or activity."

Single Audit Requirement

If more than $750,000 of federal funds are disbursed during any borrower's fiscal year, the borrower is required to have a single or program-specific audit conducted for that year in accordance with 2 CFR 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. This is the Federal requirement, however, KIA requires all borrowers to complete an annual audit for the life of the loan.

Federal Compliance

1. The Commonwealth of Kentucky entered into the operating agreement and will enter into the FY23 grant agreement with the EPA. All specific conditions of the agreements will be addressed in FFY23.
2. The Authority will update EPA's SRF Data System at least quarterly to report financial information about the program and projects, loan information, and project activities and benefits.
3. The Authority agrees that all loan repayments will begin within 1 year of initiation of operations. Project closeout is monitored by the Authority and the Division of Water. The repayment dollars for loans in repayment will be considered as available loan funds for the funding cycle.
4. The available funds include the capitalization grant, the state match, the anticipated repayment funds from all loans currently in repayment and estimated interest earmings for the year.
5. Leverage bond debt service payments are paid from principal and interest loan repayments from borrowers directly financed with bond proceeds (leverage loans). Any additional interest debt service payments is repaid solely from interest earnings generated from non-leverage loans. Calculations showing that the fund is maintained in perpetuity were provided to EPA prior to issuance of the leverage bonds.
6. The Authority anticipates that 100% of the capitalization grant will be drawn in the first quarter of the FFY.

CLEAN WATER STATE REVOLVING FUND GOALS

The following are goals for implementation of the CWSRF. Some goals address improvements and enhancements to the process of administering the CWSRF by the KIA, while other goals address the overall priorities of meeting clean water goals for the citizens of the Commonwealth of Kentucky.

Sustainable Infrastructure Initiative

The combination of aging water and wastewater infrastructure, population fluctuations, and declining investments in the area of water pollution abatement is forcing states and local governments to explore innovative methods for funding future water and wastewater capital projects. The USEPA collaborated with external stakeholders and developed the Sustainable Infrastructure (SI) Initiative with a goal to reduce the funding gap between projected investment needs and current spending levels at the federal and local levels so the public can continue to enjoy safe drinking water and adequate sanitary service.

Kentucky is working to provide knowledge and tools to ensure that the investments made in our water infrastructure move us toward a more sustainable footing. The goal can be achieved through strong infrastructure planning and management practices. Some of the key areas for action are:

- Asset Management - A management framework that ensures the right investments are made at the right time.
- Water & Energy Efficiency - Ensuring that water sector systems adopt sustainable practices and technologies for improving their efficiency, reducing costs and addressing future needs.
- Infrastructure Financing & the Price of Water Services - Options to pay for water infrastructure needs.
- Alternative Technologies & Assessment - Using the best, newest, and most innovative solutions when investing in water infrastructure.

Short-Term Goals

Goal #1: Enhance loan closing procedures and refine repayment procedures.

Goal #2: Increase the availability, quality, and reliability of information available to stakeholder parties via the web and other electronic means.

Goal #3: Improve SRF training to borrowers, project administrators, Area Development Districts (ADDs), and the engineering community.

Goal #4: Create guidance for compliance with BABA Act where applicable.

Goal #5: Identify distressed borrowers through compliance monitoring and provide targeted financial and managerial guidance.

Goal #6: Develop a focused marketing strategy in conjunction with EEC to target systems with compliance and energy efficiency needs.

Goal #7: Work toward the use of electronic forms and data as opposed to paper documents, where possible.

Goal #8: Increase inspection pace and achieve at least two inspections per project; one at 50% completion and other at 100% completion.

Goal #9: Improve the pace of the program by identifying tasks to commit more available funds in the current fiscal year.

Goal #10: Study and revise the disadvantaged community criteria and incorporate those changes into the WRIS.

Long-Term Goals

Goal #1: Work with the EEC to explore solutions to increase energy efficiency for clean water utilities and future non-compliance issues under the CWA.

Goal #2: Streamline loan processes, communication, and the sharing of data between KIA and DOW.

Goal #3 Implement the utility portal within the Water Resources Information System (WRIS) to improve communication and reporting between the utility, KIA, and regulatory agencies.

Goal #4 Analyze and implement recommendations from the Infrastructure Task Force.

Goal #5 Establish a relationship with other funding agencies to coordinate project funding with multiple sources.

Goal #6 Identify priority watersheds and reach out to the municipalities for project development and funding assistance.

Goal #7 Identify systems with emerging contaminants and provide assistance and funding to those systems to develop feasible ways to eliminate those contaminants.

Goal #8 Administer the CWSRF to issue loans at fees commensurate with risk, such that the revolving nature of the CWSRF is assured in perpetuity.

PROJECT PRIORITY LIST

Following the USEPA's recommendation, Kentucky developed the Priority System Guidance Document (Appendix B), designed to equally evaluate publicly owned treatment works, storm water, and nonpoint source projects according to water quality based criteria developed by the DOW.

Each year, the KIA issues a Call for Projects where potential borrowers are invited to submit CWSRF project information via the WRIS. The 2024 Call for Projects occurred October 3, 2022 to December 16, 2022 via a press release through the Governor's Office. Additionally, an email distribution was sent to all sewer utilities, ADDs, mayors, county judge executives, and the engineering community.

Properly submitted projects were considered for funding and eligible projects placed on the Project Priority List. Projects were evaluated and assigned a score based upon the ranking criteria in the Priority System Guidance Document (Appendix B). In the event of a tie, the following factors were utilized to priority rank each project:

1. The size of service of a small system as defined by population;
2. Projects with existing enforcement actions (i.e. Agreed Orders, Consent Decrees);
3. Water quality impacts of the project; and
4. Financial need as evidenced by the median household income of the applicant.

The 2024 Project Priority List (Appendix A) shows that Kentucky has sufficient eligible projects to meet the binding commitment requirements of the FFY 2023 Base, Base Supplemental and Emerging Contaminants Capitalization Grants. A brief description of the following fields will be helpful in reviewing the list.

Rank: Rank of project on the comprehensive Project Priority List.
Score: Total number of points the project received using the ranking criteria in Appendix B.
Loan Number: Priority list tracking number for project. This is the assigned loan number for the project throughout the process and should be referred to on all correspondence regarding the project.
Applicant: Name of applicant identified on the Project Profile Form or the community in which the project is associated.
Requested Loan Amount: Amount of desired SRF loan identified on the Project Profile Form.
Invited Loan Amount: The amount of CWSRF funds that KIA has allocated to the proposed project. If this field lists a dollar amount greater than zero, then the project is invited for funding.
Principal Forgiveness Amount: Estimated amount of principal forgiveness that a project is eligible to receive. Eligibility does not guarantee that a project will be offered principal forgiveness due to the amount of funds available. (Noted in a separate table under Additional Subsidization above).
GPR Amount: Amount of desired SRF loan identified that may qualify as green infrastructure.

Green Category: Identified numerically as to which category identified green infrastructure components are classified (1 – Green Infrastructure, 2 – Water Efficiency, 3 – Energy Efficiency, 4 – Environmentally Innovative).

WRIS #: The WRIS number is the identification number assigned to each project profile by an Area Water Management Council after a project has received endorsement. Information stored in the WRIS database includes geographic information system (GIS) data, information on water resources, and drinking and wastewater facilities. It is used by different entities and provides much of the information needed for all aspects of water resource planning.

The 2025 IUP process will begin September 18, 2023 with the annual Call for Projects and will conclude on December 15, 2023 for projects to be considered in the SFY 2025 funding cycle. The following schedule is tentative:

2025 Call for Projects	September 18, 2023 – December 15, 2023
Creation of Project Priority List	January 1, 2024 - March 31, 2024
Public Notice Period for IUP	May 2, 2024 - June 1, 2024
Finalize 2025 IUP and send to USEPA	Prior to June 30, 2024

Email notifications will be sent in September 2023 to all sewer utilities, ADDs, mayors, county judge executives, economic development directors, the engineering community and other stakeholders announcing the Call for Projects.

Although developing and maintaining a priority list is required by the CWA, states are not required to select the highest ranked projects in any given year for funding. However, due to limited funding availability, Kentucky will fund projects primarily based on priority ranking. Projects are vetted and many variables are considered prior to distribution of loan invitations.

Administrative Considerations

Funding Limits

This year, Kentucky's CWSRF funding limit will be $20 million per borrower from the base and base supplemental capitalization grant. Funding limits may also be imposed on borrowers that have outstanding loan balances or loan commitments that increase the concentration risk for the total KIA loan portfolio.

Addition of New Projects to the Project Priority List

The Project Priority List may be amended during the year to add eligible projects. Major revisions to the IUP require public notice.

Emergency Projects

The Project Priority List may be amended during the year for declarations of emergencies designated by the Governor or the Secretary of EEC. An emergency project might involve an unanticipated failure requiring immediate attention to protect public health. The emergency project must meet all eligibility and loan requirements, but the additional public review and comment requirement may be waived. The EPA must approve these deviations.

Refinancing

Governmental agencies may request to refinance non-KIA loans through the CWSRF. Refinancing projects will be considered by KIA only when all the following criteria are met:

1. There are sufficient funds available in the CWSRF to meet all other identified project needs for the program year;
2. The applicant can show significant savings as a result of the refinancing;
3. The applicant can identify an environmental problem within their jurisdiction that they are willing to immediately address with the savings achieved through the refinancing; and
4. Projects, as constructed, met all the applicable program requirements.

Financial Terms of Loans

Interest Rates

The KIA Board sets the interest rates provided through the CWSRF. The KIA Board must review and approve the interest rates at least annually. Rates are based on prevailing market conditions with the Bond Buyer General Obligation 20-Bond Municipal Bond Index as a reference rate. Kentucky has one standard interest rate and two non-standard interest rates for the CWSRF program primarily dependent upon the community's Median Household Income (MHI). Information is provided in the next section for Kentucky's methodology for MHI determination.

1. The standard rate is applied when the MHI is equal to or above the Kentucky MHI of $55,454.

2. The first non-standard rate is applied for the following reasons:
    a. When the MHI is greater than 80% but less than the Kentucky MHI;
    b. Projects that meet the definition for regionalization; or
    c. Projects necessary for compliance with an Agreed Order or Consent Decree.

3. The second non-standard rate is applied when the MHI is equal to or below 80% of the Kentucky MHI. This rate is also known as the Disadvantaged Community Rate (DCR).
    a. Projects that qualify for the DCR are eligible for principal forgiveness consideration for and may request a loan amortization up to 30 years or the life expectancy of the facilities being financed.

The following interest rates were approved by the KIA Board on July 6, 2023 for this funding cycle:

Interest rate	MHI Threshold	Loan Type
2.25 (Standard)	> or = $55,454	Construction
1.25 (Non-standard)	$44,364 to $55,453	Construction
0.50 (Non-standard or DCR)	< or = $44,363	Construction
2.25	NA	Planning and Design

MHI Determination

Each project's MHI threshold is calculated automatically in the WRIS Portal. The calculation uses a Default Weighted Proximity Analysis (DWPA). This analysis uses the water distribution/sewer collection lines in the project profile mapping to perform a spatial analysis that estimates the serviceable population of the project area. This is done by applying 2020 census blocks and a weighted MHI value using the applicable 5-Year American Community Survey Estimates. The MHI values generated using the DWPA method are in the WRIS Project Profiles.

If the applicant or representative has concerns with the default method, two alternative options are available: Modified Weighted Proximity Analysis or MHI Income Survey. Borrowers should not proceed with either alternative MHI methodology without first contacting KIA Staff. The Modified

Weighted Proximity Analysis is a GIS based assessment that uses customer meters or address points to calculate an estimated MHI for the project or service area. The second option is to complete an MHI Income Survey using a multi-funding source questionnaire for the project service area.

Repayment Terms

Planning, design, and sanitary sewer evaluation study (SSES) loans will be amortized over five years. If the planning and design loan is rolled into a KIA funded construction loan, the term for the planning and design amount will convert to the term approved for the construction loan. Construction loans will have a standard 20-year repayment term. At the KIA Board's discretion, the repayment term for a construction loan for a service area that is eligible for the lowest non-standard rate may be extended to 30 years, but not beyond the expected design life of the project. Principal and interest payments on each loan will commence no later than the date specified in the Assistance Agreement.

Loan Servicing Fees

A loan servicing fee of 0.25 percent on the outstanding loan balance will be charged as a part of each semi-annual loan payment in accordance with 200 KAR 17:050, Section 12. The fee is assessed to recover administrative expenses of the Authority incurred over the life of the loan. These fees are accounted for outside of the program fund and will be used for necessary CWSRF program expenses.

Large Project Financing

Due to statewide demand, KIA may not have the capacity to offer the full amount of the construction loan for large projects during a single funding cycle. As such, large project funding may be restricted in the amount of funding provided each year. These amounts will be negotiated at the time of the loan approval and each year's availability will be detailed in the Assistance Agreement.

Planning and Design (P&D) Loans

KIA recognizes that larger or particularly complex projects may require a lengthy planning and design process and thus may not be ready for construction within the allotted twelve months after the Conditional Commitment Letter is issued or perhaps even with a six-month extension period. For ranked projects that require funding for planning and design, before funding is available to draw (under a construction loan), KIA encourages applicants to apply for a P&D loan rather than a full construction loan. P&D loans provide an opportunity for utilities to determine their exact needs without the time constraints in the project funding process. P&D loans can cover initial engineering assessments of the facilities, regionalization studies, alternative analyses, water supply evaluations, and rate studies for affordability. Additionally, P&D loans can be utilized to move forward into project design. This is specifically helpful for projects that may involve significant renovations at existing facilities.

P&D loans can also include easement acquisition and legal costs. Borrowers may draw funds throughout the planning process, however, only 50% of design costs may be drawn until plans and specifications have been approved by the DOW.

The standard interest rate will apply during the five-year term of the loan. However, if the applicant initiates construction within a prescribed timeframe (generally one year) after approval of plans and specifications for the project, the construction loan may be incorporated into the planning and design loan and will receive the applicable interest rate for which the applicant would otherwise qualify and the term established in the Conditional Commitment Letter. After this funding cycle, projects with an existing P&D loan through the CWSRF or any other KIA loan fund will not receive a priority funding position to apply for a construction loan in a subsequent year's Intended Use Plan and must go through the ranking process for the construction portion of their loan. Construction loans will be subject to interest rates and principal forgiveness amounts for the funding cycle in which the construction loan is reviewed by the KIA board.

Loan Invitations

Bypass Process

Once the projects are ranked in the Project Priority List, the KIA issues conditional invitations to apply for funding. A high-priority project that does not demonstrate readiness to proceed within the given timeframe will be bypassed. This bypass may occur at the request of the utility or as a decision from the KIA staff. A bypassed project may become ineligible for CWSRF funding in the current funding year. Bypassed project profiles will remain in the WRIS portal, but the utility must reapply through the annual Call for Projects process to be re-ranked for future funding cycles. Some examples that justify a bypass include, but are not limited to the following:

- Incomplete or unavailable audits (2020, 2021 and 2022);
- Borrower does not demonstrate readiness to proceed based upon project schedule;
- Non-compliance or delinquent payment on an existing KIA loan;
- Incomplete loan application;
- Applicant unresponsiveness;
- Applicant cannot establish a dedicated source of revenue for the repayment of the loan;
- Applicant has multiple projects under construction; or
- Applicant voluntarily postpones accepting invitation.

Invitation Process

An invitation letter is emailed to potential borrowers with specific instructions. Applicants that do not meet the deadline requirements may be bypassed and subsequent eligible project(s) will receive invitations. This process will continue until all estimated available funds have been allocated. If upon receipt of the loan application, the project scope differs significantly from information originally scored in the ranked project profile, KIA reserves the right to have the project reassessed by DOW. Changes in project scope can potentially impact funding priority.

Upon receipt of a complete loan application, KIA staff will review the information and prepare a credit analysis. KIA staff will present financial analysis and any conditional requirements for each loan to the KIA Board. Upon KIA Board approval, a Conditional Commitment Letter will assure that funding will remain committed to the project for a period established in the letter, provided all of the conditions are met. All CWSRF program requirements must be met by the term outlined in the Conditional Commitment Letter. An extension of up to six months for approved applicants that experience extenuating circumstances may be granted.

Actual project funding amounts may vary from amounts presented in the Project Priority List due to updated cost estimates and funding received from other sources. Increases to existing loans must be approved prior to the date of initiation of operation. The application invitation process is designed to commit available funds as soon as possible with limited invitation iterations. Given an uncertain invitation acceptance rate, KIA will invite significantly more project dollars than are available to fund. If more projects than anticipated accept an invitation to apply it is possible that presentation of an invited project or projects to the KIA Board will be delayed.

Invitation List

The projects indicated on Schedule A received an invitation to participate in the CWSRF (fundable list with status of invitation) for SFY 2024. The highlighted projects have received KIA funding for large project multi-year financing (yellow) or a planning and design loan (blue). Ranked projects which have been bypassed are included for reference.

Structure of the CWSRF Program in Kentucky

KIA administers the CWSRF under a Memorandum of Agreement with DOW, pursuant to Kentucky Revised Statute (KRS) 224A.111 and Kentucky Administrative Regulation (KAR) 200 KAR 17:050[1]. The following contacts can assist with CWSRF inquiries:

Contact	Agency	
Sandy Williams Executive Director (502) 892-3088 Sandy.Williams@ky.gov	KIA	General Information
John Brady Financial Analyst (502) 892-3177 John.brady@ky.gov	KIA	Intended Use Plan, Loan Application, Financial Terms, Interest Rates
Don Schierer WRIS Resource Management Analyst (502) 892-3486 Donald.Schierer@ky.gov	KIA	Project Profile Submittal
Jory Becker Water Infrastructure Branch Manager (502) 782-6887 Jory.Becker@ky.gov	DOW	Request for Proposals (RFPs), Asset Management, Package Treatment Plants
Russell Neal Environmental Control Supervisor (502) 782-7026 Russell.Neal@ky.gov	DOW	Environmental Review, Regional Facility Plans

Borrower Loan Compliance and Financial Monitoring

The borrower's ability to repay its loans has a direct effect on the financial condition of the CWSRF. Additionally, maintaining a positive operating cash flow and capital asset reserve funding program will protect both the utility and its customers financially against unforeseen capital replacements in the future. Upon acceptance of a loan, each borrower agrees to a number of post-closing conditions, some of which are noted below, to remain in compliance with the terms of the loan.

- The borrower must provide audited financial statements to KIA within six months of the entity's fiscal year end date. KIA will review each borrower's financial performance and, if necessary, will work with them to identify ways to remedy any non-compliance issues.

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1 KRS Ch. 224A.111 and 200 KAR 17:050 may be found at https://kia.ky.gov/Information/Pages/Legislation-and-Regulations.aspx.

- Borrowers are required to fund a repair and replacement reserve account equal to 5 percent of the KIA loan amount over 20 years and maintain it for the life of the loan. This requirement may be waived if a documented replacement program is in place and being actively funded at a level that is acceptable to KIA.

KIA has two staff members that will be responsible to monitor borrower loan compliance as well as process specific loan documents such as the loan assistance agreements, draw requests, closeout documents, and required audit information. The compliance coordinators have been assigned borrowers geographically by ADDs. Their contact information are as follows:

Regional Compliance Coordinators
Debbie Landrum (502) 892-3454 Debbie.Landrum@ky.gov
Julie Bickers (502) 892-3455 Julie.Bickers@ky.gov

Fund Transfers between the CWSRF and the DWSRF

Transfers between the SRF programs are allowed up to a maximum of 33 percent of the total DWSRF capitalization grants received. KIA reserves the right to transfer the maximum allowable 33 percent of uncommitted repayment funds from the CWSRF to the DWSRF repayment fund as loan demand arises. This decision will be evaluated annually by KIA and DOW. These funds will be distributed using the same criteria and method as described in the governing IUP. Funds not transferred within one fiscal year of receipt of a capitalization grant award shall be reserved for transfer in future years.

KIA reserves the authority for BIL inter-SRF transfers and use the authority in later years from subsequent BIL appropriations.

FUNDS AVAILABLE TO BE COMMITTED AND DISBURSED

Kentucky's CWSRF is capitalized by appropriations from the U.S. Congress and the Kentucky General Assembly. The CWSRF provides, in perpetuity, financial assistance to Kentucky's eligible CWSRF projects. As of June 30, 2022 the CWSRF had a total net position of $888,729,000 and 260 active loans. During SFY 2024, Kentucky will rely on funding as outlined in Table A through C to provide financial assistance, to support the operations of KIA and DOW, and to provide technical assistance.

Table A

Kentucky CWSRF Sources and Uses of Funds for SFY 2024

Base Program

July 1, 2023 through June 30, 2024

Funding Sources	Federal Contribution	State Contribution	CWSRF Fund	Total
FFY 2023 Base Capitalization Grant	9,548,000	1,909,600		11,457,600
Loan Repayments (P&I)			61,276,068	61,276,068
Investment Interest Earnings			500,000	500,000
Banked Prior Year Administration Funds (Base)	1,075,393			1,075,393
Total Funding Sources	10,623,393	1,909,600	61,776,068	74,309,061
Funding Uses				
Financial Assistance - Base	8,975,120	1,909,600	42,518,243	53,402,963
Leverage Bond Debt Service			19,257,825	19,257,825
Banked Prior Year Administration Funds - Base	1,075,393			1,075,393
FFY 2023 Administration - Base (4%)	381,920			381,920
FFY 2023 Technical Assistance - Base (2%)	190,960			190,960
Total Funding Uses	10,623,393	1,909,600	61,776,068	74,309,061

During the 2024 IUP funding cycle, KIA will have an estimated $53,402,963 in the Base Program available to fund eligible 2024 CWSRF projects, and provide increases to previously approved projects under a phased funding plan. Funding is provided from the FFY 2023 capitalization grant of $9,548,000, state match funds of $1,909,600, estimated loan repayments of $61,276,068, and interest earnings of $500,000 on existing cash balances. Funding is reduced by leverage bond debt service of $19,257,825, and capitalization grant administration and technical assistance funds of $572,880 used by KIA and DOW to administer the CWSRF program and provide technical assistance to disadvantaged borrowers. Any administration or technical assistance funds that are not used or are transferred into the construction account will be reserved for use in a future year. KIA and DOW will have $1,075,393 in banked administrative funds from prior capitalization grants for administration of the program.

The $1,909,600 state match is provided from bond proceeds from the sale of tax-exempt revenue bonds with debt service provided by the Commonwealth. If additional capitalization grant funding is made available, the required 20 percent state match will be provided to the full extent of the available capitalization grant.

Table B
Kentucky CWSRF Sources and Uses of Funds for SFY 2024
Base Supplemental Program
July 1, 2023 through June 30, 2024

Funding Sources	Federal Contribution	State Contribution	Total
FFY 2023 Supplemental Base Capitalization Grant	26,529,000	2,652,900	29,181,900
Total Funding Sources	26,529,000	2,652,900	29,181,900
Funding Uses			
Financial Assistance - Base Supplemental	24,937,260	2,652,900	27,590,160
FFY 2023 Administration - Supplemental Base (4%)	1,061,160		1,061,160
FFY 2023 Technical Assistance - Supplemental Base (2%)	530,580		530,580
Total Funding Uses	26,529,000	2,652,900	29,181,900

During the 2024 IUP funding cycle, KIA will have an estimated $27,590,160 in the Base Supplemental Program available to fund eligible 2024 CWSRF projects.

Funding is provided from the FFY 2023 capitalization grant of $26,529,000 and state match funds of $2,652,900. Funding is reduced by capitalization grant administration and technical assistance funds of $1,591,740 used by KIA and DOW to administer the CWSRF program and provide technical assistance to disadvantaged borrowers. Any administration or technical assistance funds that are not used or are transferred into the construction account will be reserved for use in a future year.

The $2,652,900 state match is provided from bond proceeds from the sale of tax-exempt revenue bonds with debt service provided by the Commonwealth. If additional capitalization grant funding is made available, the required 20 percent state match will be provided to the full extent of the available capitalization grant.

Table C
Kentucky CWSRF Sources and Uses of Funds for SFY 2024
Emerging Contaminants Program
July 1, 2023 through June 30, 2024

Funding Sources	Federal Contribution	Total
FFY 2023 Emerging Contaminants Capitalization Grant	2,707,000	2,707,000
Total Funding Sources	2,707,000	2,707,000
Funding Uses		
Financial Assistance - Emerging Contaminants	2,544,580	2,544,580
FFY 2023 Administration - Emerging Contaminants (4%)	108,280	108,280
FFY 2023 Technical Assistance - Emerging Contaminants (2%)	54,140	54,140
Total Funding Uses	2,707,000	2,707,000

During the 2024 IUP funding cycle, KIA will have an estimated $2,544,580 in the Emerging Contaminants Program available to fund eligible 2024 CWSRF projects.

Funding is provided from the FFY 2023 capitalization grant of $2,707,000. Funding is reduced by capitalization grant administration and technical assistance funds of $162,420 used by KIA and DOW to administer the CWSRF program and provide technical assistance to disadvantaged borrowers. Any administration or technical assistance funds that are not used or are transferred into the construction account will be reserved for use in a future year.

No state match is required for this capitalization grant.

PUBLIC PARTICIPATION

The draft 2024 CWSRF IUP including the Project Priority List will be available for public review and comment on the KIA website at www.kia.ky.gov from September 14, 2023 through October 13, 2023. A public meeting will be held Thursday, September 28, 2023 at 10:00 a.m., EST as a virtual Zoom meeting, which will be accessible at the KIA website, at kia.ky.gov. Written comments may be submitted to Sandy Williams, Executive Director by email to KIA.executivedirectors@ky.gov.

APPENDIX A

COMPREHENSIVE PROJECT PRIORITY LIST

2024 CWSRF Project Priority Lists for Base, Supplemental, and Emerging Contaminants

Rank	Score	KIA Loan Number	WRIS PNum	Applicant	Project Title	Total Project Cost	Total Funding Sources	Requested Loan Amount	Invite Round No. Bypassed	Invited Loan Amount - Base	Cumulative Invited Loan Amount - Base	Invited Loan Amount - Supplemental	Cumulative Invited Loan Amount - Supplemental	Invited Loan Amount - EC	Cumulative Invited Loan Amount - EC	System Service Area Population	System Service Area MHI	Principal Forgiveness Amount	Green Amount	Cumulative Green Amount
0		A13-015	SX21067041	Lexington-Fayette Urban County Government	LFUCG - Town Branch WWTP Flow Equalization Storage Tanks - Phase I AND PHASE 2	$46,551,000	$56,708,176	$13,582,028	Bypassed							311,463	$61,552	$0	$375,000	$375,000
1	515	A24-001	SX21155013	Lebanon, City of	2022 Wastewater System Improvements	$5,563,500	$5,563,500	$5,563,500	1	$5,563,500	$5,563,500					6,484	$32,376	$1,447,411	$2,315,000	$2,690,000
2	465	A24-002	SX21111024	Louisville and Jefferson County MSD	Paddy's Run Flood Pumping Station - Capacity Improvements	$230,000,000	$630,429,304	$216,841,403	1	$18,300,000	$23,863,500			$2,544,580	$2,544,580	782,728	$63,552	$2,544,580	$15,082,000	$17,772,000
3	440	A24-003	SX21049045	Clark County Sanitation District	Clark Co SD - Rockwell Road Sanitary Sewer Improvements	$10,091,400	$5,348,618	$2,000,000	1	$2,000,000	$25,863,500					3,196	$43,004	$520,324	$0	$17,772,000
4	400	A24-004	SX21177035	Greenville Utilities Commission	Greenville - WWTP Improvements Project	$41,225,000	$38,370,000	$38,370,000	1	$20,000,000	$45,863,500					5,352	$36,504	$5,203,238	$0	$17,772,000
5	380	A24-005	SX21029046	Louisville and Jefferson County MSD	Pump Station Reliability & Safety Rehabilitation	$1,700,000	$1,700,000	$1,700,000	1	$1,700,000	$47,563,500					782,728	$63,552	$0	$14,000	$17,786,000
6	374	A24-006	SX21161031	Maysville, City of	Maysville LTCP - Main Street, Limestone Street, and Washington Street Pump Station Upgrades	$3,150,000	$6,300,000	$3,150,000	1	$3,150,000	$50,713,500					8,564	$40,130	$819,510	$390,000	$18,176,000
7	355	A24-007	SX21001019	Adair County Water District	Phase 24 Wastewater System Improvements and Upgrades	$2,677,250	$11,152,845	$2,672,250	1	$2,672,250	$53,385,750					5,060	$45,647	$695,218	$410,000	$18,586,000
8	345	A24-008	SX21019065	Ashland, City of	Ashland: Enlarge Sewer Treatment Plant to Eliminate Overflows	$58,615,000	$167,010,000	$44,000,000	Bypassed							21,654	$45,568	$0	$1,500,000	$20,086,000
9	328	A24-009	SX21129009	Beattyville, City of	Sewer Lift Station Rehabilitation	$1,075,000	$2,150,000	$1,075,000	1			$1,075,000	$1,075,000			3,138	$26,775	$279,674	$1,800	$20,087,800
10	323	A24-010	SX21095509	Benham, City of	City of Benham Rehabilitation	$450,000	$45,000	$45,000	1			$45,000	$1,120,000			711	$41,877	$11,707	$0	$20,087,800
11	322	A24-011	SX21021017	Danville, City of	Danville Spears Creek Lift Station and Force Main Improvements	$10,610,000	$21,220,000	$10,610,000	Bypassed							21,739	$44,621	$0	$0	$20,087,800
12	320	A24-012	SX21045003	Liberty, City of	2023 Wastewater System Rehabilitation	$2,000,000	$5,000,000	$1,000,000	1			$1,000,000	$2,120,000			2,227	$26,246	$260,162	$730,000	$20,817,800
13	308	A24-013	SX21133023	Whitesburg, City of	Whitesburg I&I Phase I	$1,500,000	$4,500,000	$1,500,000	1			$1,500,000	$3,620,000			2,036	$28,167	$390,243	$12,000	$20,829,800
14	305	A24-014	SX21033010	Princeton Water & Wastewater Commission	Princeton - WWTP Improvements-Grit Chamber and Sludge Holding Tank	$13,600,000	$30,262,000	$13,600,000	1			$13,600,000	$17,220,000			6,108	$41,540	$3,538,202	$3,500,000	$24,329,800
15	303	A24-015	SX21133022	Whitesburg, City of	Whitesburg Wastewater Treatment Plant Upgrade Project	$2,000,000	$4,000,000	$2,000,000	1			$2,000,000	$19,220,000			2,036	$28,167	$520,324	$600	$24,330,400
16	295	A24-016	SX21229013	Springfield Water and Sewer Commission	Springfield WWTP SBR	$2,623,000	$2,623,000	$2,623,000	1			$2,623,000	$21,843,000			2,872	$42,539	$682,405	$0	$24,330,400
17	287	A24-017	SX21129011	Beattyville, City of	Beattyville Sewer Replacement Project Phase 2	$1,410,000	$1,410,000	$1,410,000	1			$1,410,000	$23,253,000			3,138	$26,775	$366,828	$0	$24,330,400
18	285	A24-018	SX21029045	Louisville and Jefferson County MSD	Bullitt County Collection System Rehabilitation	$500,000	$500,000	$500,000								782,728	$63,552	$0	$10,000	$24,340,400
19	283	A24-019	SX21073087	Farmdale Sanitation District	Farmdale SD Interceptor Sewer System Phase I	$14,000,000	$19,000,000	$4,000,000								817	$70,732	$0	$0	$24,340,400
20	273	A24-020	SX21225012	Sturgis, City of	Sturgis Wastewater Treatment Plant Upgrade	$4,670,000	$7,555,064	$4,670,000	1			$4,337,160	$27,590,160			1,877	$37,787	$1,128,364	$0	$24,340,400
21	270	A24-021	SX21029042	Shepherdsville, City of	Shepherdsville WWTP Improvements and Hydraulic Expansion	$22,683,000	$37,503,000	$21,022,393								14,959	$61,591	$0	$3,948,000	$28,288,400
22	270	A24-022	SX21021005	Danville, City of	Danville Bluegrass Estates-Weisiger Project	$3,496,000	$6,992,000	$3,496,000								21,739	$44,621	$0	$0	$28,288,400
23	265	A24-023	SX21145046	Paducah McCracken County Joint Sewer Agency	LTCP Project #3 Phase 2	$8,220,000	$16,440,000	$8,220,000								45,964	$47,848	$0	$10,000	$28,298,400
24	265	A24-024	SX21111031	Louisville and Jefferson County MSD	Western Outfall - Large Diameter Sewer Rehabilitation	$20,000,000	$20,000,000	$20,000,000								782,728	$63,552	$0	$10,000,000	$38,298,400
25	263	A24-025	SX21197018	Powell's Valley Water District	2020 Natural Bridge State Park Sewer Project	$1,999,198	$3,892,800	$1,297,600								53	$49,768	$0	$2,030,000	$40,328,400
26	262	A24-026	SX21185055	Louisville and Jefferson County MSD	Mockingbird Valley WWTP Elimination	$3,630,000	$9,360,000	$3,120,000								782,728	$63,552	$0	$10,004,000	$50,332,400
27	260	A24-027	SX21167019	Mercer County Sanitation District	M C S D - Gwinn Island Road Sanitary Sewer Extension	$3,614,000	$10,551,130	$2,062,344								961	$49,357	$0	$2,676,915	$53,009,315
28	260	A24-028	SX21101048	Henderson Water Utility	Sand Lane - Sewer Pump Station	$1,585,000	$3,170,000	$1,585,000								28,538	$44,045	$0	$1,635,000	$54,644,315
29	255	A24-029	SX21169016	Edmonton, City of	City of Edmonton - New Wastewater Treatment Plant	$12,000,000	$24,000,000	$12,000,000								1,643	$42,750	$0	$0	$54,644,315
30	255	A24-030	SX21169017	Edmonton, City of	WWTP Wet Weather Retention Improvements	$977,500	$1,177,500	$977,500								1,643	$42,750	$0	$85,300	$54,729,615
31	253	A24-031	SX21073047	Frankfort, City of	Frankfort Sewer Department FSD Prevention Park Pump Station Replacement	$23,613,162	$26,220,352	$8,923,827								36,149	$57,691	$0	$2,700,000	$57,429,615
32	250	A24-032	SX21129010	Beattyville, City of	Wastewater Treatment Plant Rehab	$1,700,000	$1,237,800	$1,013,197								3,138	$26,775	$0	$0	$57,429,615
33	250	A24-033	SX21027005	Cloverport, City of	Cloverport Wastewater Plant	$5,415,000	$11,290,000	$5,415,000								1,073	$30,450	$0	$2	$57,429,617
34	250	A24-034	SX21127029	Louisa, City of	Louisa: Wastewater Treatment Plant	$12,867,000	$22,970,000	$7,000,000								3,789	$33,256	$0	$870,000	$58,299,617
35	250	A24-035	SX21141056	Adairville, City of	Adairville Wastewater Treatment Plant Modifications and Improvements	$2,699,000	$5,583,150	$2,699,000								863	$36,393	$0	$0	$58,299,617
36	250	A24-036	SX21085013	Leitchfield Utility Commission	Leitchfield Wastewater Plant	$34,050,000	$1,608,600	$1,608,600								5,876	$37,313	$0	$2,825,000	$61,124,617
37	243	A24-037	SX21221005	Cadiz, City of	Cadiz - Sewer System Rehabilitation Project	$1,696,600	$2,949,400	$1,474,700								3,002	$39,351	$0	$0	$61,124,617
38	240	A24-038	SX21225033	Morganfield, City of	Morganfield WWTP Rehabilitation Project & Expansion	$19,952,000	$44,904,000	$19,952,000								4,907	$47,017	$0	$790,000	$61,914,617
39	235	A24-039	SX21137024	Lincoln County Sanitation District	Lincoln County Sanitation District Phase 3 Us 127 Corridor Sanit	$5,045,100	$244,400	$244,400								1,604	$45,839	$0	$0	$61,914,617
40	232	A24-040	SX21101050	Henderson Water Utility	Atkinson Park Sewershed - Sewer Pump Station	$750,000	$1,500,000	$750,000								28,538	$44,045	$0	$750,000	$62,664,617
41	230	A24-041	SX21029029	Shepherdsville, City of	Shepherdsville Blue Lick Road Drainage & Sanitary Sewer Improvement Project	$10,535,229	$31,605,687	$10,535,229								14,959	$61,591	$0	$75,500	$62,740,117
42	228	A24-042	SX21143019	Kuttawa, City of	Kuttawa - Lift Station Rehabilitation	$431,000	$862,000	$431,000								994	$55,773	$0	$0	$62,740,117
43	228	A24-043	SX21237008	Campton, City of	Campton Sewer Rehabilitation Project	$2,003,899	$2,203,202	$2,003,899								996	$21,585	$0	$0	$62,740,117
44	225	A24-044	SX21133028	Jenkins, City of	Jenkins I&I Replacement Project - Phase 2	$1,500,000	$3,000,000	$1,500,000								1,795	$29,628	$0	$0	$62,740,117

45	225	A24-045	SX21021019	Danville, City of	Danville - Wastewater Treatment Plant Improvements Phase 2	$17,099,000	$34,198,000	$17,099,000								21,739	$44,621	$0	$300,000	$63,040,117
46	223	A24-046	SX21171022	Gamaliel, City of	Gamaliel Wastewater Overhaul	$1,055,000	$1,227,180	$1,055,000								509	$31,504	$0	$0	$63,040,117
47	222	A24-047	SX21101051	Henderson Water Utility	Atkinson Park Sewershed - Sewer Force Main	$1,510,000	$3,020,000	$1,510,000								28,538	$44,045	$0	$0	$63,040,117
48	220	A24-048	SX21219009	Guthrie, City of	Guthrie - WWTP Expansion	$19,850,000	$58,055,000	$19,850,000								1,328	$33,877	$0	$5,560,000	$68,600,117
49	217	A24-049	SX21047011	Hopkinsville Water Environment Authority	HWEA - Oak Grove Wastewater Treatment Plant Expansion - Construction	$12,135,000	$27,770,000	$12,000,000								41,964	$40,098	$0	$0	$68,600,117
50	215	A24-050	SX21003013	Scottsville, City of	Scottville - Inflow and Infiltration Project - Phase 1	$6,890,110	$8,344,933	$6,514,804								4,557	$32,176	$0	$0	$68,600,117
51	215	A24-051	SX21101046	Henderson Water Utility	Biosolids Reduction - Screw Press	$1,986,500	$5,959,500	$1,986,500								28,538	$44,045	$0	$2,000,000	$70,600,117
52	211	A24-052	SX21139010	Smithland, City of	Smithland Sewer Rehabilitation	$2,000,000	$7,844,000	$1,250,000								280	$58,529	$0	$0	$70,600,117
53	210	A24-053	SX21175010	West Liberty, City of	I&I Study and Sewer Line Replacement Project	$2,000,000	$4,817,829	$1,728,107								2,790	$43,055	$0	$0	$70,600,117
54	208	A24-054	SX21189007	Booneville, City of	Booneville Sewer Force Main Re-Direction Project	$1,000,000	$1,130,000	$250,000								1,047	$30,505	$0	$0	$70,600,117
55	208	A24-055	SX21017021	Paris, City of	Paris WWTP Improvements and Hydraulic Expansion	$14,892,000	$14,892,000	$14,892,000								10,698	$46,699	$0	$0	$70,600,117
56	205	A24-056	SX21003022	Scottsville, City of	City of Scottsville - Pump Station Replacement Project	$3,235,000	$3,235,000	$3,235,000								4,557	$32,176	$0	$0	$70,600,117
57	198	A24-057	SX21133025	Fleming-Neon, City of	Haymond Force Main Replacement Project	$4,800,000	$4,800,000	$4,800,000								2,308	$35,112	$0	$0	$70,600,117
58	198	A24-058	SX21143020	Kuttawa, City of	Kuttawa - US 62 & WWTP Influent Lift Station Improvements	$514,800	$1,029,600	$514,800								994	$55,773	$0	$0	$70,600,117
59	197	A24-059	SX21189009	Booneville, City of	Booneville I&I Replacement Project - Phase 2	$1,700,000	$3,400,000	$1,700,000								1,047	$30,505	$0	$0	$70,600,117
60	195	A24-060	SX21081003	Grant County Sanitary Sewer District	Wastewater Treatment Plant Upgrade	$6,800,000	$11,281,752	$6,496,000								5,455	$52,660	$0	$110,000	$70,710,117
61	195	A24-061	SX21139016	Ledbetter Sanitation District	Ledbetter - Sewer Rehabilitation & Lift Station Improvements	$1,482,000	$2,964,000	$1,482,000								1,804	$62,977	$0	$60,000	$70,770,117
62	193	A24-062	SX21233026	Providence, City of	Providence Wastewater Treatment Plant Expansion	$1,959,000	$1,959,000	$1,959,000								2,523	$44,308	$0	$60,000	$70,830,117
63	191	A24-063	SX21151039	Northern Madison County Sanitation District	NMCSD - Madison Village Collection System Rehab	$3,964,000	$12,460,000	$3,964,000								5,840	$90,194	$0	$1,275,000	$72,105,117
64	190	A24-064	SX21157041	Benton, City of	WWTP Wet Weather Flow Abatement	$2,560,000	$7,680,000	$2,560,000								4,976	$55,379	$0	$5,000	$72,110,117
65	190	A24-065	SX21053017	Albany, City of	Albany WWTP Replacements & Improvements	$1,590,000	$3,180,000	$1,590,000								2,151	$28,602	$0	$0	$72,110,117
66	190	A24-066	SX21107028	Mortons Gap, City of	Mortons Gap - Lift Station and Sewer Pump Improvements	$775,000	$1,810,000	$775,000								781	$41,420	$0	$0	$72,110,117
67	190	A24-067	SX21107035	Mortons Gap, City of	Mortons Gap - Sewer System Rehabilitation Project	$4,179,000	$4,765,500	$4,179,000								781	$41,420	$0	$0	$72,110,117
68	190	A24-068	SX21111032	Louisville and Jefferson County MSD	PFAS Monitoring Study	$50,000	$100,000	$50,000								782,728	$63,552	$0	$0	$72,110,117
69	188	A24-069	SX21147024	McCreary County Water District	KY 700 Sanitary Sewer Extension	$3,193,312	$3,193,312	$3,193,312								6,255	$35,111	$0	$0	$72,110,117
70	188	A24-070	SX21197019	Powell's Valley Water District	2020 Red River Destination Resort Sewer Project	$2,126,038	$3,126,174	$1,293,237								53	$49,768	$0	$0	$72,110,117
71	185	A24-071	SX21141051	Russellville, City of	Phase A - East Russellville Sewer System Rehab	$945,000	$1,680,000	$945,000								6,904	$37,416	$0	$0	$72,110,117
72	183	A24-072	SX21229014	Springfield Water and Sewer Commission	Springfield - Design Upgrade/Replacement of Sewer Pump Stations	$2,994,600	$2,724,600	$2,724,600								2,872	$42,539	$0	$200,000	$72,310,117
73	183	A24-073	SX21073085	Frankfort, City of	FSD - Mero Flood Pump Station Renewal & Mero Sanitary Pump Stati	$25,000,000	$51,810,000	$5,560,000								36,149	$57,691	$0	$10,000,000	$82,310,117
74	181	A24-074	SX21149035	Calhoun, City of	Revlett Drive Sewer Line Repair	$551,500	$1,654,000	$551,500								1,119	$47,198	$0	$0	$82,310,117
75	181	A24-075	SX21113003	Wilmore, City of	Wilmore Wastewater Treatment Plant Upgrades	$7,786,390	$18,886,390	$7,786,390								5,112	$54,710	$0	$150,000	$82,460,117
76	180	A24-076	SX21005013	Lawrenceburg, City of	Lawrenceburg Sewer Improvements & Extension Project	$1,090,000	$1,340,000	$1,090,000								14,569	$54,097	$0	$0	$82,460,117
77	179	A24-077	SX21019062	Boyd County Sanitation District #2	SD2: System-Wide Inflow and Infiltration Abatement Project	$2,877,000	$11,569,000	$2,877,000								3,793	$53,307	$0	$84,500	$82,544,617
78	170	A24-078	SX21205044	Morehead, City of	MUPB - Bluestone Wastewater Line Replacement Project	$2,022,375	$5,487,250	$2,022,375								16,051	$42,529	$0	$200,000	$82,744,617
79	165	A24-079	SX21199013	Science Hill, City of	Science Hill Wastewater Treatment Plant Upgrades	$3,100,000	$3,100,000	$2,309,906								1,159	$36,685	$0	$0	$82,744,617
80	164	A24-080	SX21149038	Sacramento, City of	Sacramento Gravity Sewer Project	$2,742,500	$2,742,500	$2,742,500								694	$42,757	$0	$0	$82,744,617
81	160	A24-081	SX21059073	Regional Water Resource Agency	Dublin Tunnel Rehabilitation	$5,524,000	$5,524,000	$5,524,000								79,747	$53,990	$0	$0	$82,744,617
82	151	A24-082	SX21095017	Benham, City of	Benham WWTP Improvements	$1,329,000	$2,658,000	$1,329,000								711	$41,877	$0	$0	$82,744,617
83	150	A24-083	SX21233028	Clay, City of	Clay Manhole Renovation Project	$110,000	$110,000	$110,000								1,053	$31,849	$0	$0	$82,744,617
84	150	A24-084	SX21079015	Lancaster, City of	City of Lancaster Sanitary Sewer Extension	$2,836,738	$5,823,854	$1,800,000								4,029	$42,759	$0	$0	$82,744,617
85	148	A24-085	SX21147023	McCreary County Water District	KY 1045 Sanitary Sewer Extension	$1,276,000	$3,828,000	$1,276,000								6,255	$35,111	$0	$0	$82,744,617
86	148	A24-086	SX21125009	London Utility Commission	L U C Wastewater Treatment Plant Expansion	$12,954,000	$25,908,000	$12,954,000								11,881	$46,627	$0	$0	$82,744,617
87	145	A24-087	SX21225030	Morganfield, City of	Morganfield Combined Sewer Separation Project Phase 3	$3,004,090	$11,815,888	$3,004,090								4,907	$47,017	$0	$0	$82,744,617
88	140	A24-088	SX21157044	Benton, City of	PHASE IV SSES & REHABILITATION	$1,165,000	$1,165,000	$1,165,000								4,976	$55,379	$0	$0	$82,744,617
89	140	A24-089	SX21179036	Bardstown, City of	Bardstown Downtown Sewer Line Improvements Phase 2	$810,000	$1,620,000	$810,000										$0	$0	$82,744,617
90	139	A24-090	SX21031015	Morgantown, City of	Dairy Queen Lift Station Replacement	$649,000	$649,000	$649,000								2,468	$26,388	$0	$0	$82,744,617
91	139	A24-091	SX21031014	Morgantown, City of	Chad Johnson Lift Station Relocation	$740,500	$740,500	$740,500								2,468	$26,388	$0	$0	$82,744,617
92	137	A24-092	SX21043046	Olive Hill, City of	Olive Hill Sewer System Rehab	$2,000,000	$2,000,000	$2,000,000								1,775	$49,110	$0	$0	$82,744,617
93	135	A24-093	SX21079020	Garrard Co Sanitation District	GCSD - Phase II - Paint Lick Sewer Project	$1,386,097	$2,436,097	$1,386,097										$0	$0	$82,744,617
94	135	A24-094	SX21021014	Danville, City of	Perryville Wastewater Treatment Plant Ugrades Phase II	$503,250	$1,006,500	$503,250								21,739	$44,621	$0	$0	$82,744,617
95	130	A24-095	SX21179034	Bardstown, City of	Town Creek WWTP Reactor & Clarifier Upgrade	$15,711,500	$24,111,500	$15,711,500								18,522	$54,263	$0	$0	$82,744,617
96	130	A24-096	SX21179035	Bardstown, City of	Bardstown Withrow Creek Lift Station Improvements	$4,081,000	$7,799,000	$4,081,000								18,522	$54,263	$0	$0	$82,744,617

97	130	A24-097	SX21227086	Warren County Water District	Southwest Parkway Interceptor	$2,080,000	$4,160,000	$2,080,000								22,401	$63,854	$0	$0	$82,744,617
98	130	A24-098	SX21227045	Warren County Water District	WCWD- Basil Griffin Park Lift Station, Phase 2	$835,000	$835,000	$835,000								22,401	$63,854	$0	$0	$82,744,617
99	129	A24-099	SX21031016	Morgantown, City of	Jones Lift Station Replacement	$400,000	$400,000	$400,000								2,468	$26,388	$0	$0	$82,744,617
100	129	A24-100	SX21107038	Madisonville Municipal Utilities	Madisonville - Noel Avenue Interceptor Phases 3 & 4	$4,032,755	$4,032,755	$4,032,755								20,965	$47,161	$0	$0	$82,744,617
101	128	A24-101	SX21099028	Munfordville, City of	Piping for Wastewater Plant	$79,305	$79,305	$79,305								1,687	$25,647	$0	$0	$82,744,617
102	125	A24-102	SX21029044	Shepherdsville, City of	Shepherdsville Sewer PFAS Monitoring Project	$85,000	$170,000	$85,000								14,959	$61,591	$0	$0	$82,744,617
103	121	A24-103	SX21139014	Smithland, City of	Smithland Lagoon Rehabilitation Project	$1,203,000	$3,281,954	$1,203,000								280	$58,529	$0	$0	$82,744,617
104	120	A24-104	SX21157045	Benton, City of	WWTP AERATION IMPROVEMENTS	$518,650	$518,650	$518,650								4,976	$55,379	$0	$0	$82,744,617
105	120	A24-105	SX21059062	Regional Water Resource Agency	West 5th Street - Worthington Road Area Sewer	$2,935,000	$5,870,000	$2,935,000								79,747	$53,990	$0	$0	$82,744,617
106	116	A24-106	SX21151065	Northern Madison County Sanitation District	NMCSD - Muddy Creek WWTP Expansion	$2,530,000	$2,530,000	$2,530,000								5,840	$90,194	$0	$0	$82,744,617
107	110	A24-107	SX21133027	Jenkins, City of	Raven Rock Sewer Extension Project	$550,000	$550,000	$550,000								1,795	$29,628	$0	$0	$82,744,617
108	105	A24-108	SX21053016	Albany, City of	Albany Bypass Sewer System Extension	$1,100,000	$1,100,000	$1,100,000								2,151	$28,602	$0	$0	$82,744,617
109	105	A24-109	SX21219011	Trenton, City of	Trenton - Wastewater Treatment Plant Improvements Project	$1,600,000	$6,391,703	$2,000,000								325	$64,408	$0	$497,500	$83,242,117
110	103	A24-110	SX21151067	Richmond Utilities	Richmond - Goggins Lane Park Sewer	$1,004,000	$2,008,000	$1,004,000								35,218	$40,546	$0	$0	$83,242,117
111	102	A24-111	SX21015018	Walton, City of	City of Walton WWTP Expansion	$5,260,000	$5,260,000	$5,260,000								5,687	$79,777	$0	$0	$83,242,117
112	100	A24-112	SX21059068	Whitesville, City of	WWTP UV System	$200,000	$200,000	$200,000								736	$58,711	$0	$0	$83,242,117
113	100	A24-113	SX21179031	Bardstown, City of	Withrow Creek Upgrade	$8,368,610	$14,766,880	$8,368,610								18,522	$54,263	$0	$0	$83,242,117
114	95	A24-114	SX21203005	Mount Vernon, City of	C.C.T.V. and Manhole Inspection Project	$487,700	$1,463,100	$487,700								2,809	$23,547	$0	$0	$83,242,117
115	85	A24-115	SX21067069	Lexington-Fayette Urban County Government	LFUCG - Cooper Dr. Stormwater Improvements	$2,985,000	$3,485,000	$2,985,000										$0	$50,000	$83,292,117
116	81	A24-116	SX21151066	Northern Madison County Sanitation District	NMCSD - Road Bore near Exit 97 of I-75 in Madison Co.	$503,000	$757,104	$503,000								5,840	$90,194	$0	$0	$83,292,117
117	80	A24-117	SX21227061	Warren County Water District	WCWD - Richpond Interceptor	$1,440,000	$1,440,000	$1,440,000								22,401	$63,854	$0	$0	$83,292,117
118	73	A24-118	SX21073090	Frankfort, City of	E.C. McManis WWTP Class A Biosolids Improvements	$20,834,000	$20,834,000	$20,834,000								36,149	$57,691	$0	$0	$83,292,117
119	65	A24-119	SX21227067	Warren County Water District	WCWD - Hunters Point Interceptor	$440,000	$440,000	$440,000								22,401	$63,854	$0	$0	$83,292,117
120	60	A24-120	SX21089124	Greenup County Environmental Commission	GCEC Treatment Plant Digester Addition	$7,502,000	$11,517,000	$7,502,000										$0	$0	$83,292,117
121	19	A24-121	SX21177036	Central City Municipal Water & Sewer System	Central City - Bremen Gravity Sewer System	$2,875,000	$2,875,000	$1,875,000								5,694	$55,963	$0	$0	$83,292,117
122	0	A24-122	SX21123007	Hodgenville, City of	Hodgenville WWTP Upgrade & Wet Weather Storage	$3,570,000	$10,797,000	$3,343,000								3,598	$53,868	$0	$0	$83,292,117
123	0	A24-123	SX21143018	Kuttawa, City of	Kuttawa - Phase V SSES and Rehabilitation Project	$1,264,400	$2,364,400	$1,100,000								994	$55,773	$0	$0	$83,292,117
124	0	A24-124	SX21021002	Danville, City of	Danville East Main Sewer Force Main and Pump Station	$419,000	$838,000	$419,000	Yes							21,739	$44,621	$0	$0	$83,292,117
125	0	A24-125	SX21021004	Danville, City of	Danville Major Sewer System Rehabilitation	$3,182,000	$9,844,000	$3,182,000	Yes							21,739	$44,621	$0	$0	$83,292,117
126	0	A24-126	SX21021016	Danville, City of	Danville - Clark's Run Trunk Line Improvements Phase II	$6,715,000	$5,424,000	$2,712,000	Yes							21,739	$44,621	$0	$5,500,000	$88,792,117
127	0	A24-127	SX21021006	Danville, City of	Danville - Wastewater Treatment Plant Improvements	$10,723,000	$46,378,830	$10,723,000	Yes							21,739	$44,621	$0	$450,000	$89,242,117
128	0	A24-128	SX21021018	Danville, City of	Clark's Run Trunk Line Rehabilitation	$3,182,000	$6,364,000	$3,182,000	Yes							21,739	$44,621	$0	$0	$89,242,117
129	0	A24-129	SX21059067	Regional Water Resource Agency	RWRA Green Infrastructure and Energy Efficient Fleet Project	$90,000	$180,000	$90,000	Yes							79,747	$53,990	$0	$90,000	$89,332,117

APPENDIX B

PRIORITY SYSTEM GUIDANCE DOCUMENT

KENTUCKY
Priority System Guidance Document

For Wastewater, Stormwater and Nonpoint Source Projects
Eligible To Be Funded By The

KENTUCKY CLEAN WATER STATE REVOLVING FUND

2024 Funding Cycle

ENERGY AND ENVIRONMENT CABINET
Department for Environmental Protection
Division of Water

300 Sower Boulevard – 3rd Floor
Frankfort, Kentucky 40601
Phone: (502) 564-3410
Fax: (502) 564-4245
water.ky.gov

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I. Introduction

The Federal Water Pollution Control Act of 1956 provided a strong role for the federal government in the construction of publicly owned wastewater treatment works. The amendments enacted in 1972, commonly referred to as the Clean Water Act (CWA), expanded the level of federal aid and increased the federal grant share in an effort by Congress to speed up the pace of construction of wastewater treatment facilities and eliminate the backlog of needed facilities. The 1977 Amendments to the Clean Water Act directed the Environmental Protection Agency (EPA) to delegate most of its construction grants management functions to the states. EPA continued to provide funds for grants to local governments to construct wastewater treatment facilities through federal fiscal year (FFY) 1990. The Water Quality Act of 1987, which amended the CWA, authorized EPA to make capitalization grants to each state for the purpose of establishing a water pollution control revolving fund for providing financial assistance for projects designed to protect and restore water quality, including publicly owned treatment works (POTWs), nonpoint source pollution control, and estuary management. EPA made capitalization grants beginning in FFY 1987. However, when federal funding ends, the Clean Water State Revolving Fund (CWSRF) is to be maintained in perpetuity by the state in place of federal participation.

The Kentucky General Assembly enacted House Bill 217 during the 1988 legislative session, which established the CWSRF as an enduring and viable fund. This fund is intended to allow the Commonwealth of Kentucky to qualify for the federal CWSRF capitalization grants. The CWA requires, in section 602, a state match to be deposited into the CWSRF of an amount equal to at least 20 percent of the total amount of all capitalization grants which will be made to the State.

The CWSRF may fund projects for construction of publicly owned treatment works as defined in section 212 of the Clean Water Act, including stormwater projects. Amendments to the program will also allow funding of projects for: decentralized systems; stormwater or subsurface drainage water; water conservation, efficiency, or reuse; watershed projects as defined in section 122; energy consumption; reuse or recycling of wastewater, stormwater, or subsurface drainage water; security; and assistance by nonprofit agencies. The CWSRF may also fund nonpoint source pollution control activities which implement the U.S. EPA-approved *Kentucky Nonpoint Source Management Program - 2.0* (Kentucky Division of Water, 2002) required under Section 319 of the Clean Water Act, which lists specific activities for controlling nonpoint source pollution impacts and identifies responsible implementing agencies and potential/available funding sources.

The purpose of this document is to outline the Division of Water's (DOW) project selection and ranking criteria which shall be used to establish project priority ranking in the annual CWSRF Intended Use Plan (IUP). This document complies with EPA's *Integrated Planning and Priority Setting in the Clean Water State Revolving Fund* guidance (EPA-832-R-01-002 March 2001), which states, "An integrated planning and priority setting system is effective if it ensures that CWSRF-funded projects address high priority water quality problems. Four actions are key to its success: identifying water quality priorities, assessing the CWSRF role, undertaking outreach efforts, and selecting priority projects."

DOW is committed to reassessing the Integrated Project Priority Ranking Criteria and Points System upon the completion of the initial review and ranking process and development of the Project Priority List. Modifications may be made to the criteria and points system if it is determined this process does not meet EPA's guidance for utilizing the CWSRF to address the high priority water quality problems.

II. Identifying and Ranking Water Quality Priorities

According to the March 2001 EPA IPPS guidance:

> "Water quality priorities provide a context for the activities of the CWSRF program. CWSRF resources should address these priorities in the most efficient manner possible. State water quality priorities also provide a valuable standard against which a state can measure the success of its water quality programs, i.e., has the state used its resources to address its highest water quality priorities?
>
> A state's water quality program should be the CWSRF's major resource in identifying the state's water quality priorities. A water quality program has typically developed its understanding of the state's priorities by considering water quality information from many sources. Familiarity with these sources of water quality information is also useful to the CWSRF during the development of project ranking systems."

DOW operates several water quality programs that have proven useful to identify criteria for ranking projects in the context of CWSRF funding priority.

All surface waters in Kentucky are assessed based on a five-year, rotating watershed basin cycle. Assessment data and narrative explanations are compiled into the 305(b) Report to Congress. Section 303(d) of the CWA requires each state to list those waters within its boundaries for which technology based effluent limitations are not stringent enough to protect any water quality standard applicable to such waters. The 303(d) List of Waters identifies all waters assessed as "impaired" for one or more pollutants, and are therefore waters not "meeting the water quality standard." Listed waters are prioritized with respect to designated use classifications and the severity of pollution. The 305(b) report and 303(d) list are now published together in the *Integrated Report to Congress on Water Quality in Kentucky* https://eec.ky.gov/Environmental-Protection/Water/Monitor/Pages/IntegratedReportDownload.aspx.

Kentucky is required to develop Total Maximum Daily Loads (TMDLs) for those water bodies that are not meeting water quality standards. The TMDL process establishes the allowable loadings of pollutants or other quantifiable parameters for a waterbody based on the relationship between point and nonpoint pollution sources and in-stream water quality conditions. See the following website for approved TMDLs https://eec.ky.gov/Environmental-Protection/Water/Protection/TMDL/Pages/Approved-TMDLs.aspx

As required in 200 KAR 17:050, the cabinet must determine the priority for funding eligible projects to be included on the Project Priority List based on criteria established pursuant to 33 U.S.C. 1296, which states that projects should be designed to achieve optimum water quality management consistent with public health and water quality goals, and the following:

A. Project Needs

A project is awarded points based on the importance of the need in addressing a water quality or public health problem. Each of the need categories are defined in this section.

Criterion #1: Combined Sewer Overflow (CSO) Correction- Correction measures used to achieve water quality objectives by preventing or controlling periodic discharges of a mixture of stormwater and untreated wastewater (combined sewer overflows) that occur when the capacity of a sewer system is exceeded.
Points Received: 40

Criterion #2: Sanitary Sewer Overflow (SSO) Correction- Control of sanitary sewer overflows caused by undersized lines and/or excessive infiltration and inflow into the sanitary sewer collection system. Sanitary sewer overflow refers to overflow, spill, release, or discharge of untreated or partially treated wastewater from a sanitary sewer system.
Points Received: 30

Criterion #3: Replacement or Rehabilitation of Aging Infrastructure, including correction of moderate infiltration and inflow (i.e., no associated SSO)- The problem of water penetration into a sewer system from the ground through such means as defective pipes or manholes or from sources such as drains, storm sewers, and other improper entries into the systems is referred to as infiltration and inflow (I/I). Reinforcement or reconstruction of structurally deteriorating sewers and pipes used to collect and convey wastewater by gravity or pressure flow to a common point are projects designed to correct I/I (i.e., no associated SSO) go under this criterion.
Points Received: 50

Criterion #4: New Treatment Plant- Construction of a new facility including any devices and systems used in the storage, treatment, recycling or reclamation of municipal sewage, sewage sludge, and biosolids, or industrial waste.
Points Received: 10

Criterion #5: New Collector Sewers and Appurtenances- Install new pipes used to collect and carry wastewater from a sanitary or industrial wastewater source to an interceptor sewer that will convey the wastewater to a treatment plant.
Points Received: 10

Criterion #6: Decentralized Wastewater Treatment Systems- This includes onsite, mound, and/or cluster treatment systems that process household and/or commercial sewage that may include, but are not limited to, septic systems, disposal beds, and packaged wastewater treatment plants configured to treat and dispose of wastewater without offsite discharge. Often the wastewater is percolated into the soil through infiltration beds or trenches or is disposed by irrigation or other means.
Points Received: 20

Criterion #7: Upgrade to Advanced Treatment- Upgrade of a facility to a level of treatment that is more stringent than secondary treatment or produces a significant reduction in nonconventional pollutants.
Points Received: 20

Criterion #8: Emerging Contaminants- Eligible projects may include but are not limited to monitoring, testing, outreach, and mitigation programs associated with addressing emerging contaminants in solids, collection systems, indirect dischargers, and effluent.
Points Received: 100

Criterion #9: Optimization of Existing Treatment Plant- Rehabilitation, upgrades, improvements, or expansion of existing treatment plant.
Points Received: 50

Criterion #10: New Interceptors and Appurtenances- Install new major sewer lines receiving wastewater flows from collector sewers. The interceptor sewer carries wastewater directly to the treatment plant or another interceptor.
Points Received: 10

Criterion #11: Storm Water Control- Storm water is defined as runoff water resulting from precipitation. Includes activities to plan and implement municipal storm water management programs with environmental benefits pursuant to National Pollutant Discharge Elimination System permits for discharges from municipal separate storm sewer systems.
Points Received: 20

Criterion #12: Nonpoint Source (NPS) Pollution Control- NPS projects may include, but are not limited to, stream restoration, Best Management Practices, and land purchases.
Points Received: 20

Criterion #13: Recycled Water Distribution- Projects may include, but are not limited to, the recycling of nonpotable water or reclaimed water for irrigation and other nonpotable uses.
Points Received: 10

Criterion #14: Planning- Developing plans to address water quality and water quality-related public health problems that are supported by sound science and appropriate technology. Examples included Watershed-Based Plan, Total Maximum Daily Load Implementation Plans and Long-term Control Plans for Combined Sewer Overflow (CSO).
Points Received: 10

Criterion #15: Other- Any project that does not meet the list of project needs definitions and/or standards provided above. If the project is to conduct optimization studies for technology-based limits for nutrients the project will receive 50 points*. Project need must be provided.
Points Received: 10 or 50*

B. Regionalization

Criterion #1: Will this project provide regionalization and/or consolidation of wastewater treatment systems?
This question addresses regionalized wastewater treatment approaches which may significantly minimize wastewater impacts. Regionalization occurs when smaller systems integrate part or all of their wastewater management systems to reduce costs, improve service, and maintain regulatory compliance. Smaller systems, regardless of ownership status, lack economies of scale and often have a difficult time finding the capital and human resources required to comply with stringent water quality standards to remain viable. Regionalized wastewater treatment approaches may significantly minimize wastewater impacts, resulting in a reduced number of KPDES discharges. This includes projects that will combine one or more existing treatment plants, result in the abandonment of one or more wastewater treatment plants and connection to an existing wastewater treatment plant, acquisitions of smaller systems by larger systems, and mergers between utilities. Project must reduce the number of KPDES discharges.
Points Received: 20

Criterion # 2: Will this project eliminate a package treatment plant that is more than 25 years old?
Points Received: 25

Criterion # 3: Will this project eliminate a package treatment plant that has received notices of violations resulting in degradation of waters of Commonwealth within the last two state fiscal years - July 2018 - June 2020?
Points Received: 25

C. Compliance and Enforcement

Criterion #1: Is the project necessary to achieve full or partial compliance with a court order, or a judicial or administrative consent decree?
Points Received: 50

Criterion #2: Primary system has not received any CWA Notices of Violation within the previous state fiscal year-July through June, i.e. July 2019 – June 2020).
Points Received: 25

D. Water Quality

Criterion #1: Will the project implement an approved Total Maximum Daily Load (TMDL) for impaired waterbodies?
Is the project located on a stream having an approved TMDL? See the following website for approved TMDLs https://eec.ky.gov/Environmental-Protection/Water/Protection/TMDL/Pages/Approved-TMDLs.aspx
Points Received: 10

Criterion #2: Will the project address existing or projected nutrient TMDL?
Is the TMDL established for nutrients or is the stream nutrient impaired? Refer to the DOW website for impairment/TMDL information https://eec.ky.gov/Environmental-Protection/Water/Protection/TMDL/Pages/Approved-TMDLs.aspx
Points Received: 30

Criterion #3: Will the project implement any part of an approved Watershed Plan?
Please refer to list of approved watershed plans in Section VIII.
Points Received: 10

Criterion #4: Will the project make reasonable progress towards eliminating identified pollutant sources for waterbodies that appear in the *Integrated Report to Congress on Water Quality in Kentucky*?
This question addresses the state's goal to improve water quality in impaired waterbodies. The Integrated Report and maps are available on DOW's website. https://eec.ky.gov/Environmental-Protection/Water/Monitor/Pages/IntegratedReportDownload.aspx.
The reports list the impaired waterbodies with the pollutants of concern and probable sources of the pollutants.
Points Received: 20 for each pollutant-water body combination addressed

Criterion #5: Will the project eliminate existing or potential sources of pollution in groundwater sensitivity areas?
This question considers the importance of groundwater as one of Kentucky's vital resources as a source of drinking water, a source for industrial and agricultural use, and the source of sustained base flow in most streams. Groundwater is classified according to its sensitivity to pollution on a scale from 1 (lowest) to 5 (highest). Groundwater data is available for download at http://kygeonet.ky.gov/metadataexplorer/.
Points Received: 15 if project is in a 4 or 5 sensitivity area

Points Received: 10 if project is in a 2.5 or 3 sensitivity area

Criterion #6: Will the project eliminate existing or potential sources of pollution in an identified SWAPP zone or WHPA?
Each public water system (PWS) must develop a Source Water Assessment and Protection Plan (SWAPP) which delineates its drinking water source protection area, called SWAPP zones or Wellhead Protection Areas (WHPA), and potential sources of contamination within those areas. Look up SWAPP and WHPA areas in the Watershed Viewer at https://kygis.maps.arcgis.com/apps/webappviewer/index.html?id=c2324b998e78433aaf9e6a3d7ad9f86a**Points Received: 10 for each SWAPP Zone 1 or WHPA Zone 3**
Points Received: 7 for each SWAPP Zone 2 or WHPA Zone 2
Points Received: 3 for each SWAPP Zone 3 or WHPA Zone 1

Criterion #7: Will the project make reasonable progress towards eliminating identified pollutant sources of water quality impairments within an identified DOW Priority Watershed?
The Division of Water has developed a list of state priority watersheds at the HUC11 level. Refer to the list of Kentucky Division of Water State Priority Watersheds in Section VII.
Points Received: 20

Criterion #8: Will the project protect Special Use Waters?
This question considers the importance of protecting special waters in Kentucky. Special Use Waters are rivers, streams and lakes listed in Kentucky Administrative Regulations (https://apps.legislature.ky.gov/law/kar/TITLE401.HTM) as Cold Water Aquatic Habitat (401 KAR 10:031 Section 4), Exceptional Waters (401 KAR 10:030 Section 1), Reference Reach Waters (401 KAR 10:030 Section 1), Outstanding State Resource Waters (401 KAR 10:031 Section 8), Outstanding National Resource Waters (401 KAR 10:030 Section 1), State Wild Rivers (Kentucky Wild Rivers Act of 1972), and Federal Wild and Scenic Rivers (Wild and Scenic Rivers Act, PL 90-542). https://eec.ky.gov/Nature-Preserves/conserving_natural_areas/wild-rivers/Pages/default.aspx
Points Received: 10

Criterion #9: Will the project eliminate existing or potential sources of contamination within a 5-mile radius of a drinking water source location?
This question considers the importance of protecting drinking water supplies from potential contaminant sources.
Points Received: 10

Criterion #10: Will the project eliminate failing on-site septic tanks or straight pipes?
This question considers the importance of protecting groundwater and surface water quality from potential contaminant sources.
Points Received: 15

E. Disadvantaged Community Financial Need

This section of the project ranking criteria considers the importance or the ability of facilities/systems to acquire and manage sufficient financial resources to achieve and maintain regulatory compliance. Project-based census data may be used if provided by the applicant.

Points will be given if the project is in an area of Kentucky where the Median Household Income (MHI) is below 80 percent of the Commonwealth's MHI as determined by the American Community Survey (ACS) 5-Year Estimate.
Points Received: 50

Points will be given if the project is an area with a MHI between 80 and 100 percent of the Commonwealth's MHI as determined by the ACS 5 Year Estimate.
Points Received: 30

F. Planning

Criterion #1: Points can be applied in this category if the water system has a documented asset management plan, which includes an asset inventory, strategic plan, and capital improvement plan. Points can be applied for each component of an asset management plan. Supporting documents must be uploaded into the WRIS or submitted independently to the Division of Water for verification.

The intent of providing priority points in this category is to encourage water systems to develop and implement asset management planning. A complete inventory of assets is not required in order to obtain points in this category. However, water systems should have an established inventory of known assets and be actively updating their asset inventory as unknown assets are discovered and new assets are added. The DOW must verify documentation of an asset management plan implemented by the public water system in order to receive points in this category. The asset management plan or a letter verifying implementation of an asset management plan are both acceptable and may be uploaded into the WRIS or sent to the DOW.

Asset Management Plan

- **Asset Inventory**: a list of above and belowground assets, which, includes as available the date constructed/installed, identifying information, location, remaining useful life, condition, estimated cost to replace, and priority rating, based on criticality.
  Points Received: 20

- **Strategic Plan**: at a minimum, must include a mission statement, level of service goals for the system that are SMART (Specific, Measureable, Attainable, Realistic, and Time-bound), and preventive maintenance program.
  Points Received: 20

- **Capital Improvement Plan**: a list of capital projects for the next five (5) years or more years which includes project title, anticipated year of construction, cost estimate, and sources of potential funding).
  Points Received: 20

Criterion #2: Monthly bill, based on 4,000 gallons, as a percentage of system-wide or project-based census data Median Household Income is:

Greater than or equal to 2%	**Points Received: 10**
Between 1 and 1.99%	**Points Received: 5**
Below 1%	**Points Received: 0**

Criterion #3: System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure (The funds allocated to the current sinking fund account should not be a requirement of an existing loan, but a good business practice). To obtain points under this category supporting documents must be uploaded in WRIS (i.e. approved budget).
Points Received: 25

G. Cyber Security

Points are awarded for the installation of cyber security to protect against the unauthorized use of systems, networks, programs, and devices.
Points Received: 5

H. Green Projects

The following four categories will be considered incentives by the Kentucky Division of Water, and projects that incorporate components from any of the categories will receive bonus points. ***Projects with an "*" may require business case***.

1. Green Infrastructure:

Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale green infrastructure consists of site- and neighborhood-specific practices, such as bioretention, trees, green roofs, permeable pavements and cisterns.

Examples:

- *Implementation of green streets (combinations of green infrastructure practices in transportation rights-of-ways), for either new development, redevelopment or retrofits including: permeable pavement, bioretention, trees, green roofs, and other practices such as constructed wetlands that can be designed to mimic natural hydrology and reduce effective imperviousness at one or more scales. Vactor trucks and other capital equipment necessary to maintain green infrastructure projects.*
- *Wet weather management systems for parking areas including: permeable pavement, bioretention, trees, green roofs, and other practices such as constructed wetlands that can be designed to mimic natural hydrology and reduce effective imperviousness at one or more scales. Vactor trucks and other capital equipment necessary to maintain green infrastructure projects.*
- *Implementation of comprehensive street tree or urban forestry programs, including expansion of tree boxes to manage additional stormwater and enhance tree health.*
- *Stormwater harvesting and reuse projects, such as cisterns and the systems that allow for utilization of harvested stormwater, including pipes to distribute stormwater for reuse.*
- *Downspout disconnection to remove stormwater from sanitary, combined sewers and separate storm sewers and manage runoff onsite.*

- *Comprehensive retrofit programs designed to keep wet weather discharges out of all types of sewer systems using green infrastructure technologies and approaches such as green roofs, green walls, trees and urban reforestation, permeable pavements and bioretention cells, and turf removal and replacement with native vegetation or trees that improve permeability.*
- *Establishment or restoration of permanent riparian buffers, floodplains, wetlands and other natural features, including vegetated buffers or soft bioengineered stream banks. This includes stream day lighting that removes natural streams from artificial pipes and restores a natural stream morphology that is capable of accommodating a range of hydrologic conditions while also providing biological integrity. In highly urbanized watersheds this may not be the original hydrology.*
- *Projects that involve the management of wetlands to improve water quality and/or support green infrastructure efforts (e.g., flood attenuation).*
  - *Includes constructed wetlands.*
  - *May include natural or restored wetlands if the wetland and its multiple functions are not degraded and all permit requirements are met.*
- *The water quality portion of projects that employ development and redevelopment practices that preserve or restore site hydrologic processes through sustainable landscaping and site design.*
- *Fee for simple purchase of land or easements on land that has a direct benefit to water quality, such as riparian and wetland protection or restoration.*
- *Fencing to keep livestock out of streams and stream buffers. Fencing must allow buffer vegetation to grow undisturbed and be placed a sufficient distance from the riparian edge for the buffer to function as a filter for sediment, nutrients and other pollutants.**

Points Received: 10 each / maximum 50

Projects That Do Not Meet the Definition of Green Infrastructure:

- Stormwater controls that have impervious or semi-impervious liners and provide no compensatory evapotranspirative or harvesting function for stormwater retention.
- Stormwater ponds that serve an extended detention function and/or extended filtration. This includes dirt lined detention basins.
- In-line and end-of-pipe treatment systems that only filter or detain stormwater.
- Underground stormwater control and treatment devices such as swirl concentrators, hydrodynamic separators, baffle systems for grit, trash removal/floatables, oil and grease, inflatable booms and dams for in-line underground storage and diversion of flows.
- Stormwater conveyance systems that are not soil/vegetation based (swales) such as pipes and concrete channels.
- Hardening, channelizing or straightening streams and/or stream banks.
- Street sweepers, sewer cleaners, and vactor trucks unless they support green infrastructure projects.

2. Water Efficiency:

EPA's WaterSense program defines water efficiency as the use of improved technologies and practices to deliver equal or better services with less water. Water efficiency

encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future.

Examples:

- *Installing or retrofitting water efficient devices, such as plumbing fixtures and appliances*
  - *For example -- shower heads, toilets, urinals and other plumbing devices*
  - *Implementation of incentive programs to conserve water such as rebates.*
- *Installing any type of water meter in previously unmetered areas*
  - *If rate structures are based on metered use*
  - *Can include backflow prevention devices if installed in conjunction with water meter*
- *Replacing existing broken/malfunctioning water meters, or upgrading existing meters, with:*
  - *Automatic meter reading systems (AMR), for example: Advanced metering infrastructure (AMI), Smart meters*
  - *Meters with built in leak detection*
  - *Can include backflow prevention devices if installed in conjunction with water meter replacement*
- *Retrofitting/adding AMR capabilities or leak detection equipment to existing meters (not replacing the meter itself).*
- *Water audit and water conservation plans, which are reasonably expected to result in a capital project.*
- *Recycling and water reuse projects that replace potable sources with non-potable sources,*
  - *Gray water, condensate and wastewater effluent reuse systems (where local codes allow the practice)*
  - *Extra treatment costs and distribution pipes associated with water reuse.*
- *Retrofit or replacement of existing landscape irrigation systems with more efficient landscape irrigation systems, including moisture and rain sensing equipment.*
- *Retrofit or replacement of existing agricultural irrigation systems with more efficient agricultural irrigation systems.*
- *Water meter replacement with traditional water meters.**
- *Projects that result from a water audit or water conservation plan.**
- *Storage tank replacement/rehabilitation to reduce loss of reclaimed water.**
- *New water efficient landscape irrigation system (where there currently is not one).**
- *New water efficient agricultural irrigation system (where there currently is not one).**

Points Received: 15 each/ no maximum

Projects That Do Not Meet the Definition of Water Efficiency:

- Agricultural flood irrigation.
- Lining of canals to reduce water loss.
- Replacing drinking water distribution lines.
- Leak detection equipment for drinking water distribution systems, unless used for reuse distribution pipes.

3. Energy Efficiency:

Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water quality projects, use energy in a more efficient way, and/or produce/utilize renewable energy.

Examples:

- *Renewable energy projects such as wind, solar, geothermal, micro-hydroelectric, and biogas combined heat and power systems (CHP) that provide power to a POTW. Micro-hydroelectric projects involve capturing the energy from pipe flow.*
  - *POTW owned renewable energy projects can be located onsite or offsite.*
  - *Includes the portion of a publicly owned renewable energy project that serves POTW's energy needs.*
  - *Must feed into the grid that the utility draws from and/or there is a direct connection.*
- *Collection system Infiltration/Inflow (I/I) detection equipment*
- *POTW energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas, which are reasonably expected to result in a capital project are eligible.*
- *POTW projects or unit process projects that achieve energy efficiency improvement. Retrofit projects should compare energy used by the existing system or unit process to the proposed project. The energy used by the existing system should be based on name plate data when the system was first installed, recognizing that the old system is currently operating at a lower overall efficiency than at the time of installation. New POTW projects or capacity expansion projects should be designed to maximize energy efficiency and should select high efficiency premium motors and equipment where cost effective. Estimation of the energy efficiency is necessary for the project to be counted toward GPR.**
- *Projects implementing recommendations from an energy audit.**
- *Projects that cost effectively eliminate pumps or pumping stations.**
- *Infiltration/Inflow (I/I) correction projects that save energy from pumping and reduced treatment costs and are cost effective*.*
- *Projects that count toward GPR cannot build new structural capacity. These projects may, however, recover existing capacity by reducing flow from I/I.**
- *Replacing pre-Energy Policy Act of 1992 motors with National Electric Manufacturers Association (NEMA) premium energy efficiency motors.**
- *Upgrade of POTW lighting to energy efficient sources such as metal halide pulse start technologies, compact fluorescent, light emitting diode (LED).**
- *SCADA systems can be justified based upon substantial energy savings.**
- *Variable Frequency Drive can be justified based upon substantial energy savings.**

Points Received: 15 each/ no maximum

Projects That Do Not Meet the Definition of Energy Efficiency:

- Renewable energy generation that is *privately* owned or the portion of a publicly owned renewable energy facility that does not provide power to a POTW, either through a connection to the grid that the utility draws from and/or a direct connection to the POTW.
- Simply replacing a pump, or other piece of equipment, because it is at the end of its useful life, with something of average efficiency.
- Facultative lagoons, even if integral to an innovative treatment process.
- Hydroelectric facilities, except micro-hydroelectric projects. Micro-hydroelectric projects involve capturing the energy from pipe flow.

4. Environmentally Innovative:

Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way.

Examples:

- *Total/integrated water resources management planning likely to result in a capital project.*
- *Utility Sustainability Plan consistent with EPA SRF's sustainability policy.*
- *Greenhouse gas (GHG) inventory or mitigation plan and submission of a GHG inventory to a registry (such as Climate Leaders or Climate Registry)*
- *Planning activities by a POTW to prepare for adaptation to the long-term effects of climate change and/or extreme weather.*
- *Construction of US Building Council LEED certified buildings or renovation of an existing building on POTW facilities.*
- *Decentralized wastewater treatment solutions to existing deficient or failing onsite wastewater systems.*
- *Constructed wetlands projects used for municipal wastewater treatment, polishing, and/or effluent disposal.**
- *Projects or components of projects that result from total/integrated water resource management planning consistent with the decision criteria for environmentally innovative projects and that are Clean Water SRF eligible.**
- *Projects that facilitate adaptation of POTWs to climate change identified by a carbon footprint assessment or climate adaptation study.**
- *POTW upgrades or retrofits that remove phosphorus for beneficial use, such as biofuel production with algae.**
- *Application of innovative treatment technologies or systems that improve environmental conditions and are consistent with the Decision Criteria for environmentally innovative projects such as:**
  - *Projects that significantly reduce or eliminate the use of chemicals in wastewater treatment;*
  - *Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals. Includes composting, class A and other sustainable biosolids management approaches.*
- *Educational activities and demonstration projects for water or energy efficiency.**
- *Projects that achieve the goals/objectives of utility asset management plans.**
- *Sub-surface land application of effluent and other means for ground water recharge, such as spray irrigation and overland flow.**
  - *Spray irrigation and overland flow of effluent is not eligible for GPR where there is no other cost effective alternative.*

Points Received: 10 each / maximum 50

Projects That Do Not Meet the Definition of Environmentally Innovative:

- Air scrubbers to prevent nonpoint source deposition.
- Facultative lagoons, even if integral to an innovative treatment processes.
- Surface discharging decentralized wastewater systems where there are cost effective soil-based alternatives.
- Higher sea walls to protect POTW from sea level rise.
- Reflective roofs at POTW to combat heat island effect.

I. Project Readiness:

Criterion# 1: Borrower has submitted complete technical plans to the Division of Water; and

Criterion# 2: Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, US Fish and Wildlife service, National Resource Conservation Service, and U. S. Army Corps of Engineers); and

Criterion# 3: Borrower has received funding commitments from other funding sources; or the CWSRF is the sole source of funding.

To be considered "project ready", the borrower must have completed a majority of the planning phase and be ready to bid the project.
Points Received: 30 if all three criteria have been met

Note: A full environmental review does not have to be finalized however the cross-cutter scoping process must be complete. Plans do not have to be approved by the Division of Water, but they must have been submitted for review. Potential borrowers may be asked to provide proof to substantiate claims.

III. Summary of Points System Used to Establish Project Priority Ranking

Priority Ranking Criteria		Possible Points
A. Project Needs Category		
1.	Combined Sewer Overflow (CSO) Correction	40
2.	Sanitary Sewer Overflow (SSO) Correction	30
3.	Replacement or Rehabilitation of Aging Infrastructure, including correction of moderate infiltration and inflow (i.e., no associated SSO).	50
4.	New Treatment Plant	10
5.	New Collector Sewers and Appurtenances	10
6.	Decentralized Wastewater Treatment Systems	20
7.	Upgrade to Advanced Treatment	20
8.	Emerging Contaminants	100
9.	Optimization of Existing Treatment Plant	50
10.	New Interceptors and Appurtenances	10
11.	Storm Water Control	20
12.	Nonpoint Source (NPS) Pollution Control	20
13.	Recycled Water Distribution	10
14.	Planning	10
15.	Other (specify):	10/50
B. Regionalization		
1.	Will this project provide regionalization and/or consolidation of wastewater treatment systems? Proposed project reduces the number of NPDES discharges by regionalization.	20
2.	Will this project eliminate a package treatment plant that is more than 25 years old?	25
3.	Will this project eliminate a package treatment plant that has received notices of violations resulting in degradation of waters of Commonwealth within the last two state fiscal years - July 2018 - June 2020?	25
C. Compliance and Enforcement		
1.	Is the project necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree?	50
2.	System has not received any Notices of Violation within the previous state fiscal year – July 2019-June 2020	25
D. Water Quality		
1.	Will the project allow the system to address existing Total Maximum Daily Load (TMDL)?	10

2.	Will the project allow the system to address existing or projected nutrient TMDL?	30
3.	Will the project allow the system to address an approved Watershed Management Plan?	10
4.	Will the project make reasonable progress towards eliminating identified pollutant sources for waterbodies that appear on the *Integrated Report to Congress on Water Quality in Kentucky*?	20 points for each pollutant-waterbody combination
5.	Does the project eliminate existing or potential sources of pollution in groundwater sensitivity areas?	15 points for high or highest sensitivity 10 points for moderate sensitivity
6.	Is the project located within an identified SWAPP zone or WHPA?	10 for each Zone 1 7 for each Zone 2 3 for each Zone 3
7.	Will the project make reasonable progress towards eliminating identified pollutant sources of water quality impairments within an identified DOW Priority Watershed?	30 points
8.	Will the project have a positive effect on Special Use Waters?	10 points
9.	Will the project have a positive impact on drinking water sources within a 5-mile radius of its location?	10
10.	Will the project eliminate failing on-site septic tanks or straight pipes?	15
E. Financial Need		
1.	Borrowers with a median household income (MHI) below 80 percent of the State's MHI as determined by the current American Community Survey (ACS) 5-Year Estimate	50
2.	Borrowers with a MHI between 80 and 100 percent of the State's MHI as determined by the current ACS 5-Year Estimate	30
F. Planning		
1.	Asset Management Plan	
	Asset Inventory	20
	Strategic Plan	20
	Capital Improvement Plan	20
2.	System's monthly wastewater bill, based on 4,000 gallons, as a percentage of Median Household Income is:	
	Greater than or equal to 2.0%	10
	Between 1 and 1.99%	5
	Below 1%	0
3.	System has specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure	25

G. Cyber Security		
1.	Cyber security to protect against the unauthorized use of systems, networks, programs, and devices.	5
H. Green Projects (See Green Project Reserve Guidance Document)		
1.	Green Infrastructure: Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site- and neighborhood-specific practices, such as: • Implementation of green streets • Wet Weather management systems for parking areas • Implementation of comprehensive urban forestry programs • Stormwater harvesting and reuse • Downspout disconnection • Comprehensive retrofit programs designed to keep wet weather discharges out of sewer systems • Establishment or restoration of riparian buffers, floodplains, wetlands or other natural features • Management of wetlands • Purchase of land or easements on land that has a direct benefit to water quality	10 pts. each/50 pts. Maximum

2.	Water Efficiency: The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include: • Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals) • Installing any type of water meter in previously unmetered areas (can include backflow prevention if in conjunction with meter replacement) • Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention • Retrofitting/adding AMR capabilities or leak equipment to existing meters • Developing water audit and conservation plans, which are reasonably expected to result in a capital project • Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse) • Retrofit or replacement of existing landscape irrigation/agricultural systems to more efficient landscape/agricultural irrigation systems (rain and moisture sensing equipment) • Water meter replacement with traditional water meters * • Projects that result from a water audit or water conservation plan* • Storage tank replacement/rehabilitation to reduce water loss* • New water efficient landscape/agricultural irrigation system, where there currently is not one*	15 pts. each
3.	Energy Efficiency: Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include: • Renewable energy projects such as wind, solar, geothermal, and micro-hydroelectric, and biogas combined heat and power systems that provide power to a POTW • POTW-owned renewable energy projects • Collection system infiltration/inflow (I/I) detection equipment • POTW energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas • Projects that achieve a reduction in energy consumption (pumps, motors)* • Projects that cost effectively eliminate pumps or pumping stations* • I/I correction projects that save energy from pumping and reduced treatment costs* • Replacing old motors with premium energy efficiency motors* • Upgrade of POTW lighting to energy efficient sources* • SCADA systems where substantial energy savings can be demonstrated* • Variable Frequency Drive (VFD) controllers where substantial energy savings can be demonstrated*	15 pts. each

4.	Environmentally Innovative: Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include: • Total integrated water resources management planning likely to result in a capital project • Utility sustainability plan consistent with EPA's sustainability policy • Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility • Planning activities by a POTW to prepare for adaption to the long-term affects of climate change and/or extreme weather • Construction of US Building Council LEED certified buildings, or renovation of an existing building on POTW facilities • Decentralized wastewater treatment solutions to existing deficient or failing onsite wastewater systems • Constructed wetlands projects used for municipal wastewater treatment, polishing, and/or effluent disposal* • Projects that result from total/integrated water resource management planning consistent with the decision criteria for environmentally innovative projects and that are CWSRF eligible* • Projects that facilitate adaptation of POTWs to climate change identified by a carbon footprint assessment or climate adaption study* • POTW upgrades or retrofits that remove phosphorus for beneficial use, such as biofuel production with algae* • Projects that significantly reduce or eliminate the use of chemicals in wastewater treatment* • Treatment technologies that significantly reduce the volume of residuals, generation of residuals, or lower the amount of chemicals in the residuals* • Educational activities and demonstration projects for water or energy efficiency* • Projects that achieve the goals/objectives of utility asset management plans* • Sub-surface land application of effluent and other means for groundwater recharge, such as spray irrigation and overland flow*	10 pts. each/50 pts. maximum
I. Project Readiness		
1.	Borrower has submitted complete technical plans and specifications to the Division of Water; and	30
2.	Borrower has conducted a full environmental review for all components of the project or has completed the cross-cutter scoping process (including eClearinghouse, US Fish and Wildlife service, National Resource Conservation Service, and US Army Corps of Engineers reviews); and	
3.	Borrower has received funding commitments from other funding sources, where applicable	

*Denotes that a business case may be required.

IV. Developing and Updating the Project Priority List and Intended Use Plan

In order for a project to be considered for funding from the CWSRF, it must appear on the Comprehensive Project Priority List for the state fiscal year in which the project will receive a binding commitment. To be included in this list, an eligible project applicant must complete or update a Project Profile (and related mapping) in the Water Resource Information System (WRIS)

through the Area Development District (ADD). **Projects will *not be accepted* after the call for projects is closed.** Once the project is submitted for CWSRF funding, DOW staff will evaluate the project based on the ranking system discussed above and assign the project a numeric score. Eligible projects will then be added to the next Comprehensive Project Priority List. In the event of a tie, the following factors will be utilized to priority rank each project: (1) service of a small system as defined by population; (2) projects with existing enforcement actions (i.e. Agreed Orders, Consent Decrees); (3) water quality impacts; and (4) financial need as evident by the median household income of the applicant. If the project is only for accommodating future growth and will not address an existing water quality or public health need, and therefore does not receive any points from the above criteria, the project will be still included on the Comprehensive Project Priority List if it is eligible for CWSRF funding.

DOW and the Kentucky Infrastructure Authority (KIA) will prepare an annual Intended Use Plan (IUP) that will describe how the state intends to use the funds in the Kentucky CWSRF for each state fiscal year, and how those uses support the objectives of the CWA. DOW will publish and maintain the IUP and Project Priority List on its CWSRF website. Each IUP will include an updated Comprehensive Project Priority List and a Fundable List of projects that are anticipated to receive funding during that state fiscal year. Once the IUP has been drafted, notice will be given to the public that the draft IUP is available for review and comment for a period of at least 30 days. After the comment period has ended DOW and KIA will review any comments received and make changes to the IUP as appropriate. Both the draft and final IUPs will be available on DOW's CWSRF website.
https://eec.ky.gov/Environmental-Protection/Water/Funding/cwintendeduseplan/Pages/default.aspx

V. Eligible Project Applicants/Projects

Any governmental agency shall be eligible to apply for financial assistance for planning, design and construction of eligible projects. Any project that triggers the requirement of 401 KAR 5:006 wastewater planning regulation to submit a facility plan will be eligible for planning and design loan only. A sewer extension project will be deemed ineligible if the receiving wastewater treatment plant is at or over 90% (for <10 mgd) or 95% (for >10 mgd) of its design capacity.

VI. References

Kentucky Division of Water website: https://eec.ky.gov/Environmental-Protection/Water/Pages/default.aspx

Kentucky Division of Water CWSRF website: https://eec.ky.gov/Environmental-Protection/Water/Funding/CWSRF/Pages/default.aspx

Kentucky Infrastructure Authority website: http://kia.ky.gov/

U.S. EPA CWSRF website: https://www.epa.gov/cwsrf

VII. Kentucky Division of Water State Priority Watersheds

The map of DOW Priority Watersheds can be accessed at
https://watermaps.ky.gov/prioritywatersheds

VIII. 319h Funded Watershed-Based Plans in Kentucky

The map of DOW Approved Watershed Plans can be accessed at
https://watermaps.ky.gov/prioritywatersheds

APPENDIX C

PUBLIC COMMENTS