

Clean Water State Revolving Fund

Final Intended Use Plan

October 8, 2024 updated

incorporate innovative water treatment technologies, such as advanced filtration systems, nutrient removal technologies, and decentralized wastewater treatment solutions.

Outcomes: Increased usage of innovative technologies will improve water quality and operational efficiency.

5. Outputs: Prioritize funding for projects that benefit underserved and disadvantaged communities, addressing environmental health disparities, and ensuring equitable access to clean water and sanitation services for all residents of Tennessee.

Outcomes: Improved public health and safety in vulnerable communities.

By aligning the goals of the CWSRF program with those of the EPA, the state can leverage federal resources, expertise, and guidance to advance its priorities related to clean water infrastructure, water quality, and sustainability, ultimately benefiting the health and well-being of its residents. Additionally, collaboration between the state and federal agencies can facilitate the exchange of best practices, data, and innovative solutions to address common challenges and achieve shared objectives more effectively.

Clean Water Priority Ranking System

TDEC's CWSRF loan program uses a priority ranking system to develop the [Priority Ranking List](#) (PRL). The State's CWSRF Priority Ranking System rules, Tenn. Comp. R. & Regs. ("Rule") Chapter 0400-46-01, provides a clear, objective order of ranking wastewater infrastructure projects. The PRL focuses on projects aiming to achieve optimum water quality management consistent with the goals and requirements of the CWA and the Tennessee Water Quality Control Act. The rationale for funding projects in an order other than that shown on the PRL shall be in accordance with the rules for the Priority Ranking System, Chapter 0400-46-01-.03. Exceptions to the order of funding may be allowed under special circumstances. Such projects would include those where unexpected failures requiring immediate attention to protect public health occur.

Clean Water State Revolving Fund Final Intended Use Plan October 8, 2024 updated

Applicants seeking funding must login to the TDEC [Grants Management System \(GMS\)](#) and create an account. Once the online GMS account is created the applicant can complete and submit a DWR Clean Water SRF Questionnaire detailing a project description, explanation of project need, project location, cost estimate, and project start and completion dates to the CWSRF loan program. Projects eligible for CWSRF funding are described in the [EPA Eligibility Handbook](#). Projects are prioritized by those that address reducing risks to human health or those working to maintain or improve water quality. All proposed projects for planning, planning and design or are ready to proceed with construction will be assigned Project Criteria Points based on the project criteria established in Rule 0400-46-01-.02(2). Project Criteria Points will be assigned to individual wastewater facilities projects based on the following:

- Wastewater treatment plant (WWTP) discharges to a water-quality impaired stream segment will receive 100 Project Criteria Points in addition to any other applicable Project Criteria Points. WWTP projects with a compliance schedule in the NPDES permit requiring construction will receive 50 Project Criteria Points in addition to any other applicable Project Criteria Points;
- Wastewater collection system projects with a compliance schedule in the NPDES permit requiring construction will receive 50 Project Criteria Points in addition to any other applicable Project Criteria Points;
- Nonpoint Source (NPS) pollution projects affecting a water-quality impaired stream segment will receive 100 Project Criteria Points. Other NPS pollution projects will receive 25 Project Criteria Points. NPS pollution projects may be directed toward protecting or improving the quality of groundwater, surface water, or wetlands. NPS pollution projects must be consistent with Tennessee's approved Nonpoint Source Management Program requirements and be included in the State's current EPA-approved Nonpoint Source Management Plan;
- Effluent-trading projects will receive 50 Project Criteria Points in addition to any other

Eligible Project Categories

- Construction of municipal wastewater facilities
- Control non-point source pollution
- Decentralized wastewater treatment systems
- Green infrastructure projects
- Water quality projects
- Stormwater management
- Water conservation, efficiency, and reuse
- Brownfields
- Consolidation
- Recycled water
- Asset management
- Capacity management

Clean Water State Revolving Fund
Final Intended Use Plan
October 8, 2024 updated

applicable Project Criteria Points;

- Combined Sewer Overflow (CSO) projects will receive 25 Project Criteria Points;
- Infiltration/Inflow (I/I) correction and major sewer rehabilitation projects will receive 25 Project Criteria Points. Construction of projects that will transport and treat I/I at the WWTP will receive 10 Project Criteria Points;
- Stormwater management projects affecting a water-quality impaired stream segment will receive 100 Project Criteria Points. Stormwater management projects with a compliance schedule in the NPDES permit requiring construction will receive 50 Project Criteria Points. All other stormwater management projects will receive 25 Project Criteria Points;
- Collection lines to be constructed to address an existing public health problem caused by failed septic systems will receive a minimum of 40 Project Criteria Points up to a maximum of 100 Project Criteria Points;
- Any wastewater project proposed for development or growth potential, i.e., projects not planned to address a water quality problem or a public health problem, will receive 5 Project Criteria Points. WWTPs that are required to serve new collectors as part of the approved facilities plan will receive the same Project Criteria Points as the collectors;
- Interceptors and pump stations will receive varying Project Criteria Points. Interceptors or pump stations that eliminate a WWTP discharge point included in an approved facilities plan will receive the same Project Criteria Points as the WWTP. Interceptors or pump stations proposed as part of an I/I elimination project will receive the same Project Criteria Points as the I/I elimination project. Interceptors or pump stations submitted as part of a collection system project will receive the same Project Criteria Points as the collection system project;
- Planning/Design projects will receive Project Criteria Points based on the proposed project type;
- CWA Section 212 projects that are also associated with the construction of nonpoint source projects shall have an additional 20 Project Criteria Points;
- CWA Section 212 projects with zoning that demonstrates preservation of greenspace shall have an additional 15 Project Criteria Points;
- CWA Section 212 projects with zoning that demonstrates riparian buffer zones of at least 150 feet shall have an additional 10 Project Criteria Points;

Clean Water State Revolving Fund

Final Intended Use Plan

October 8, 2024 updated

- CWA Section 212 projects demonstrating an enforced buffer zone ordinance shall have an additional 5 Project Criteria Points;
- Refinancing projects will receive 1 Project Criteria Point; and
- In accordance with Tenn. Code Ann. § 6-58-109(b), all SRF projects within counties with an approved growth plan will receive 5 Project Criteria Points in addition to any other applicable Project Criteria Points.

The assigned Project Criteria Points are evaluated to determine the Priority Point Value for relevant projects. The cumulative Project Criteria Points establish the Priority Rank for a proposed project. Projects will be placed on the PRL in descending order by total priority points. Projects with the same priority points will be ranked in ascending order based on the community's Ability to Pay Index (ATPI) and population to assist smaller and less affluent communities. Projects not ready to proceed with construction will not be assigned priority points but will be included on the bottom half of the PRL. Projects requesting funds for ineligible activities will not be assigned priority points or included on the PRL.

List of Projects

In accordance with section 606(c)(1) of the CWA, 40 CFR § 35.3150, the CWSRF loan program has developed a list of projects to receive funding in the first year after the grant award and a comprehensive priority list of eligible projects for funding in future years (CWSRF will maintain past PRLs). The PRL includes community information, project description, total priority points, the ATPI, total project cost, funding source, associated wastewater facility information, potential FFY 2024 principal forgiveness, amount of GPR, anticipated construction start and end dates, and the EPA Needs Survey Category. The CWSRF PRL (Appendix) will denote CWSRF projects for which the total amount of assistance requested is at least equal to the amount of the FFY 2024 Base and General Supplemental allotments. In addition to the projects listed, the CWSRF loan program may consider additional loans for existing projects, projects carried forward from 2021 through 2023 PRLs, and other CWSRF-eligible projects. All projects awarded will follow the Intended Use Plan and policies in effect when establishing loan terms and conditions. The CWSRF project list may include NPS projects since the State's NPS Assessment and Management Program has been approved. Regardless of the year a project was listed on a PRL, CWSRF will use the most current policies outlined in the Intended Use Plan when applying principal forgiveness and other subsidies.

The PRL contains a list of all eligible projects that entities provided during the solicitation

Clean Water State Revolving Fund

Final Intended Use Plan

October 8, 2024 updated

period. For projects to receive project priority points, it must meet the ranking criteria. The ranking criteria is defined as:

1. The community must have submitted the last 3 fiscal years of audited financial statements to the comptroller's office; and
2. A completed facilities plan has been developed for this project.

All eligible projects that meet the ranking criteria were scored, ranked, and listed above the ranking line on the PRL. Those projects that did not meeting the ranking criteria are listed below the ranking line.

SRF will provide an additional opportunity for those projects listed below the ranking line to demonstrate that their project has met the criteria to be ranked. Once a project meets the ranking criteria, SRF may rank the project and move it above the ranking line. Any project moved above the ranking line will be ranked after projects previously listed above the ranking line. Ranked projects will be prioritized for loan assistance agreements based on an entities readiness to proceed.

Readiness to Proceed

Applicants can demonstrate readiness to proceed online through the [Grants Management System](#) (GMS). Once an applicant has received a funding letter indicating their position on the priority ranking list the following can be completed by logging onto GMS:

Readiness to proceed will be established once the applicant has provided:

- Attestation that 3 years audited financials have been submitted to Comptroller's office
- Uploaded current water/sewer user rate ordinance
- Projects that include construction will also upload
 - a completed Facilities Plan or Preliminary Engineering Report
 - Inter-disciplinary Environmental Review (IER) information
 - a. a clear, concise project description in a (.doc) format
 - b. an 8½" x 11" USGS 7.5-Minute topographic quadrangle color map and an aerial Google map in a (.jpg or .pdf) format showing the location of the proposed project
 - Submit the Engineering Agreement(s)
 - Plans and Specifications, and

Clean Water State Revolving Fund
Final Intended Use Plan
October 8, 2024 updated

- Documentation of acquired easements or email/letter certifying ownership of land

Sources and Uses of Funds

The State of Tennessee's allotment of FFY 2024 CWSRF Base capitalization grant dollars is expected to be \$11,489,875. The State is required to provide a 20% match of federal funds or \$2,297,975. The Base capitalization grant plus State match will provide an expected \$13,787,850 in funds available for the CWSRF loan program in SFY 2025. The State of Tennessee's IIJA General Supplemental allotment for FFY 2024 is expected to be \$33,036,000. The State must provide a 20% match of federal funds, or \$6,607,200, to receive the full General Supplemental allotment. The IIJA General Supplemental plus State match will provide an additional \$39,643,200 in funds available to the CWSRF loan program in SFY 2025.

Other sources of program funds include loan repayments of principal and interest, interest on SRF fund cash balances, and unobligated fund balances carried forward from SFY 2024. (Table 1)

Non-program funds include fees to non-disadvantaged borrowers. These funds are used for administrative services during the repayment period of the loan term. Based on established amortization SRF estimates fees collected for SFY 2025 will be \$678,668.

SRF is currently using cash flow modeling. This forecasting tool incorporates all inflows and outflows of the funds to estimate a state's capacity to make loans, ensuring the fullest possible utilization of all available SRF infrastructure financing resources.