

2023 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN



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SECTION A: Drinking Water State Revolving Fund (DWSRF)

A-1 Background & Introduction

The national Drinking Water State Revolving Fund (DWSRF) program was established by the Safe Drinking Water Act (SDWA) Amendments of 1996. It authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states, which in turn may provide low-cost loans and other types of assistance to eligible public water systems to finance the costs of infrastructure projects needed to achieve or maintain compliance with SDWA requirements. States are also authorized to set-aside a portion of their capitalization grants to fund a range of activities including administration, technical assistance, source water protection, capacity development, and operator certification.

Congress made significant changes to the Drinking Water State Revolving Fund operating requirements with the Water Infrastructure Improvement for the Nation Act (WIIN) in 2016 and America's Water Infrastructure Act (AWIA) of 2018. Furthermore in 2021 congress made additional significant changes to the Drinking Water State Revolving Fund program as the program saw the largest investment made by congress into the program since initiation with the Bipartisan Infrastructure Law (BIL). This new investment will be released in grant years 2022-26 (5 years) and will be disbursed in three new grants—DWSRF Supplemental, Lead Service Line Replacement, and Emerging Contaminants—and for Utah should total about \$305 million. This IUP will reference each of these grants in addition to the traditional base DWSRF grant.

The Utah Legislature enacted Utah Code Annotated (UCA) 19-4-101 et seq. establishing the Utah Safe Drinking Water Board (Board). UCA 19-4-104 empowers the Board with rule making authority to meet the requirements of federal law governing drinking water. UCA 19-1-105(1)(b) establishes the Division of Drinking Water (DDW) which is tasked with the responsibility to administer UCA 19-4-101 et seq. The Board has promulgated rules for making loans incorporating the requirements of the Federal Safe Drinking Water Act at Utah Administrative Code (UAC) R309-705. Additionally, the Board is authorized by UCA 19-4-104(1)(a)(v) and 19-4-104(2) to promulgate rules for certification of operators and governing capacity development in compliance with Section 1419 and 1420 of the Federal Safe Drinking Water Act.

The responsibility of the Board is to develop policies and procedures for program implementation and to authorize loans in the DWSRF program. The Utah Department of Environmental Quality (DEQ) through DDW directly administers the DWSRF program. The DDW's primary DWSRF activities include administering loans and managing and coordinating the fund.

DDW receives assistance and support from the DEQ's Office of Support Services, the State Division of Finance, the State Attorney General's Office and the State Treasurer's Office. The salaries and benefits of the employees, as well as indirect costs based on direct salary costs, are charged to the DWSRF program. Employees charging time to the DWSRF program are covered by the State of Utah personnel benefits plan. The DWSRF program is charged a loan administration fee by the Division of Finance.

The DWSRF Base Program, DWSRF Supplemental Program, Lead Service Line Replacement Program, and Emerging Contaminants Program require the states to deposit to the loan fund an

amount equal to at least 20%, 10%, 0%,0% respectively of the capitalization grant. Loan repayments made by assistance recipients return to the loan fund and provide a continuing source of financing. The following table summarizes awards received by DDW, the allocation between loan and set-aside funds, and the required state 20% match for the Base SRF Program.

TABLE 1 - DWSRF GRANTS SUMMARY

DIVISION OF DRINKING WATER								
State of Utah								
Department of Environmental Quality								
Table 1								
Summary of DWSRF Base Grants								
June 30, 2023								
Federal Fiscal Year	Award Dated	Award Allocation						State 20% Match
		Total		Loan Fund		Set-Aside Funds		
		Amount	%	Amount	%	Amount	%	
1997	February 9, 1998	\$ 12,558,800	100%	\$ 9,755,575	77.679%	\$ 2,803,225	22.321%	\$ 2,511,760
1998	September 20, 1999	\$ 7,121,300	100%	5,633,563	79.109%	1,487,737	20.891%	1,424,260
1999	May 1, 2000	\$ 7,463,800	100%	6,019,720	80.652%	1,444,080	19.348%	1,492,760
2000	August 21, 2000	\$ 7,732,000	100%	6,515,880	84.272%	1,216,120	15.728%	1,551,400
2001	September 7, 2001	\$ 7,789,100	100%	6,542,844	84.000%	1,246,256	16.000%	1,557,820
2002	July 30, 2002	\$ 8,052,500	100%	6,384,100	79.281%	1,668,400	20.719%	1,610,500
2003	August 11, 2003	\$ 8,004,100	100%	6,473,444	80.877%	1,530,656	19.123%	1,600,820
2004	July 8, 2004	\$ 8,303,100	100%	6,724,604	80.989%	1,578,496	19.011%	1,660,620
2005	June 16, 2005	\$ 8,285,500	100%	6,709,820	80.983%	1,575,680	19.017%	1,657,100
2006	June 29, 2006	\$ 8,228,900	100%	6,583,120	80.000%	1,645,780	20.000%	1,645,780
2007	June 27, 2007	\$ 8,229,400	100%	6,562,696	79.747%	1,666,704	20.253%	1,645,880
2008	July 31, 2008	\$ 8,146,000	100%	6,516,800	80.000%	1,629,200	20.000%	1,629,200
2009	May 18, 2009	\$ 19,500,000	100%	18,915,000	97.000%	585,000	3.000%	0
2009	June 22, 2009	\$ 8,146,000	100%	6,822,275	83.750%	1,323,725	16.250%	1,629,200
2010	June 9, 2010	\$ 13,573,000	100%	11,401,320	84.000%	2,171,680	16.000%	2,714,600
2011	July 1, 2011	\$ 9,418,000	100%	7,440,220	79.000%	1,977,780	21.000%	1,883,600
2012	June 12, 2012	\$ 8,975,000	100%	6,590,250	73.429%	2,384,750	26.571%	1,795,000
2013	June 26, 2013	\$ 8,421,000	100%	6,224,890	73.921%	2,196,110	26.079%	1,684,200
2014	June 9, 2014	\$ 9,229,000	100%	6,779,460	73.458%	2,449,540	26.542%	1,845,800
2015	June 8, 2015	\$ 9,169,000	100%	6,645,060	72.473%	2,523,940	27.527%	1,833,800
2016	May 19, 2016	\$ 8,674,000	100%	5,903,760	68.063%	2,770,240	31.937%	1,734,800
2017	September 28, 2017	\$ 8,600,000	100%	5,800,000	67.442%	2,800,000	32.558%	1,720,000
2018	September 26, 2018	\$ 11,107,000	100%	8,200,000	73.827%	2,907,000	26.173%	2,221,400
2019	August 18, 2019	\$ 11,103,000	100%	8,199,000	73.845%	2,904,000	26.390%	2,220,600
2020	July 16, 2020	\$ 11,011,000	100%	8,093,360	73.502%	2,917,640	26.498%	2,202,200
2021	July 14, 2021	\$ 11,100,000	100%	8,694,900	78.332%	2,405,100	21.668%	2,220,000
2022	September 16, 2022	\$ 7,008,000	100%	5,020,920	71.646%	1,987,080	28.354%	1,401,600
	Total	\$ 254,948,500	100%	\$ 201,152,581	78.899%	\$ 53,795,919	21.101%	\$ 47,094,700

Note: 2021 reallocation of \$99K from Wyoming has not yet been received but is reflected here.

Table 1a								
Summary of DWSRF Supplemental Grants								
June 30, 2023								
Federal Fiscal Year	Award Dated	Award Allocation						State 10% Match
		Total		Loan Fund		Set-Aside Funds		
		Amount	%	Amount	%	Amount	%	
2022	September 16, 2022	\$ 17,992,000	100%	\$ 16,399,000	91.146%	\$ 1,593,000	8.854%	\$ 1,799,200

Table 1b								
Summary of DWSRF Lead Service Line Replacement (LSLR) Grants								
June 30, 2023								
Federal Fiscal Year	Award Dated	Award Allocation						State 0% Match
		Total		Loan Fund		Set-Aside Funds		
		Amount	%	Amount	%	Amount	%	
2022	September 16, 2022	\$ 28,350,000	100%	\$ 26,248,000	92.586%	\$ 2,102,000	7.414%	\$ -

Table 1c								
Summary of DWSRF Emerging Contaminants (EC) Grants								
June 30, 2023								
Federal Fiscal Year	Award Dated	Award Allocation						State 0% Match
		Total		Loan Fund		Set-Aside Funds		
		Amount	%	Amount	%	Amount	%	
2022	September 16, 2022	\$ 7,555,000	100%	\$ 6,797,600	89.975%	\$ 757,400	10.025%	\$ -

Utah's DWSRF program results through SFY23

- ✓ Utah's DWSRF Fund Use Rate at the end of SFY23 was 71%. From the beginning of the program thru FY 2023 the DWSRF fund has provided drinking water assistance to communities of approximately \$377 million, \$529 million was available.
- ✓ In SFY23, Utah entered into 17 binding commitments for a total of \$25,300,000, including seven planning agreements.
- ✓ The allotment between states is based on state needs surveys. DDW was allocated one percent for the federal fiscal years 2018 through 2023.
- ✓ DDW will continue to contract with Rural Water Association of Utah (RWAU) to assist small public water systems. They anticipate assisting approximately 300 water systems with capacity development or technical assistance.
- ✓ The State Auditor, in compliance with the provisions of the Single Audit Act, audits the DWSRF accounts. DWSRF accounts are also subject to review and audit by USEPA, the Office of the Inspector General. DWSRF Funds are included in Utah's Comprehensive Annual Financial Report (CAFR), which uses the modified accrual basis of accounting. Because funds are combined the DWSRF assets, liabilities, and net assets are not identifiable in Utah's CAFR.
- ✓ The State is required to submit an annual Intended Use Plan (IUP) to EPA as long as the Fund or set-aside accounts remain in operation.
- ✓ DDW under the direction of the Board administers the loan and set-aside programs.
- ✓ The DWSRF program and procedures are expected to primarily continue as described in the Operating Agreement.

Lead Service Line Replacement (LSLR)

The BIL Lead Service Line Replacement (LSLR) Funding will help water systems develop service line inventories and fully replace lead service lines. No amount of lead exposure is safe for humans, and lead service lines (LSLs) can be a significant source of lead in drinking water. This funding will protect public health by helping water systems find and fully replace LSLs within their distribution systems.

Utah expects BIL allotments of \$28,350,000 or more per year in LSLR Funding. A mandatory 49% of funds under this program will be provided as grants and/or forgivable loans in accordance with the BIL. All lead service line replacements funded by this program must be full replacements in accordance with SDWA Section 1452(a)(2)(B).

Emerging Contaminants (EC)

The BIL Emerging Contaminants (EC) Funding will help water systems in Utah proactively address emerging contaminants before they become regulated and increase water system resilience into the future. For the purposes of this funding, emerging contaminants are defined as any contaminant that has appeared on an Environmental Protection Agency (EPA) Contaminant Candidate List (CCL) and that is not yet regulated. This includes the following: per- and polyfluoroalkyl substances (PFAS), algal toxins, manganese, and unregulated disinfection by-products, among other chemicals. While these contaminants are not yet regulated, they may pose a health risk, and this funding will help protect public health by enabling systems to address these issues earlier than might otherwise be feasible.

Utah expects BIL allotments of \$7,540,000 or more per year in EC funding. All funds under this program will be provided as grants and/or forgivable loans in accordance with the BIL, and at least 25 percent of the funding is specifically allocated for disadvantaged communities or water systems serving fewer than 25,000 people. All projects funded will be directly related to addressing emerging contaminants per the definition above.

Utah has been conducting proactive PFAS monitoring in drinking water supplies across the state and has not found any cases of PFAS contamination to drinking water requiring treatment by a water system. All data can be found at pfas.utah.gov. Thus, Utah expects to fund projects targeting Disinfection By-Products (DBPs), manganese, and algal toxins; all are issues of concern. Should PFAS-related projects arise, they will be appropriately prioritized, given the BIL EC funding's prioritization of PFAS-related projects.

A-2 DWSRF Loan Program

The loan program funds low-cost loans and other types of financial assistance to publicly owned and privately owned community water systems and non-profit non-community water systems to finance the costs of infrastructure projects. States are responsible for developing a priority system that identifies how projects will be ranked for funding and a list of projects, in priority order, that are eligible for funding. A description of the criteria and the method used for distribution of loan funds is outlined in Utah Administrative Code R309-705. AWIA extended both the length of years eligible for water systems to repay the debt and the maximum time period allowed before requiring the first payment due on the outstanding principal balance.

Loans Program Eligibility Requirements

1. Repayment must begin no later than 18 months after completion of the project.

2. Loan repayment must be completed no later than 30 years after the completion of the project. A disadvantaged community loan may have up to 40 years if the period of the loan does not exceed the expected useful life of the project.
3. A minimum of 15% of all dollars credited to the loan fund must provide loans to small systems, those that serve fewer than 10,000 persons.
4. Funding can be used for principal forgiveness for communities meeting the State's "Disadvantaged" criteria. The Board has defined disadvantaged communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State's median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns or where the established annual cost of drinking water service to the average residential user exceeds 1.75% of the median adjusted gross income.
5. The 2023 DWSRF capitalization grants may require a percentage of federal funds to be used for additional subsidization in the form of principal forgiveness, negative interest loans, or grants, or any combination of these. This will be defined in the programmatic conditions of the award and will be followed as defined.
6. FY23 grants are subject to American Iron and Steel (AIS) and Build America Buy America (BABA). The AIS and BABA provisions require iron and steel products and all other materials permanently incorporated into drinking water infrastructure projects be produced in the United States. DDW intends to follow this requirement and request a waiver for an exception when necessary.
7. It is not anticipated the 2023 capitalization grants will require "Green Infrastructure Projects."
8. Construction bids are required to use Davis-Bacon Act wage rules.

Interest and Fees

1. Federal rules section 1452 allows the state to assess interest and/or fees. Fees are calculated and paid in the same manner as interest. Fees have fewer restrictions than interest. The Board has authorized by Rule the establishment of a fund (or account) into which the proceeds of annual fees are placed.
2. Interest payments are deposited to the same loan fund as principal payments and have the same restrictions.
3. Hardship fees are deposited to a separate fund authorized for providing grants to water systems through a state revolving fund (SRF) loan program.
4. Technical Assistance fees are to finance technical assistance for eligible water systems or other purposes as allowed by section 1452. This fee is part of the "effective rate" calculated using Table 2, R309-705-6. UAC R309-705-3 defines a SRF Technical Assistance Fund

which means a fund (or account) that will be established for the express purpose of providing “Technical Assistance” to eligible drinking water systems. These fees are deposited into the hardship fee fund and are tracked separately. The Technical Assistance Fund will also provide low interest loans for technical assistance, and any other eligible purpose as defined by Section 1452 of the SDWA Amendments of 1996, to water systems that are eligible for Federal SRF loans. Repayment of these loans may be waived in whole or in part (grant funds) by the Board whether or not the borrower is disadvantaged.

5. **Origination Fee:** The Utah State Legislature established an origination fee to be charged to new loans to fund the administration of the DWSRF program in accordance with UCA 73-10c-10. The set fee of 1% continues to be the rate charged by the Board. It is reviewed annually and may change based on the needs of the program. The origination fee amount is assessed to the loan recipient as a percentage of the principal balance of the loan. It is generally paid at closing as a one-time fee, but the loan recipient may choose to pay separately or with their first pay request from the loan proceeds. All proceeds are deposited into a separate fund. Since fees will be deposited into an account outside of the Fund, they will only be used for program administration or other purposes for which capitalization grants can be awarded under section 1452. Currently, these fees will not be used for any state match requirements. In addition, this fee will not be charged to any disadvantaged community which receives a loan subsidy provided from DWSRF funding.

State Fund Drinking Water Loan Program

The Division of Drinking Water also operates a State-funded Drinking Water Assistance Program also known as the Water Development Security Fund, UCA 73-10c-5. The state program provides Utah the flexibility to put together loan packages without the restrictions that accompany the DWSRF program. The DWSRF program requires a 20% state match which is generated from the state SRF loan program and is deposited to Fund 5210 for each grant year before drawing federal funds and within 90 days of grant award.

A-3 Set-Asides

In addition to loan assistance to eligible public water systems, the DWSRF program also emphasizes the prevention of drinking water contamination by allowing states to reserve a portion of their grant to fund activities that encourage enhanced water system management and source water protection. The funded activities are referred to as set-aside funds.

Set-aside activities or functions include:

1. The four percent set-aside provides an allotment to administer the DWSRF and provide technical assistance to public water systems. The calculation for the four percent administrative set-aside consists of choosing the greatest one of three options: 1) \$400,000; 2) 1/5 percent of the current valuation of the fund (must be an audited fund); or 3) an amount equal to four percent of all grant awards in the fund under this section for the fiscal year.
2. Up to two percent of the allotment to provide technical assistance to small public water systems.

3. Up to ten percent of the allotment for state program management activities, including administration of the state public water system supervision program, administration of the source water protection program, development and implementation of the capacity development and operator certification programs.
4. Up to 15 percent of the capitalization grants to assist in the development and implementation of local drinking water protection initiatives, including capacity development, wellhead protection and other state programs.

SECTION B - Intended Use Plan

B-1 Summary, Goals and Financial Status

This Intended Use Plan (IUP) explains how the State plans to use all funds available from the capitalization grants, including funds that will be allocated to the set-asides. Funds are received from the federal capitalization grants, the state match, loan repayments including interest and fee payments, and investment earnings.

The State is applying for the 2023 DWSRF Base, DWSRF Supplemental, DWSRF Lead Service Line Replacement (LSLR), and DWSRF Emerging Contaminants (EC) in the amounts of \$4,938,000, \$21,055,000, \$28,650,000, and \$7,640,000 respectively. For a summary, please see Table B-1; for more details, please see the Financial Status section starting on page 15.

TABLE B-1 DDW GRANT REQUESTS SUMMARY

Table B-1 - Drinking Water Grant Year (GY) 2023 Summary					
	Base Grant	Supplemental Grant	Lead Service Line Replacement (LSLR) Grant	Emerging Contaminants (EC) Grant	Total
Federal Allocation	4,938,000	21,055,000	28,650,000	7,640,000	62,283,000
State Match percent	20%	10%	0%	0%	
State Match	987,600	2,105,500	-	-	3,093,100
Total Grant Funds	\$5,925,600	\$ 23,160,500	\$ 28,650,000	\$ 7,640,000	\$ 65,376,100
LOAN FUNDS					
Federal Loan or Subsidy	3,489,120	19,230,000	25,104,500	7,540,000	55,363,620
State Match Loan	987,600	2,105,500	-	-	3,093,100
Total Loan Funds	\$4,476,720	\$ 21,335,500	\$ 26,500,000	\$ 6,797,600	\$ 58,456,720
SET-ASIDE REQUESTS					
4% Admin Total	\$ 197,520	\$ 325,000	\$ 142,000	\$ 100,000	\$ 764,520
2% Small System TA Total	\$ 98,760	\$ 55,000	\$ 48,500	\$ -	\$ 202,260
10% State Program Total	\$ 493,800	\$ 495,000	\$ 490,000	\$ -	\$ 1,478,800
15% Local Assistance Total	\$ 658,800	\$ 950,000	\$ 2,865,000	\$ -	\$ 4,473,800
Total Set-Asides	\$1,448,880	\$ 1,825,000	\$ 3,545,500	\$ 100,000	\$ 6,919,380

This Intended Use Plan (IUP) is for the 2023 DWSRF appropriations and includes:

1. Specifics on how the Board proposes to use the appropriations.
2. A description of the goals of the DWSRF program.
3. A list of projects eligible to receive DWSRF funding, which identifies those serving less than 10,000 people.
4. Cost estimates for listed projects.
5. An estimate of funds anticipated to be available for financial assistance.
6. Criteria for selecting projects to receive financial assistance.
7. Criteria for determining which communities qualify for hardship status.
8. The project scoring and ranking system.
9. A list of projects authorized for funding and those anticipated to be closed in FFY2024 and the 1st or 2nd quarter of FFY2025.

Short and Long-Term DWSRF & BIL Grant Goals

The DWSRF & LSLR programs will help ensure Utah's drinking water supplies remain safe and affordable, and drinking water systems are properly operated and maintained. The objectives of the DWSRF program include ensuring the safety of the public health, achieving compliance with SDWA, and assisting systems to provide affordable drinking water.

The EC program will help protect the public health of Utahns by addressing contaminants of concern proactively, prior to regulation. The objectives of the EC program include enabling water systems to address emerging contaminants, supporting planning for projects addressing emerging contaminants, and educating communities about emerging contaminants.

Short-Term Loan Program Goals - Base and Supplemental SRF

1. Seek the award of the FFY 2023 Capitalization Grant to secure federal funding for the DWSRF program and follow all the grant requirements.
2. DDW is actively engaging in portfolio and programmatic financing.
3. Continue to upgrade and improve our enterprise resource planning tool Water Link and migrate our document database program from D2 to Laserfiche.
4. Engage in a more aggressive marketing process to reach water systems in need of capital improvements that are willing and able to meet DWSRF requirements.
5. Work diligently with borrowers to secure authorization of funding from the Board and closing loans in a timely and efficient manner to DWSRF loan applicants.
6. Maintain a permanent and solvent source of funding to assist communities with financing water systems' capital improvements thereby assisting them to maintain compliance with USEPA standards and promote public health.
7. Develop better cross/legacy training to improve employee development and to help with employee transitions.
8. Improve DDW relationships with drinking water stakeholders and others.
9. Continue to refine our cross connection and operator certification programs to be self-sufficient and self-sustaining, therefore independent of DWSRF program funding.

Long-Term Goals and the Set-Aside Goals - Base and Supplemental SRF

1. Help public water suppliers achieve and maintain compliance with Federal and State drinking water standards.
2. Continue outreach activities to ensure systems understand DWSRF assistance options and the need to develop sound water systems, including managerial, technical and financial aspects.
3. Continue to educate and support water suppliers with their water protection (counter-terrorism) efforts.
4. Continue to expand and automate the Operator Certification program.
5. Continue to improve on-boarding process for new hires.
6. Continue to develop and grow the department by filling all vacant positions in the division.
7. Complete migration of our document database program tool from D2 to Laserfiche.
8. Continue identifying noncompliant water systems using the ETT (Enforcement Target Tool) to assist them to provide safe drinking water to the public.

Short-Term Goals - Lead Service Line Replacement

1. Seek the FFY 2023 award to secure federal funding for the LSLR program and follow all grant requirements.
2. Engage with water systems to raise awareness of the funding and to explain eligibility.
3. Educate water systems on program requirements and best practices.
4. Provide funding to help water systems rapidly develop service line inventories in accordance with the LCRR and established best practices.
5. Help water systems prioritize LSL identification and replacement at schools and child care facilities to protect the health of children (who are most affected by lead exposure).
6. Help water systems prioritize LSL identification and replacement in disadvantaged communities or neighborhoods within a water system's service area.
7. Fund planning for LSL replacement.
8. Fund full LSL replacement at sites with confirmed LSLs.

Long-Term Goals - Lead Service Line Replacement

1. Continue to work with water systems to reduce the public's exposure to lead via drinking water.
2. Help water systems achieve compliance with LSL-related requirements of the LCRR.
3. Reduce the number of service lines of unknown material in Utah water systems' service line inventories.
4. Continue to develop outreach and education materials explaining the health risks of lead in drinking water and LSLs for both water systems and the public.
5. Assist water systems with the development of more accurate lead and copper sample site plans.

Short-Term Emerging Contaminants Program Goals:

1. Seek the FFY 2023 award to secure federal funding for the EC program and follow all grant requirements.
2. Engage with water systems to raise awareness of the funding and to explain eligibility.
3. Educate water systems on emerging contaminants, program requirements and best practices.
4. Provide funding for water systems to address emerging contaminants.
5. Conduct exploratory monitoring to better understand the scope of emerging contaminant issues in the state and prioritize water systems’ funding requests.

Long-Term Emerging Contaminants Program Goals:

1. Continue to work with water systems to reduce the public’s exposure to emerging contaminants via drinking water.
2. Continue to develop outreach and education materials explaining the health risks of emerging contaminants for both water systems and the public.

Transfer of Funds within DEQ between the DWSRF and CWSRF

The Drinking Water Board and Division of Drinking Water reserve authority to transfer funds from the Drinking Water SRF program to the Clean Water SRF (CWSRF) program. The amount reserved for future transfers is up to 33% of the DWSRF capitalization grant award. The table below indicates the reserved transfer amount by award year.

Award Year	DWSRF Base Capitalization Grant Award	Reserved Transfer Amount
2021	\$11,001,000	\$3,630,330
2022	\$7,280,000	\$2,402,400
2023	\$4,938,000	\$1,629,540
	TOTAL	\$7,662,270

Award Year	DWSRF Supplemental Capitalization Grant Award	Reserved Transfer Amount
2022	\$17,992,000	\$5,937,360
2023	\$21,055,000	\$6,948,150
	TOTAL	\$12,885,510

For FY23, the projected amount of funds to be transferred is \$0, with no short- or long-term impacts on the fund. Justification for transfers to the Drinking Water SRF program, if any, including amount, type of funds, and fund impact, will be documented in a future IUP. Additionally, cross-collateralization is not anticipated to be used in the Drinking Water Program as the program does not leverage funding.

Portfolio Financing

The Division of Drinking Water SRF program is in its fourth year using portfolio financing with its SRF loans. This is a process that aids larger water systems with substantially large and multifaceted projects. This simplifies the process as these water systems can fund these projects with a single bond to build these projects over several years. With previous financing methods, the financing was broken out for each individual project.

Withholding of Funds

EPA has the authority to withhold funds under certain provisions, but the DWB/DDW has complied with the following:

1. The State has authority to ensure all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each drinking water regulation in effect. Utah Code Annotated 19-4-104 empowers DDW with rule making authority to meet the requirements of Federal law governing drinking water.
2. The State has developed and is implementing a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.
3. The State has adopted and is implementing a program for certifying operators of community and non-transient, non-community public water systems.

EPA has approved the State's capacity development and operator certification programs.

Public Review of the IUP

A draft IUP will be published on the Drinking Water web site, www.drinkingwater.utah.gov in August 2023. Notice of the posting and request for public comment will be included in the DW Board's August 2023 meeting. The draft IUP will be e-mailed to individuals and agencies asking for review and comments in August 2023. Comments may be made in writing addressed to the Board at 195 North 1950 West, PO Box 144830, Salt Lake City, Utah 84114-4830 or in person at a regularly scheduled Board meeting. Comments received will be reviewed and incorporated as deemed necessary into the set-aside work plan (due to EPA 90 days from grant award date).

Financial status

Initial capitalization for the Utah DWSRF program was provided from the 1997 Federal Capitalization Grant and state matching dollars. For the 26 years, 1997 through 2022, DWSRF capitalization grants totaled \$254,948,500. The total loan program portion was \$201,152,581 and \$53,795,919 was authorized for the set-aside programs. The State 20% match for the same period was \$47,094,700 and added to the loan program; it is funded by sales tax revenue and from the Drinking Water State loan program. Through June 30, 2023, the Board has authorized and closed 184 projects totaling approximately \$377,000,000.

DDW is applying for Base SRF Grant of \$4,938,000 using the 1% allocation (less earmarks) and based on the appropriations adopted by Congress for fiscal year 2023. It is anticipated \$3,489,120 will be provided to the loan fund and \$ 1,448,880 to set asides. The state 20% match of \$987,600 will be transferred to the loan fund within 90 days of the award date. Table 2 identifies the maximum set-asides which could be requested if every possible set-aside percentage and all reserves were requested to be awarded in the 2023 capitalization grant. Though this is a very unlikely scenario, it identifies all available resources except unquantified carryover. See Table B-1 or Tables 8 for our actual requests.

DDW is applying for the Supplemental SRF Grant of \$21,055,000. It is anticipated that \$19,230,000 will be provided to the loan fund and \$1,825,000 to set asides. The state 10% match of \$2,105,500 will be transferred to the loan fund within 90 days of the award date.

DDW is applying for the Lead Service Line Grant of \$28,650,000. It is anticipated that \$24,904,500 will be provided to the grant fund and \$3,745,500 to set asides. There is no state match required for this grant.

DDW is applying for the Emerging Contaminants Grant of \$7,640,000. It is anticipated that \$7,540,000 will be provided to the grant fund and \$100,000 to set asides. There is no state match required for this grant.

TABLE 2 - MAXIMUM AVAILABLE SET-ASIDES

TABLE 2 - SRF BASE				
MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH				
IF ALL BASE RESERVES WERE USED WITH THIS GRANT				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2023 max with 20% State Match	
Loan Fund	23DA		1,041,603	987,600
Combined Loan w/state match		-		2,029,203
4% Administrative Set-Aside	23DD		197,520	4%
4% Reserve Amount		876,026		
Maximum 4% w/max reserves		876,026	197,520	1,073,546
2% Small Sys Tech Asst Max	23DE		98,760	2%
2% Reserve Amount		443,903		
		443,903	98,760	542,663
10% Reserve Amount	23DF	1,045,688		
PWS Supervision full 10%			493,800	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		1,045,688	493,800	1,539,488
15% Local Assistance Set-Aside Max	23DG	no reserve	740,700	15%
TOTAL Local Assistance Set-Aside		-	740,700	740,700
(No more than 10% in one category)				
TOTALS				
TOTAL LOANS W/STATE MATCH			1,041,603	987,600
TOTAL SET-ASIDES AVAILABLE		2,365,617	1,530,780	3,896,397
TOTAL CAPITALIZATION GRANT		2,365,617	2,572,383	5,925,600

TABLE 2a - SRF Supplemental				
MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH				
IF ALL SUPP RESERVES WERE USED WITH THIS GRANT				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2023 max with 10% State Match	
Loan Fund	23DA		12,508,230	2,105,500
Combined Loan w/state match		-		14,613,730
4% Administrative Set-Aside	23DD		842,200	4%
4% Reserve Amount		485,680		
Maximum 4% w/max reserves		485,680	842,200	1,327,880
2% Small Sys Tech Asst Max	23DE		421,100	2%
2% Reserve Amount		304,840		
		304,840	421,100	725,940
10% Reserve Amount	23DF	1,229,200		
PWS Supervision full 10%			2,105,500	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		1,229,200	2,105,500	3,334,700
15% Local Assistance Set-Aside Max	23DG	no reserve	3,158,250	15%
TOTAL Local Assistance Set-Aside		-	3,158,250	3,158,250
(No more than 10% in one category)				
TOTALS				
TOTAL LOANS W/STATE MATCH			12,508,230	2,105,500
TOTAL SET-ASIDES AVAILABLE		2,019,720	6,527,050	8,546,770
TOTAL CAPITALIZATION GRANT		2,019,720	19,035,280	23,160,500

TABLE 2b - SRF Lead Service Line Replacement (LSLR) MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH IF ALL LSLR RESERVES WERE USED WITH THIS GRANT				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2023 max with 0% State Match	
Loan Fund	23DA		16,297,000	0
Combined Loan w/state match		-		16,297,000
4% Administrative Set-Aside	23DD		1,146,000	4%
4% Reserve Amount		901,000		
Maximum 4% w/max reserves		901,000	1,146,000	2,047,000
2% Small Sys Tech Asst Max	23DE		573,000	2%
2% Reserve Amount		415,500		
		415,500	573,000	988,500
10% Reserve Amount	23DF	2,155,000		
PWS Supervision full 10%			2,865,000	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		2,155,000	2,865,000	5,020,000
15% Local Assistance Set-Aside Max	23DG	no reserve	4,297,500	15%
TOTAL Local Assistance Set-Aside (No more than 10% in one category)		-	4,297,500	4,297,500
TOTALS				
TOTAL LOANS W/STATE MATCH			16,297,000	0
TOTAL SET-ASIDES AVAILABLE		3,471,500	8,881,500	12,353,000
TOTAL CAPITALIZATION GRANT		3,471,500	25,178,500	28,650,000

TABLE 2c - SRF Emerging Contaminants				
MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH				
IF ALL EC RESERVES WERE USED WITH THIS GRANT				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2023 max with 0% State Match	
Loan Fund	23DA		4,510,200	0
Combined Loan w/state match		-		4,510,200
4% Administrative Set-Aside	23DD		305,600	4%
4% Reserve Amount		86,600		
Maximum 4% w/max reserves		86,600	305,600	392,200
2% Small Sys Tech Asst Max	23DE		152,800	2%
2% Reserve Amount		110,800		
		110,800	152,800	263,600
10% Reserve Amount	23DF	564,000		
PWS Supervision full 10%			764,000	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		564,000	764,000	1,328,000
15% Local Assistance Set-Aside Max	23DG	no reserve	1,146,000	15%
TOTAL Local Assistance Set-Aside (No more than 10% in one category)		-	1,146,000	1,146,000
TOTALS				
TOTAL LOANS W/STATE MATCH			4,510,200	0
TOTAL SET-ASIDES AVAILABLE		761,400	2,368,400	3,129,800
TOTAL CAPITALIZATION GRANT		761,400	6,878,600	7,640,000

TABLE 3 - SOURCES AND USES

SOURCES AND USES TABLE 3			
	Cumulative Total thru 6/30/2022	7/1/22 - 6/30/23	Cumulative Total thru 6/30/2023
SOURCES:			
Federal Capitalization Grants	247,742,500	a 60,905,000	308,647,500
State Match			
20% Capitalization Grant Match	45,653,500	b 3,200,800	c 48,854,300
10% Set-Aside 1:1 Match	18,041,630	-	d 18,041,630
Principal Repayments on Assistance Provided	127,688,485	11,235,562	e 138,924,047
Interest Payments	20,105,819	1,092,630	21,198,449
Interest Earnings	10,906,823	367,200	11,274,023
Funds from Leveraging	-	-	f -
Fees Deposited into the DWSRF	-	-	-
Funds Transferred from (to) CWSRF	-	-	-
Sources Total	470,138,757	76,801,192	546,939,949
USES:			
Loan/Grant Agreements Entered:			
Large Systems (>10,000 population)	125,163,595	13,811,820	138,975,415
Small Systems (≤10,000 population)	226,481,728	11,095,294	237,577,022
Set-Asides:			-
4% Administration	9,037,634	984,001	10,021,635
2% Small System Technical Assistance	4,512,927	95,083	4,608,010
10% State Program Management- 1:1 match	18,041,630	-	18,041,630
PWSS Program Augmentation	19,900,649	1,045,303	20,945,952
Source Water Administration	1,713,825	140,199	1,854,024
Operator Certification	1,053,210	-	1,053,210
Capacity Development Program Oversight	450,778	16,096	466,874
PD Database	620,000	-	620,000
State Program Management Total	23,738,462	1,201,598	24,940,060
15% Local Assistance/Other State Programs	-		-
Local Assistance & Capacity Development Outreach	11,663,206	1,198,127	12,861,333
Capacity Development Project in 1998	997,537		997,537
Source Water Assessments	352,978	-	352,978
Wellhead and GIS tracking	1,506,095	142,627	1,648,722
LA/Other State Program Subtotal	14,519,816	1,340,754	15,860,570
Uses Total	459,754,070	28,528,550	450,024,342

- a. Total federal appropriation thru FFY 2022 Capitalization Grant. DDW uses a FIFO methodology for Unliquidated Obligations which can be found in Table 7 “2022 and 2023 Cash Flows and Cash Draw Proportionality” on page 28. (Grant award for 2022 was not awarded until September 2022.)
- b. 20% State Match came from Water Development State Revolving Fund thru FY 2022.
- c. 10% and 20% State match for 2023 Capitalization Grants will be deposited to Fund 5210 before drawing first round federal funds and within 90 days of award date.
- d. Any award entered after December 16, 2016, no longer requires the 1:1 State Match in accordance with the 2017 WIIN Act.
- e. 2024 repayments, interest and investment earnings are estimated.
- f. DDW does not leverage any of their SRF funds.

B-2 Loan Program

Utah Administrative Code (UAC) R309-705 establishes criteria for financial assistance to public drinking water systems in accordance with the Federal SDWA. It was recently updated; the current version (effective 22 May 2023) of UAC R309-705 can be found at <https://adminrules.utah.gov/public/search/drinking%20water/current%20rules>. The 2023 DWSRF capitalization grant—along with carry forward funds from previous grant awards, repayments, interest and fee payments, and investment earnings—will provide the funds the Division needs to help public water systems finance needed drinking water projects.

Description of Criteria and Method Used for Distribution of Loan Funds

The complete description of the criteria and methods used for distribution of funds is outlined in Utah Administrative Code (UAC) R309-705-6. As described in R309-705-6, the priority system assigns points to systems showing a deficiency in source, storage, treatment, and/or the distribution system. Points are assigned based on the relative risk of each deficiency and are divided as applicable between health risk and compliance with SDWA. The applicant's priority points are modified by a financial factor, known as the Rate Factor, and the AGI Factor. Their calculation is shown below:

Priority rating = (Average number of points received) X (Rate Factor) X (AGI Factor)

Where: Rate Factor = (Average System Water Bill / Average State Water Bill)

AGI Factor = (State Median AGI / System Median AGI)

The priority points for demonstrated deficiencies are multiplied by the Rate Factor and AGI Factor to arrive at a final priority rating. This method addresses financial hardships present in less affluent communities and in those already experiencing higher water rates.

Upon arriving at a final priority rating for each applicant, each application is rated and added to the priority list. The Board may, at its option, modify a project's priority rating based on the conditions described in R309-705. The Board sets the effective interest, hardship fee and/or technical assistance fee rate and decides the amounts allowed for principal forgiveness or grants. The most current Revenue Bond Buyer Index (RBBI) is used as the base rate. Table 2 in UAC R309-705-6 is used to determine the reduction of the interest rate (or other rate) which potentially may be reduced to zero percent.

Project Priority List (PPL)

DDW operates with a continuous project priority list. When applications are received throughout the year, they are reviewed to ensure compliance with federal and state drinking water regulations and scored based on the rating factors indicated in the previous paragraph. Currently, all applications meeting requirements are prepared to be taken to the Board for authorization. (The Board is required by Utah law to meet at least quarterly.) Since the applications are submitted throughout the year and may be scored and closed quickly, on occasion a water system project may not have been included in any intended use plan. However, the continually updated PPL is posted on the division website and additions or changes are approved by the Board (see Table 4).

TABLE 4 - FEDERAL SRF AND LSLR PROJECT PRIORITY LIST

Utah Federal SRF Program – Table 4																	
Project Priority List																	
Priority Points	June 27, 2023	Total Unmet Needs	\$926,865,621	Pop.	Total Needs, incl. Recent funding	\$870,622,249	Project Total	SRF Assistance	Principal Forgiveness	ARPA Funds Authorized	BIL funds authorized	Funds Authorized	Authorized	Add'l Subsidy	Disad- Vantaged	Green %	Equivalency Project
System Name	County	County	Pop.	Project Title	Project Title	Project Total	SRF Assistance	Principal Forgiveness	ARPA Funds Authorized	BIL funds authorized	Funds Authorized	Authorized	Add'l Subsidy	Disad- Vantaged	Green %	Equivalency Project	
N 48.9	Roosevelt City	Duchesne	8,461	12000 ft of 12" transmission line, 2 PRV stations		\$2,418,600	\$2,300,000										
N 23.7	Foothill WAU	Iron	30	250,000 tank, meters, hydrants; wellhouse, well & electrical improvements		\$603,030	\$603,030										
N 11.3	Pinion Forest SSD	Duchesne	640	500,000-gallon tank, install transmission/distribution line, pump stations, PRV stations		\$8,552,520	\$8,552,000							N	N	N	
A 99.3	M&J Trailer Home	Box Elder	27	New well tank, dist line, arsenic trmt		\$1,660,000	\$1,540,000	\$1,360,000					Y	Y			
A 76.1	Daggett Co - Dutch John Daggett		140	1MG raw water tank, new water treatment plant		\$5,190,000	\$3,500,000		\$3,500,000				N	N	N		
A 65.8	Brian Head Town	Iron	165	Install new transmission line/fire hydrants along Snow Shoe Drive and Toboggan Lane (connect existing cabin owners currently hauling water)		\$863,116	\$507,870		\$507,870				N	N	N		
A 63.6	Roosevelt City	Duchesne	6,800	pipeline replace, lining of DI pipe, pipe to bypass tank, PRV		\$2,951,400	\$2,841,400						N	N	N		
A 62.6	High Valley Water Co.	Summit	850	2 PRV, new mainline, service connections, meters, hydrants		\$3,609,000	\$3,309,000	\$1,659,000			\$3,309,000		Y	Y			
A 49.8	Johnson W/D	Uintah	1,880	upgrading 24,000 ft undersized waterlines		\$2,452,000	\$2,352,000						N	N	N		
A 48.6	Escalante	Garfield	800	spring redevelop, collection box, source protect		\$87,000	\$40,000	\$40,000					Y	Y			
A 48.5	Pinion Forest SSD	Duchesne	640	Water treatment improvements: chlorination and addressing coliform		\$300,000	\$300,000	\$300,000					Y	Y			
A 47.1	Irontown	Iron	65	upgrade/replace distribution, hydrants, & meters		\$1,736,000	\$1,635,000						N	N	N		
A 45.4	Beaver City	Beaver	3,860	Replace failing pipeline, new well house		\$2,679,146	\$2,652,620	\$1,330,620				\$1,635,000	Y	Y			
A 42.6	Levan	Juab	862	lead-joined iron service line upgrades		\$2,895,000	\$2,866,050						N	N	N		
A 42.6	Timber Lakes	Wasatch	1,000	100,000-gallon tank, master meters, waterline upgrade, spring redevelop, pump station		\$3,295,630	\$3,263,000						N	N	N		
A 42.4	New Paria	Kane	35	new well tank, waterline, and meters in prep to regionalize w/ Kane Co WCD		\$3,379,000	\$3,359,000		\$3,359,000				N	N	N		
A 42.4	Church Wells (ARPA Gr Kane)	Kane	200	300K tank, pipes, meters, SCADA, pump, repair well		\$2,262,000	\$2,252,000		\$2,252,000			\$2,252,000	N	N	N		
A 38.3	Circleville Town (Incl. A Plute)	Cache	488	300K tank, well, spring redevelop		\$4,270,000	\$3,970,000		\$3,970,000			\$3,970,000	N	N	N		
A 36.3	Cornish Town	Cache	270	well house, RO/Chlorine Treatment, Booster, 250K tank		\$1,704,922	\$1,504,922		\$1,504,922			\$1,504,922	N	N	N		
A 36.1	East Grouse Creek	Box Elder	70	Chlorination syst, meters, backflow preventers, air/vac		\$343,220	\$340,000					\$340,000	N	N	N		
A 33.8	Austin SSD	Sevier	272	Regionalization Project incl. waterline replacement & hydrants		\$3,210,000	\$2,705,000		\$2,269,000			\$2,269,000	N	N	N		

Emergency & Project Readiness Considerations

The Board recently raised the limit for emergency and planning projects that don't need Board review from \$40,000 to \$100,000. For example, three ARPA projects were approved by the DWB Executive Secretary (or Assistant ES) at \$40,000 for emergencies at Echo, Escalante, and Thompson in 2022. In FY2024 the Board will consider whether to adopt a new project readiness criterion such as "Will the project be ready to begin construction within a year from the date authorized?" If not, the Board may elect to defer authorization until a later date.

The PPL will be used for the 2023 DWSRF capitalization grants and any other funds used for loan projects. Projects authorized by the Board which have not been closed are entered in the section titled "Authorized Funding." Staff is working with these systems to meet EPA requirements to close the loans; see Table 5 for lists of authorized and proposed projects.

TABLE 5 - AUTHORIZED FUNDING

TABLE 5 - AUTHORIZED SRF PROJECTS as of 6/30/2023				
Community	Loan #	Loan Amt	Forgiveness	Total
Weber Meadowview Ranch	3F1815	\$ 2,060,000		\$ 2,060,000
Bridgerland Village Water Co	3F1837	\$ 1,350,000		\$ 1,350,000
M & J Trailer Home Community	3F1848	\$ 438,000	\$ 270,000	\$ 708,000
Ukon Water Co.	3F2002		\$ 1,530,000	\$ 1,530,000
Roosevelt City - pws 07004	3F1854		\$ 2,841,400	\$ 2,841,400
Panguitch City - pws 09007	3F1855	\$ 804,000	\$ 805,000	\$ 1,609,000
Henefer Town - pws 22005	3F1843	\$ 3,200,000		\$ 3,200,000
Johnson WID - pws 07006	3F1862		\$ 2,352,000	\$ 2,352,000
Levan Town - pws 12001	3F1856	\$ 1,433,000	\$ 1,433,050	\$ 2,866,050
Beaver City - pws 01001	3F1874	\$ 1,397,000	\$ 1,405,620	\$ 2,802,620
Holden Town - pws 14013	3F1847	\$ 5,191,000	\$ 3,100,000	\$ 8,291,000
San Juan County La Sal pws 19000	3F1871P		\$ 60,000	\$ 60,000
Brian Head Town - PWS 11001	3F1861	\$ 632,000	\$ 271,934	\$ 903,934
Brian Head Town - PWS 11001	3F1910	\$ 3,838,000	\$ 1,645,748	\$ 5,483,748
Ouray Park WID	3F1865P		\$ 40,000	\$ 40,000
Wallsburg Town - pws 26009	3F1889	\$ 3,433,000	\$ 3,500,000	\$ 6,933,000
Leeds Domestic Users Assn	3F1892	\$ 4,293,000	\$ 3,499,500	\$ 7,792,500
Hanna Water & Sewer ID	3F1883	\$ 860,000	\$ 2,623,838	\$ 3,483,838
Ballard WID - pws 24001	3F1896	\$ 3,600,000	\$ 3,500,000	\$ 7,100,000
Timber Lakes Water SSD	3F1877	\$ 3,263,000		\$ 3,263,000
Upper Whittemore Water Co	3F1900	\$ 250,000	\$ 250,000	\$ 500,000
Wilson Arch Wtr & Swr Co	3F1904	\$ 569,000	\$ 451,600	\$ 1,020,600
South Duchesne Culinary Water	3F1879		\$ 482,000	\$ 482,000
Fremont Waterworks Co	3F1884P		\$ 40,000	\$ 40,000
Echo Mutual Water Company	3F1906P	\$ 35,000		\$ 35,000
Hidden Lake Assn - PWS 22029	3F1911	\$ 3,838,040		\$ 3,838,040

TABLE 5a - AUTHORIZED BIL PROJECTS as of 6/30/2023 (continued)				
Ogden City - PWS 29011	3F1908	\$ 34,370,000		\$ 34,370,000
Virgin Town - PWS 27020	3F1909	\$ 2,140,000	\$ 930,489	\$ 3,070,489
Paragonah	3F1913	\$ 5,110,000	\$ 2,190,000	\$ 7,300,000
Leamington Town	3F1920	\$ 1,925,000	\$ 825,000	\$ 2,750,000
Green River	3F1925E	\$ 2,045,000		\$ 2,045,000
Spring City	3F1926	\$ 4,338,000	\$ 1,860,000	\$ 6,198,000
Stockton Town	3F1928	\$ 4,640,000	\$ 1,560,000	\$ 6,200,000
Wales Town	3F1929		\$ 80,000	\$ 80,000
Green Hills Estates WSID	3F1930	\$ 926,000	\$ 1,121,000	\$ 2,047,000
Payson City - Christian Life Assembly	3F2003		\$ 343,000	\$ 343,000
LSLR Funds/Inventory Projects	Loan #	Loan Amt	Forgiveness	Total
Kane County Water Conservancy District	3F2008PL		\$ 389,300	\$ 389,300
Nine cities, towns, ImprovDist (3F1931P to	3F1977PL		\$ 900,000	\$ 900,000
Emerg Contam Funds/Projects	Loan #	Loan Amt	Forgiveness	Total
Green River	3F1925E		\$ 3,530,000	\$ 3,530,000
Green Hills Estates WSID	3F1930E		\$ 500,000	\$ 500,000

TABLE 5b - PROPOSED AND POTENTIAL PROJECTS				
Community	Loan #	Loan Amt	Forgiveness	Total
Metro Water of SL and Sandy	3F2014			\$ 51,000,000
Pinion Forest SSD	3F1875			\$ 8,552,000
Foothill WUA	3F2006	\$ 422,000	\$ 181,030	\$ 603,030
Fremont Waterworks Company	3F2016	\$ 997,000	\$ 428,000	\$ 1,425,000
Irontown- Additional Funding	3F2015	\$ 85,000	\$ 21,100	\$ 106,100
LSLR Funds/Inventory Projects				
29 Inventory projects (1932P - 1998P)			\$ 2,900,000	\$ 2,900,000
100 Inventory projects (unsubmitted)			\$ 10,000,000	\$ 10,000,000
Emerg Contam Funds/Projects				
Granger Hunter ID	3F2017		\$ 2,500,000	\$ 2,500,000
Tables 5 Grand	Totals	97,482,040	60,360,609	217,394,649

Table 5c - Emerging Contaminants Proposed Project List To-Date

Water System	PWS Number	Emerging Contaminant(s)	Estimated Cost	Project Description
Ogden City Water System	29011	Cyanotoxins	\$500,000	Bubble curtain in reservoir to protect intake from algal blooms
Price Municipal Corporation	04007	Cyanotoxins	\$20,000,000	Plant retrofit for ozone/GAC to address algal toxins
Price River WID	04020	Cyanotoxins	\$1,000,000	Reservoir remediation project to address algal blooms in source
East Carbon City	04012	Cyanotoxins	\$2,000,000	Addition of ozone to treatment to address algal toxins
Central Utah WCD - Utah Valley	25112	Manganese	\$85,000,000	Installation of manganese treatment
Layton City Water System	06018	Unregulated Disinfection By-products (DBPs)	\$2,000,000	Optimization of chlorination to address unregulated DBPs
Weber Basin WCD - South	06013	Manganese	\$18,000,000	Installation of manganese treatment
		Total	\$128,500,000	

Green Infrastructure

The 2023 capitalization grants do **not** require projects to meet a minimum percentage to be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. However, **Though recently proposed and currently authorized projects do not reflect a Green % in the current PPL**, DDW is always pursuing green projects including technological innovations to enhance green development.

Delayed Authorized Projects

Table 6 identifies and explains water system projects which were scored and included in previously submitted project priority lists or were included in the 2022 Intended Use Plan. Some of these projects have merely been substantially delayed while others have withdrawn their request. For others, the funding profile has changed and the project will not use federal DWSRF funds for a variety of reasons.

TABLE 6 - WATER SYSTEM PROJECT DELAYS

TABLE 6 - DELAYS			
Community	Loan #	Amt of Assistance	Reason not funded
Cornish Town	3F1812	\$ 1,504,922	Nitrates: water sources blending plan issues
Weber Meadowview	3F1815	\$ 2,100,000	Closed on 7/19/2023
Bristlecone	3F1822	\$ 93,500	Environmental issues
Elk Meadows SSD	3F1827	\$ 1,660,000	Deauthorized \$1.66M on 1/10/23, reauthorized \$1.775M. Closing August 2023
Heber City	3F1829	\$ 12,340,000	Deauthorized on 6/27/22
Skyline Mountain SSD	3F1831	\$ 3,123,000	SSD not financially viable? Legal issues
San Juan County - NTUA Westwater #2	3F1821P	\$ 457,000	Deauthorize: Navajo Tribal (NTUA) found other funding
		\$ 21,778,422	

Current status and shovel-ready projects

DDW staff routinely promotes the program and encourages water systems to apply for financial assistance at conferences, in presentations and training sessions, through letters written to both water system administrative contacts and consulting engineers, and through personal visits by DDW’s Executive Director to individual towns around the state. Although DDW is aware of the need for drinking water system infrastructure improvement projects at systems throughout the state, until ARPA & BIL these efforts had produced limited results. DDW will continue to explore ways to better market the DWSRF loan program with drinking water systems. Many water systems in Utah qualify and require substantial principal forgiveness (which is currently very limited in the Utah DWSRF Program). Increase principal forgiveness limits have encouraged decision-makers to improve their system infrastructure and maintain or achieve compliance with regulations.

Table 7 identifies equivalency projects from the authorized table projecting a federal draw forecast to provide federal cash flow in FFY 2024. All projects listed are either in progress or are “shovel ready” and should be closed in the summer of 2023 or first half of 2024 calendar year.

TABLE 4 - FEDERAL CASH FLOWS AND DRAW FORECAST

TABLE 7 – 2022 and 2023 GRANTS FEDERAL CASH FLOWS AND DRAW FORECAST									
SUBRECIENT	LOAN NO	BINDING CLOSED DATE	STRT DATE	TOTAL ULOs and new loan amounts	FFYs 2023-24 Ending 9/30/24				
					QTR 4 (J-S 23)	QTR 1 (O-D 23)	QTR 2 (J-M 24)	QTR 3 (A-J 24)	QTR 4 (J-S 24)
Closed loans fed funds not fully disbursed as of 6/30/2023									
Some of these are portfolio projects									
Granger-Hunter ID	3F1708	Jul-19	Jul-19	3,500,000	no longer an equivalency project				
Granger-Hunter ID	3F1850	May-23	2023	13,711,820	3,999,080	2,105,500			
Panguitch City	3F1855	Aug-23		1,609,000	609,000		1,000,000		
Leeds Domestic Users Assn	3F1892			7,792,500	1,000,000	987,600	2,000,000	2,000,000	386,800
Ogden City	3F1908			34,370,000				1,370,000	3,489,120
Green River (SRF portion)	3F1925E			2,045,000			545,000		
EC									
Green River (Emerging Contaminants)	3F1925E			3,530,000				530,000	
LSLR									
Kane County Water Conservancy District	3F2008PL			389,300		189,300		200,000	
Misc. \$100K inventory projects	3F1931P+			900,000	100,000	200,000		300,000	300,000
TOTALS				\$ 67,847,620	\$ 5,708,080	\$3,482,400	\$3,545,000	\$4,400,000	\$4,175,920
2022 SRF Supplemental AWARD #FS 96886601		17,992,000		\$ 16,399,000	\$ 5,608,080		\$3,545,000	\$3,370,000	\$3,875,920
State match transfers to loans requested in Nov 2022		1,799,200				\$ -		\$ -	\$ -
				\$ 16,399,000	\$ 5,608,080	\$ -	\$3,545,000	\$3,370,000	\$3,875,920
2023 SRF Base AWARD #FS 99878423		4,938,000		\$ 3,489,120					
State match transfers to loans: within 90 days		987,600		\$ 987,600		\$ 987,600			
				\$ 4,476,720	\$ -	\$ 987,600	\$ -	\$ -	\$ -
2023 SRF Supplemental AWARD #FS 96886602		21,055,000		\$ 19,230,000				\$ -	
State match transfers to loans: within 90 days		2,105,500		\$ 2,105,500		\$2,105,500		\$ -	\$ -
				\$ 21,335,500	\$ -	\$2,105,500	\$ -	\$ -	\$ -
2022 EC Award #FS 96886901		7,555,000		\$ 6,797,600		\$ -	\$ -	\$ 530,000	\$ -
2023 EC Award #FS 96886902		7,640,000		\$ 7,540,000					
2022 LSLR Award #FS 96886801		28,350,000		\$ 26,248,000	\$ 100,000	\$ 389,300	\$ -	\$ 500,000	\$ 300,000
2023 LSLR Award #FS 96886802		28,650,000		\$ 25,104,500					
Total of all grants					\$ 5,708,080	\$3,482,400	\$3,545,000	\$4,400,000	\$4,175,920

Additional information:

1. The 10% & 20% state match transfers into the DWSRF fund for grant award 2022 were requested before drawing federal funds and within 90 days from receiving the awards.
2. The 10% & 20% state match transfers for 2023 grant awards will be moved into the DWSRF fund (Fund 5210) before drawing federal funds and within 90 days from receiving the awards
3. All federal funds are disbursed using a FIFO method (first in first out)

Assistance for Disadvantaged Communities

Section 1452 (d) changed in 2009 to require states to provide a minimum of 20 percent additional loan subsidies in the form of negative interest, grants or principal forgiveness to benefit communities meeting the State’s definition of “disadvantaged”. Since then there has been a variety of changes as to how much subsidization has been required each year or that may have been permitted with a ceiling percentage as high as 50 percent of the annual DWSRF capitalization award amount. The 2022 allotments from the Consolidated Appropriations Act of 2022 now mandates the states use at least twelve percent but not more than 35 percent for additional subsidization of the 2022 allotment of the DWSRF capitalization grant. Additional authority was authorized in the America’s Water Infrastructure Act (AWIA) of 2018. In AWIA’s authority, States must use 14 percent of the funds made available in the 2022 DWSRF capitalization grant to provide additional subsidization to eligible disadvantaged recipients. Therefore, a minimum of 26 percent to a ceiling amount of 49 percent will be included with the 2022 loans closed to provide subsidization to any DWSRF eligible applicant based on the definition adopted the State’s definition. DDW will comply with the programmatic conditions of the grant award to match the 2022 subsidization requirements.

The BIL mandates that 49% of funds provided through the DWSRF General Supplemental Funding and DWSRF Lead Service Line Replacement Funding must be provided as grants and forgivable loans to disadvantaged communities. The BIL also requires that not less than 25% of funds provided through the DWSRF Emerging Contaminants Funding be provided as grants and forgivable loans to disadvantaged communities or public water systems serving fewer than 25,000 people with the remaining 75% of funds provided as grants or forgivable loans to qualified applicants. The SDWA requires states to establish a definition of disadvantaged communities that can receive this additional subsidization.

The Board defines disadvantaged communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State’s median adjusted gross income—as determined by the Utah State Tax Commission (USTC) from federal individual income tax returns excluding zero exemption returns—or where the estimated annual cost, including loan repayment costs of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. The current metrics used for defining disadvantaged communities do not capture differences in affordability within a community or service area. To better capture these differences, the disadvantaged community criteria as it applies to Lead Service Line Replacement and Emerging Contaminant Funding have been expanded to include zip codes or census tracts with a local MAGI that is less than 80% of the State’s MAGI as well as that meet or exceed 80% percentile of the USEPA demographic index. Expanding the criteria in this way not only ensures that disadvantaged areas within a community or service area are not overlooked or disqualified from receiving assistance that is needed, but it also prioritizes funding for these communities. Communities meeting the criteria are eligible to receive grant funding or forgivable loans in accordance with BIL requirements. If, in the judgment of the Board, the USTC data is insufficient, the Board may accept other measurements of the water users income (i.e. local income survey or questionnaire when there is significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city, or when the water system claims that the MAGI (incomes) of its users is lower than the MAGI (incomes) of the larger community covered by the USTC data).

The amount and type of financial assistance offered by the Board will be based upon the criteria shown in UAC R309-705-6 (2). Disadvantaged communities may receive zero-percent loans, negative interest rate loans, principal-forgiveness loans or grants. Terms for each method of financial assistance shall be determined by a Board resolution.

The Board has not set any predetermined amount of DWSRF funds that may be used for principal forgiveness to disadvantaged communities. It is the Board's intention to authorize additional subsidization only to communities that meet the "disadvantaged criteria."

Costs Incurred After Application and Prior to Execution of the Loan Agreement

Eligible project costs incurred after application to the Board and prior to execution of the loan agreement are eligible for reimbursement. Reimbursement will only be made after the loan closing.

Municipal Bond Legal Fees

The Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of a recognized municipal bond counsel selected by the Board (UAC R309-705-8 (2)). The loan recipient is responsible for the legal costs. Legal costs may be paid from the loan proceeds.

Capacity Development Requirements

Eligible Systems - The SDWA allows DWSRF assistance to publicly and privately owned community water systems and nonprofit, non-community water systems other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. UAC R309-705 Financial Assistance: Federal Drinking Water Project Revolving Loan Program (effective July 1, 2011) establishes criteria for financial assistance to public drinking water systems in accordance with a federal grant 42 U.S.C. 300j et seq., Federal Safe Drinking Water Act. The SDWA requires that loan recipients must demonstrate the technical, managerial, and financial capacity (TMF) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The State will assess TMF and compliance in accordance with UAC R309-800 Capacity Development Program after loan applications have been received. Those systems lacking in TMF or compliance may still be eligible for a loan if the loan will address the non-compliance or the system agrees to undertake feasible and appropriate changes in operations. In accordance with the AWIA changes, DDW will include in the state capacity development triennial report to the Governor a description of how the state will implement procedures to encourage the development of technical, managerial, financial and an asset management plan program with provisions of technical assistance. It is DDW's intention to encourage water systems to implement asset management plans that include best practices in any training or technical assistance into the division's capacity development methodologies.

Environmental Reviews and Categorical Exclusions

The State Environmental Review Process (SERP) is described in the Operating Agreement.

The Grantee, the State of Utah, may elect to partition an environmental review or Categorical Exclusion (Cat Ex) from environmental review. The procedures listed below will be followed by the State in order to evaluate if partitioning a project from environmental review is appropriate.

Authority

The authority for including these procedures in the Division's Intended Use Plan (IUP) and State Environmental Review Process (SERP) is contained in the SDWA Amendments of 1996 (Pub. L. 104-182) and the guidance provided by the EPA DWSRF Program Guidelines, document # 816-R-97-005 (February 1997). In particular, see Section IV. STATE/PROJECT LEVEL AUTHORITIES, Subsection B. Environmental Reviews.

1. Procedures for Making Determination Cat Ex:
2. If the Division has reason to believe that the project falls within one of the categories listed under paragraph "C" and thereby may qualify for a Cat Ex from environmental review, the State will make a preliminary survey of the proposed project site(s).
3. During this survey the State will evaluate whether or not the project meets the criteria for a Cat Ex from environmental review.
4. If the State determines the site qualifies for Cat Ex from environmental review, it will document the justification of this determination, including a listing of the dates of activities, which led to this determination, and a statement of relevant findings.
5. Even if the project qualifies for Cat Ex from environmental review according to the criteria listed under paragraph "C", the State may require an environmental review if the State determines that an environmental review is warranted or appropriate because of conditions found at the site or because the project is controversial.

Criteria for Categorical Exclusion from Environmental Review

In order for a project to qualify for an environmental determination of Cat Ex from environmental review, the general location of the project should have been previously disturbed. Site conditions which will be evaluated in making this determination include a) how urbanized the location is, b) whether wildlife has previously been displaced, and c) whether the wildlife habitat has been previously destroyed or replaced. The project site shall meet at least one of the following criteria:

1. A proposed water line will be placed in a roadway(s) and/or rights-of-ways where existing pipes, telephone wires, cables, or other facilities have previously been installed.
2. A proposed tank site will be located on a site with other previously constructed utility facilities on a previously disturbed site.
3. The proposed facilities will be located at a site with other existing community infrastructure; e.g. a booster station, pump house, water treatment plant, or similar facility within a previously disturbed area and which will not extend into sensitive areas in the ground or adjacent to the previously disturbed area.

Public Notice and Participation

The State will provide public notice when a Cat Ex is issued or rescinded. However, no formal public comment period need be provided prior to the Cat Ex becoming effective.

SRF Reporting

Reporting for any loans closing for the SRF program is due quarterly, with a focus on SFY reporting completed annually by 30 September. This reporting is done in the Office of Water SRF (OWSRF) website: <https://owsrf.epa.gov/ords/owsrf>. In addition, for transparency to the public, large loans closed on non-revolving funds will be reported in the Federal Funding Accountability & Transparency Act Subaward Reporting System (FFATA/SRS aka FSRS).

B-3 Set-Asides

Introduction. Congress has established multiple set-asides under the DWSRF for each of the Base and BIL grants. States have the flexibility to take set-asides from the grants but must use them to either administer the capitalization grant or meet the statutory purpose of each grant. Consistent with DWSRF regulations, states have the flexibility to reserve the authority under the 2%, 4%, and 10% set-asides to take from future capitalization grants those set-aside funds they have not included in workplans. DDW will comply with all programmatic and administrative conditions as required for the 2023 grant awards.

Set-aside funding is used to:

- ✓ Fund established programs
- ✓ Fund continuing growth
- ✓ Fund increasing operating costs
- ✓ Assist, to the extent set-aside funds are available, in funding the additional staff needed to implement new Federal rules regarding regulation of drinking water contaminants

The state will not use set-aside funds for those projects or project-related costs that are eligible or explicitly ineligible for assistance from the DWSRF except DDW may use set-aside funds for: 1) project planning on design costs for small systems, and 2) for costs associated with restructuring a system as part of a capacity development strategy.

Set-aside funds have been used on first in first out (FIFO) basis and will continue to be so. Usage is accounted for by set-aside. Unused funds are carried forward to the next fiscal year.

Final reports have been submitted to USEPA for DWSRF capitalization grants through 2019. The 2020 grant year has been fully spent, and the final reports are being prepared. DDW is currently spending 2022 grant year. In anticipation of the 2023 grant year being delayed in being awarded, DDW respectfully requests authorization to receive pre-award ability to cover set-aside expenses for the period of July 1, 2023 through September 30, 2023. The loan funds are also treated on the FIFO basis.

Intended use of set-aside funds

Set-aside requests and reserves are detailed in the following tables, with one table for each grant: Tables 8 & 9. Following the tables is a narrative of individual requests and intended uses. For a summary, see Table B-1.

TABLE 5 - SET-ASIDE AND STATE MATCH REQUESTS

TABLE 8 - SRF Base				
SET-ASIDE AND STATE MATCH REQUESTS				
Function	Prog. Elem.	Federal \$	State Match	TOTAL
Loan Fund & 20% State Match Requirement	23DA	3,489,120	987,600	4,476,720
4% Administrative Set-Aside max =	23DD	197,520	4%	
Less \$ to be added to reserve (see Table 9)				197,520
2% Small Sys.Tech. Asst. max =	23DE	98,760	2%	
Less \$ to be added to reserve (see Table 9)				98,760
10% State Program Set-Aside max =	23DF	493,800		
PWS Supervision		398,800	8.08%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		0	0.00%	
Source Water Protection		95,000	1.92%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		493,800	10.0%	493,800
15% Local Assistance Set-Aside max=	23DG	740,700		
Local Assistance and			0.0%	
Capacity Development Outreach		493,800	10.0%	
Source Water Assessment		0	0.0%	
Wellhead Protection		165,000	3.3%	
TOTAL Local Assistance Set-Aside		658,800	13.3%	658,800
TOTAL CAPITALIZATION GRANT =		4,938,000	987,600	5,925,600

TABLE 8a - SRF Supplemental SET-ASIDE AND STATE MATCH REQUESTS				
Function	Prog. Elem.	Federal \$	State Match	TOTAL
Loan Fund & 10% State Match Requirement	23DA	19,230,000	2,105,500	21,335,500
4% Administrative Set-Aside max =	23DD	842,200	4%	
Less \$ to be added to reserve (see Table 9)		517,200		325,000
2% Small Sys.Tech. Asst. max =	23DE	421,100	2%	
Less \$ to be added to reserve (see Table 9)		366,100		55,000
10% State Program Set-Aside max =	23DF	2,105,500		
Less \$ to be added to reserve (see Table 9)		1,610,500		
PWS Supervision		400,000	1.90%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		0	0.00%	
Source Water Protection		95,000	0.45%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		495,000	2.4%	495,000
15% Local Assistance Set-Aside max=	23DG	3,158,250		
Local Assistance and			0.0%	
Capacity Development Outreach		950,000	4.5%	
Source Water Assessment		0	0.0%	
Wellhead Protection		0	0.0%	
TOTAL Local Assistance Set-Aside		950,000	4.5%	950,000
TOTAL CAPITALIZATION GRANT =		21,055,000	2,105,500	23,160,500

TABLE 8b - Lead Service Line Replacement SET-ASIDE REQUESTS				
Function	Prog. Elem.	Federal \$	State Match	TOTAL
Loans & grants	23DA	25,104,500	0	25,104,500
4% Administrative Set-Aside max =	23DD	1,146,000	4%	
Less \$ to be added to reserve (see Table 9)		1,004,000		142,000
2% Small Sys.Tech. Asst. max =	23DE	573,000	2%	
Less \$ to be added to reserve (see Table 9)		524,500		48,500
10% State Program Set-Aside max =	23DF	2,865,000		
Less \$ to be added to reserve (see Table 9)		2,375,000		
PWS Supervision		490,000	1.71%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		0	0.00%	
Source Water Protection		0	0.00%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		490,000	1.7%	490,000
15% Local Assistance Set-Aside max=	23DG	4,297,500		
Local Assistance and			0.0%	
Capacity Development Outreach		2,865,000	10.0%	
Source Water Assessment		0	0.0%	
Wellhead Protection		0	0.0%	
TOTAL Local Assistance Set-Aside		2,865,000	10.0%	2,865,000
TOTAL CAPITALIZATION GRANT =		28,650,000	0	28,650,000

TABLE 8c - Emerging Contaminants SET-ASIDE REQUESTS				
Function	Prog. Elem.	Federal \$	State Match	TOTAL
Grants	23DA	7,540,000	0	7,540,000
4% Administrative Set-Aside max =	23DD	305,600	4%	
Less \$ to be added to reserve (see Table 9)		205,600		100,000
2% Small Sys.Tech. Asst. max =	23DE	152,800	2%	
Less \$ to be added to reserve (see Table 9)		152,800		0
10% State Program Set-Aside max =	23DF	764,000		
Less \$ to be added to reserve (see Table 9)		764,000		
PWS Supervision		0	0.00%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		0	0.00%	
Source Water Protection		0	0.00%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		0	0.0%	0
15% Local Assistance Set-Aside max=	23DG	1,146,000		
Local Assistance and			0.0%	
Capacity Development Outreach		0	0.0%	
Source Water Assessment		0	0.0%	
Wellhead Protection		0	0.0%	
TOTAL Local Assistance Set-Aside		0	0.0%	0
TOTAL GRANT =		7,640,000	0	7,640,000

TABLE 6 - SET-ASIDE RESERVES

Table 9			
Set-Aside Base SRF Reserves with Grant Year 2023			
Reserves	Beg Reserve Balance	Grant Year 2023	End Balance
4% Administrative Fund	876,026	-	876,026
2% Small System Tech Assistance	443,903	-	443,903
10% State Program	1,045,688	-	1,045,688
TOTAL	2,365,617	-	2,365,617

Table 9a			
Set-Aside Supplemental SRF Reserves with Grant Year 2023			
Reserves	Beg Reserve Balance	Grant Year 2023	End Balance
4% Administrative Fund	485,680	517,200	1,002,880
2% Small System Tech Assistance	304,840	366,100	670,940
10% State Program	1,229,200	1,610,500	2,839,700
TOTAL	2,019,720	2,493,800	4,513,520

Table 9b			
Set-Aside LSLR Reserves with Grant Year 2023			
Reserves	Beg Reserve Balance	Grant Year 2023	End Balance
4% Administrative Fund	901,000	1,004,000	1,905,000
2% Small System Tech Assistance	415,500	524,500	940,000
10% State Program	2,117,500	2,375,000	4,492,500
TOTAL	3,434,000	3,903,500	7,337,500

Table 9c			
Set-Aside EC Reserves with Grant Year 2023			
Reserves	Beg Reserve Balance	Grant Year 2023	End Balance
4% Administrative Fund	86,600	86,600	173,200
2% Small System Tech Assistance	110,800	110,800	221,600
10% State Program	564,000	564,000	1,128,000
TOTAL	761,400	761,400	1,522,800

Set-aside requests and intended uses

Administrative set-aside

The calculation for the four percent administrative set-aside in accordance with the SRF and BIL Grants, consists of an amount equal to the sum of any state fees collected (i.e. Loan Origination Fees) plus the greatest one of three options: 1. \$400,000, 2. 1/5 of the current fund value if the fund has been audited from an outside agency (DDW's funds are not audited by an outside agency) or 3. Four percent of all grants awarded to the fund under this section for the federal fiscal year ($\$62,283,000 \times 4\% = \$2,491,320$).

Of the three options, DDW chooses option three: \$197,520, \$325,000, \$142,000, and \$100,000 for the Base SRF, Supplemental SRF, Lead Service Line, and Emerging Contaminants BIL and SRF grants. They have been and will be referenced in this order throughout this IUP. The administrative set-aside has reserves available of \$876,026 accumulated from previous grant years (1997-2022) which have been reserved for future use for the Base SRF program. We will have reserves of \$1,002,880, \$1,905,000, \$173,200 for the three BIL grants. See table 9 for reserve balances.

The administration set-aside will fund 12 to 13 full-time equivalent (FTE) positions to operate the program in SFY 2024. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and an indirect allocation for SFY 2024.

Small Systems Technical Assistance

DDW is requesting \$98,760, \$55,000, \$48,500, and \$0 for the 2% set-asides. This set aside is usually contracted out to a third party. The vendor of this contract will be assisting public water systems serving 10,000 people or fewer (section 1452(g) (2)) to maintain viable water systems.

DDW created an energy cost saving handbook in 2016 which provided water system operators and managers with multiple strategies to reduce their energy costs. Some water systems have identified energy efficiency improvement opportunities in both operations and infrastructure. RWAU is encouraging all drinking water systems to investigate energy efficiency options to identify cost savings where possible. The small and very small water systems are often unable to take full advantage of such initiatives due to lack of knowledge, lack of money, and/or lack of proper equipment.

RWAU is a critical partner assisting DDW in responding to water system inquiries and taking action to assist water systems to be technically, managerially, and financially sound.

Such assistance includes, but not limited to:

- a. On-site assistance to resolve or recommend specific solutions to managerial, technical or mechanical problems, sanitary survey deficiencies, or other compliance issues, within the requirements of the applicable rules.
- b. Training on state rules found under UAC R309-100 through 800.
- c. Emergency response to support division efforts to mitigate emergencies.
- d. Representation to local officials (such as mayors, county personnel, etc.) regarding drinking water issues and how local government can best support public drinking water systems.
- e. Representation to water systems on UT-WARN, including membership, emergency response credentials, emergency response, and disaster preparedness.
- f. County-based training and ordinance development dealing with non-public water systems in the early stages of development. This issue is related to ensuring that when and if a non-

public system may grow to become "public", the system will be able to meet applicable drinking water rules, and will not become an economic burden on itself, the county, or require supplemental funding from the state to meet such requirements.

State Programs set-aside

The state programs set-aside total amount requests are \$493,800, \$495,000, \$490,000, and \$200,000. See Table 8 for a detailed breakout of this set aside for each of the BIL grants. The sub-categories include PWS Supervision, Capacity Development, and Source Protection. In the past, DDW has requested a subcategory of funding for its Operator Certification Program. DDW has increased the Operator Certification and the Cross Connection fees and is working toward both programs being self-sufficient by fee revenue collected for each program, respectively. Budgeting, disbursements and draws are also accounted for by sub-categories. DDW does intend to use these set-asides for the upcoming year of SFY 2024. See Table 9 for reserve balance.

PWS Supervision (augmentation) set-aside

DDW is requesting from the 2023 grant awards \$398,800, \$400,000, \$710,000, and \$0. The PWS Supervision set-aside is primarily used to support DDW's Engineering Section. Approximately 14 to 15 engineers will charge to this set-aside and four other employees for program support. Additionally, oversight of the PWS Supervision Program is funded from general funds and the Water Development Security Fund (state funds about \$2M) and \$1.45M from the PWSS grant. Combined totals will also be expended for division related activities. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and an indirect allocation for SFY 2024.

Engineering tasks include water system plans and specification reviews, operating permits, waivers, water treatment plant inspections, witnessing well grouting, and proactive recommendations to help water systems ensure the public receive safe drinking water. DDW's engineers also receive training to keep their skills diverse with new technologies in solving water system issues. Growth impacts in the state combined with the stricter EPA standard levels SDWA amendments and associated State and Federal regulations create a tremendous workload.

Capacity Development Program

DDW is requesting no new funds for this program; we have carryover available from the 2022 base, supplemental and EC grants for oversight of the capacity development program. If expenses exceed the grant funds available in SFY 2024, a request to move funds from the PWS Supervision sub-category will be requested.

The State of Utah has statutory authority for a capacity development program (Section 19-4-104 of the Utah SDWA). The time of two FTEs, as needed, will oversee and maintain the program. The Division is current with all reports due to the Governor and USEPA. The Division will add the language to encourage the development of technical, managerial, financial and asset management plans to the Governor's Triennial Report as required in the Amendments in America's Water Infrastructure Act (AWIA) of 2018.

Source Protection Administration

The SDWA Amendments of 1996 require each state to maintain a source water quality assessment program for all public water systems. One and a half FTEs are dedicated to developing, implementing, and coordinating this program.

We are requesting \$95,000 each from the 2023 Base & Supplemental grants for the source water program. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and an indirect allocation for SFY 2024.

Local Assistance, Capacity Development, Source Water Assessment, Wellhead Protection and Other State Programs (15% set-aside)

We are requesting \$658,000, \$950,000, \$2,865,000 and \$0 for this set-aside. The SFY 2024 budget was estimated at \$2.86M. It is divided into two sub-categories, local assistance/capacity development outreach and wellhead protection. Budgeting, disbursements, and draws are each accounted for by the two sub-categories separately.

Capacity Development Out-reach/Local Assistance with Public Water Systems Sub-Category

We are requesting \$493,000, \$950,000, \$2,865,000 and \$0 from the 2023 BIL grants for capacity development, out-reach, and local assistance. The amount budgeted for SFY 2024 is \$2.68M.

Some of the activities DDW employees will provide and charge to this set-aside include the following:

1. Math calculations to determine dosing, volumes, flows and horsepower, etc.
2. Minor repairs on pumps, as well as, knowledge of pump curves, monitory well levels, troubleshooting, hydraulics, motor maintenance and metering, etc.
3. Teach proper techniques for unidirectional flushing of fire hydrants, pipeline maintenance, pressure zones, valve maintenance (exercising and annual maintenance, instrumentation, tank inspections, and distribution system and treatment plants.
4. Proper disinfection techniques, and correct handling and use of various disinfection chemicals, properties of chemicals, emergency disinfection techniques, and monitoring of residuals.
5. Safety: proper use of equipment and how to follow proper procedures, MSDS.
6. Security: proper procedures to interact with law enforcement and mitigation.
7. Provide technical training on existing and new rules, proper sampling techniques, proper monitoring, and an understanding of sample results, reporting procedures.
8. Emergency Response: training on the Incident Command System (ICS) and how they would fit into that system. Train systems with the National Incident Management System (NIMS), response protocols, mitigation, setting up table-top exercises, maintaining a plan, flushing and disinfection.
9. Cross Connection Control assistance to help the water system properly assemble, avoid hazards, resolve physical deficiencies during a sanitary survey and follow State guidelines on managing a program.

DDW understands all charges by employees need to have direct interaction with the water systems with some form of training or technical assistance. Rural Water Association of Utah also has some tasks relating to direct interaction with the water systems and has been allocated \$65,000 in their contract for this specific purpose.

Wellhead Protection Sub-Category

DDW is requesting \$165,000 in funding for this category from the 2023 base grant. The budgeted expenses of \$179,800 for SFY 2024 will cover expenses for salary, benefits, office space, equipment, interactive map upgrades and an indirect allocation. One or two employees will oversee the implementation and maintenance of GIS activities. Maintenance of the source protection zone geo-database is an on-going project as new water sources are developed, and existing source protection zones are modified. One or two employees will prepare source water assessments for ground water sources, review source protection plans developed for new sources, and updated plans for existing sources. This sub-category budget will continue to cover expenses to address a backlog of wellhead updates that need to be reviewed.

Attachments

Attorney General Enabling Legislation Opinion Letter for FY2023 grants program

Organization Chart

Utah Administrative Code Rule R309-705

The Rule for Projects Receiving Assistance from the Federal DWSRF was revised in 2023 and can be found at the website: <https://adminrules.utah.gov/public/rule/R309-705/Current%20Rules>

Construction Loan Program information is available at the website below.

<https://deq.utah.gov/drinking-water/drinking-water-construction-assistance-programs>