

Section 8: Criteria and Methods for Distribution of Funds (Priority Setting Criteria)

- **Project Priority List and Fundable Range**

- **Project Priority List (PPL):** On an annual basis, following a statewide solicitation for projects, WIFA develops a statewide priority list of projects. Projects are scored and ranked on the list based upon public health risk, SDWA compliance, current condition of the system, and financial need. Projects to address health advisories are a priority for DWSRF funding, as well as projects to address MCL exceedances. Additional points are added for projects that consolidate two or more public water systems or extend services to areas not currently served by a water system, and for projects that have water or energy efficiency components. Currently, WIFA's DW PPL has 27 applications totaling \$112,474,137.02 (see table below). WIFA anticipates a continued marketing and awareness campaign will raise the demand for financial assistance throughout the year. Staff are in discussions regarding several potential DW projects that may be added to the PPL during the year.
- **Fundable Range:** The Fundable Range includes the applicants ready to receive design or construction financial assistance. Projects are added to the Fundable Range as they become ready to proceed throughout the year.

- **Project Priority List Updates**

The DW PPL may be updated throughout the year with additions or removals of projects or adjusting the fundable range for design or construction projects. The decision to update the DW PPL may be based on a project's readiness to proceed, availability of other funding sources or other new information affecting the expansion or contraction of the PPL and Fundable Range. The Board adopts the updated DW PPL at a public meeting and the updates are posted on WIFA's website. All projects must meet the applicable requirements under the Safe Drinking Water Act, 42 U.S.C. § 300f to 300j-26.

- **ADEQ Drinking Water Program**

WIFA works in coordination with the Arizona Department of Environmental Quality (ADEQ) to identify drinking water systems in need of financial assistance and developing priority-setting criteria. The ADEQ Drinking Water program is federally mandated to ensure safe drinking water supplies for the public. Staff reviews water system construction plans, conducts compliance inspections on drinking water systems, reviews water quality monitoring data, initiates enforcement actions in response to continued or significant noncompliance, and conducts outreach to educate stakeholders on regulatory requirements. The program also evaluates source waters to ascertain their susceptibility to contamination, promotes voluntary community programs aimed at protecting aquifers for drinking water use, and administers the monitoring assistance program to assist public water systems in complying with monitoring requirements under the federal Safe Drinking Water Act. ADEQ develops a master priority list (MPL) that ranks public water systems according to their need for technical assistance in accordance with A.A.C R18-4-803. The MPL is updated annually and WIFA uses the MPL score to determine the current condition scoring for PPL applications.

Table 3. Grant amounts compared to PPLs received

Grant	Grant Amount	Number of PPL Applications	Dollar Amount of PPL Applications
Base & BIL Supplemental*	\$62,717,000	19	\$65,090,709
BIL – Emerging Contaminant	\$13,862,000	4	\$38,000,000
Total	\$76,579,000	23	\$103,090,709
FFY 23 BIL LSL (Remainder)**	\$809,822	4	\$9,383,428
Total	\$77,388,822	27	\$112,474,137

**The Base Grant and BIL Supplemental have the same eligibility and therefore have been grouped together.*

***WIFA will apply the remaining FFY 23 LSL equivalency requirement towards four eligible PPLs. While only \$809,822 remains in equivalency requirements, \$13,035,320 in loan forgiveness is still available to award from the LSL funding. WIFA intends to award 100% forgivable loans to eligible projects which qualify as disadvantaged (currently \$9,383,428 on PPL). After the equivalency requirement is met, and at the end of SFY 2026 after additional applicants have a chance to apply, WIFA intends to provide the remaining loan forgiveness to previously awarded borrowers as an increase to their forgivable principal of their existing loan.*

Section 9: Bypass Procedures and Emergency Funding Procedures

The Fundable Range process is used to bypass projects that are not ready to proceed. In determining which projects may be included on the Fundable Range, WIFA evaluates each project for evidence of debt authorization, the completeness of the PPL application, the applicant’s technical, managerial, financial, and legal capability to be eligible for an SRF loan, the project timeline and design/engineering progress, and other documentation requested by staff. If sufficient funds are not available to fund all projects that are ready to proceed, WIFA will use tie breaking procedures established in A.A.C. R18-15-304.

WIFA may approve emergency funding for eligible applicants if a declaration of emergency is made by the Governor of Arizona or the Federal Emergency Management Agency (FEMA). The term of the loan will not exceed one year and be no more than \$250,000 per emergency event.