ALASKA DRINKING WATER FUND

STATE REVOLVING FUND

Intended Use Plan for
State Fiscal Year 2023 and
Federal Fiscal Year 2022 Grant Allotment

Submitted to the U.S. Environmental Protection Agency
By
Alaska Department of Environmental Conservation
Division of Water
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Acronyms

AAC	Alaska Administrative Code
ACWF	Alaska Clean Water Fund
ADEC	Alaska Department of Environmental Conservation
ADWF	Alaska Drinking Water Fund
AIS	American Iron and Steel
AWIA	America's Water Infrastructure Act of 2018
AWWU	Anchorage Water and Wastewater Utility
BABA	Build America, Buy America Act
BIL	Bipartisan Infrastructure Law
CE	Categorical Exclusion
COVID-19	Coronavirus Disease of 2019
DBE	Disadvantaged Business Enterprise
DWP	Drinking Water Program
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
FFATA	Federal Funding Accountability Transparency Act
FFY	Federal Fiscal Year
FOCUS	Financial Operations and Cash Flow Utilization System
GPR	Green Project Reserve
IUP	Intended Use Plan
MHI	Median Household Income
OASys	Online Application System
PBR	Project Benefits Reporting
PPL	Project Priority List
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund
TAF	Technical Assistance and Financing
WIIN	Water Infrastructure Improvements for the Nation Act of 2016

PROGRAM OVERVIEW

The Drinking Water State Revolving Fund (DWSRF), created by the 1996 amendments to the federal Safe Drinking Water Act (SDWA), assists public water systems with financing the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the purpose of establishing a low-interest loan program and other types of assistance to eligible water systems. The Alaska Department of Environmental Conservation (ADEC) State Revolving Fund (SRF) Program administers this funding source through the Alaska Drinking Water Fund (ADWF) on behalf of the State of Alaska.

This Intended Use Plan (IUP) describes how Alaska intends to use available funds during State Fiscal Year 2023 (SFY23), July 1, 2022 through June 30, 2023. This IUP will be submitted to the EPA as part of the application for the DWSRF Federal Fiscal Year 2022 (FFY22) capitalization grant. Alaska's allotment from the Consolidated Appropriations Act, 2022, is $7,008,000.

PROGRAM UPDATES

ADEC continues to plan for new initiatives and updates the SRF Program, as necessary, to respond to federal conditions, improve service to funding recipients, and meet program goals.

- The SRF Program issued the third Programmatic Financing (Pro Fi) loan to its largest borrower, Anchorage Water and Wastewater Utility (AWWU) in May 2022. Pro Fi offers an alternative to project-by-project financing by funding eligible work within the utility's capital improvement project portfolio. AWWU is planning for submittal of an application for a fourth Pro Fi agreement.
- During SFY19 and SFY20, the SRF Program developed a framework for providing Micro Loans to rural Alaska communities. To date, three drinking water infrastructure Micro Loans have been issued with interest increasing for additional applications. The Micro Loan Program offers up to $500,000 per project with terms of up to 20 years and principal forgiveness ranging from 50% to 90%. Each applicant is required to meet a minimum Operations and Maintenance Best Practices score before a loan agreement is offered.
- In an effort initiated in SFY22 and continuing in SFY23, the SRF Program offers up to $75,000 in principal forgiveness per borrower for Sustainable Infrastructure Planning Projects (SIPP). In the first year, four SIPP projects were funded. Currently, 11 planning projects are proposed to make use of this financial assistance opportunity.
- Under the Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Job Act, Alaska's SRF Program will be allocated increased funding throughFFY26. The SRF Program intends to initiate the application process for the additional funding in SFY23, once sufficient guidance is available from EPA.

- During SFY23, the SRF Program will develop and release guidance related to BIL funding opportunities and will establish an opportunity for eligible borrowers to submit project questionnaires for funding consideration.
- Alongside BIL, Congress passed the Build America Buy America (BABA) Act which expands domestic preference purchasing requirements to all federal funding, including federal funds distributed by the SRF Program. Effective May 14, 2022, BABA applies to procurement of iron and steel products, manufactured products, and construction materials such as glass, concrete, lumber, and plastics when federal funds are used. As guidance materials for implementation of this requirement are made available, the SRF Program will be working to provide that information to borrowers and to implement BABA requirements for applicable projects.
- The SRF Program scoring criteria has been revised to add extra points for those projects designated at the questionnaire stage to meet all federal equivalency requirements. The revised scoring criteria is included in Appendix 1.

PROGRAM GOALS

ADEC has identified several long- and short-term goals intended to promote sustainable improvements to the state's infrastructure and help ensure maximum environmental and public health benefits.

Long-Term Goals

1. Ensure full compliance with all applicable requirements for all SRF loans.
2. Foster coordination with other programs and agencies to improve assistance to water systems in their efforts to achieve compliance and improve capacity.
3. Maintain a working relationship with other infrastructure funding authorities, including but not limited to U.S. Department of Agriculture (USDA) Rural Development, to coordinate financial assistance for drinking water projects.
4. Develop program guidelines to improve the pace of loan projects.
5. Establish a marketing and outreach plan to expand program awareness, inform current and potential borrowers of the SRF's wide variety of funding options and benefits, and thereby, expand the borrower pool.
6. Pursue methods for encouraging borrowers to develop Green and Sustainable projects.
7. Fully implement the Financial Operations and Cash Flow Utilization System (FOCUS), a cash flow model for forecasting fund usage to allow for improved planning and funding allocation decisions and implementation of a long-term lending strategy.
8. Utilize a portion of the capitalization grant for set-aside activities that provide public water systems with guidance and technical assistance.

Short-Term Goals

1. Prepare for the BIL supplemental grant application and implementation.
2. Recruit and hire additional program support and engineering staff to accommodate implementation of SRF BIL funding.

3. Ensure that the SRF Program is meeting capitalization grant requirements for the allocation of additional subsidy.
4. Review current subsidy allocation methods to strategically use the DWSRF additional subsidy to achieve affordable compliance, especially for small, disadvantaged communities.
5. Identify workflow processes needed to update and utilize FOCUS, including an improved method to track both the allocation and disbursement of additional subsidy.
6. Finalize a revised Capacity Development Strategy that includes asset management in accordance with the 2018 America's Water Infrastructure Act (AWIA).
7. Complete revisions to the ADWF Operating Agreement.
8. Pursue revisions to the regulations at 18 AAC 76 to increase the SRF Program's agility in response to the needs of borrowers, as well as federal grant conditions.
9. Pursue revisions to Alaska Statute at AS 46.03, to broaden ADWF eligibility for private water systems and tribally owned utilities.
10. Develop and distribute guidance materials to current and potential borrowers, including Davis-Bacon guidance materials.
11. Conduct a survey of potential borrowers to assist with developing effective marketing materials and targeting their distribution to improve outreach to potential borrowers.
12. Develop an online resource for borrowers about all potential sources of infrastructure funding.
13. Initiate enhancements to the online payment request and quarterly report system to improve the user experience and data collection.
14. Pursue a deviation from EPA to allow financing of construction or rehabilitation of dams or raw water impoundments, if such a project arises.

FINANCIAL INFORMATION

Amount of Capitalization Grant

Alaska's allotment from the FFY22 federal appropriation is $7,008,000

State Match Requirement

Alaska must deposit an amount equal to at least 20% of the federal capitalization grant ($1,401,600) into the ADWF. The state match deposit is anticipated to be made by November 2022. ADEC will provide the required state match from short term bonding. The interest income of the Fund is used as collateral to acquire bond receipts and avoids use of any general funds from the State budget. This process effectively substitutes bond receipts for interest income. ADEC is required to document that sufficient interest income exists in an amount equal to or greater than the proposed bonding amount, and that this process will still allow the Fund to grow in perpetuity. ADEC's program audits have documented the availability of the required amount of interest.

Administrative Fees

Since December 29, 2000, assistance recipients have been assessed an administrative fee in the amount of 0.5% of the principal loan balance as prescribed in Title 18, Chapter 76 of Alaska

Administrative Code (18 AAC 76). Fee revenue is kept in the ADWF Fee Account, separate from the regular loan fund, and is used exclusively to pay program administrative costs.

As noted in 18 AAC 76.258, ADEC will use administrative fees for direct costs including salaries, supplies, travel, and professional service contracts. For several years, most ADWF administrative expenses have been paid from the Alaska Clean Water Fund (ACWF) Fee Account as it had a larger balance than the ADWF Fee Account. As shown in Table 1, the accounts are now balanced.

Table 1. ADWF and ACWF Fee Accounts

Fee Account Information	ADWF Fee Account	ACWF Fee Account
Fee Account Balance (6/29/2022)	$6,653,987	$5,735,427

In SFY23, the SRF Program intends to charge approximately half of ADWF administrative expenses to the ADWF Fee Account. The remaining charges, estimated at approximately $400,000, will be charged to the ACWF Fee Account. All expenses for administration of the ACWF will be charged the 4% Clean Water Administrative Set-aside. In adopting this model, the SRF Program draws relatively equal amounts from each fee account, while slowly increasing the balance in each. If the demand for loans from the ACWF increases such that use of the 4% Administrative Set-aside limits the SRF Program's ability to meet borrower demand, this strategy will be revisited.

Fund Draw Procedures

Draws for loan funding are split between state match and federal funding following the grant-specific proportionality rate method. ADEC draws ADWF set-aside funding at 100% federal.

Expeditious and Timely Expenditure

The State will commit and spend the capitalization grant and state matching funds in a timely and expeditious manner. Within one year of the grant award, the State will enter binding commitments with the recipients equal to the amount of the grant award and proportional state match.

The funds may be used for activities during more than one state fiscal year. To keep unliquidated obligations at a minimum, the State will fully expend the capitalization grant within a two-year period.

Fund Transfer

Under the SDWA, the state is allowed to transfer fund assets of the DWSRF program and the CWSRF program. ADEC may take advantage of this flexibility between the CWSRF and DWSRF programs in order to assure adequate capacity to meet all funding demands. In accordance with the SDWA Section 302 fund transfer provisions, ADEC hereby reserves the authority "to transfer an amount up to 33 percent of the DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program."

Fund Accounting Separation

The ADWF was established by statute as an enterprise fund of the State to serve as a revolving fund for financing drinking water system improvement projects. Funds allocated for set-aside activities authorized in Section 1452(k) of the SDWA are held in separate accounts; therefore, loan fund activities and set-aside activities are distinct and separate.

Set-Aside Use

Short-term projections assume that ADEC will use a minimum of 29% of the capitalization grant for administrative, technical assistance, and program management activities allowed under the various set-asides. However, BIL funding will provide significant set-asides during the five-year implementation which will both allow for, and require, a revised short term strategy for set-aside use.

Estimated Funds Available – SFY23

In SFY23, the amount available for loans is the difference between the funds received and total program commitments, plus projected future loan repayments through SFY24, for a total of approximately $61.8 million. Table 2 summarizes the funds contributed, as well as commitments and expenditures, since the inception of the ADWF.

Table 2. Estimated Available Funding

Sources of DWSRF Funds		
Federal Grants Received (cumulative through FFY19)		$260,783,656
FFY 22 Federal Capitalization Grant		7,008,000
FFY 20 State Match Appropriation		1,401,600
State Match, prior years		48,251,513
Investment Income		17,718,164
Past Loan Repayments (principal + interest collected)		167,137,248
Projected Repayments SFY23		13,203,885
Projected Repayments SFY24		12,995,616
Transfer from ACWF to ADWF (SFY08)		29,000,000
	Subtotal	*$557,499,682*
Uses of DWSRF Funds		
Existing Loan Commitments		$397,450,914
Previous Bonding & Transaction Costs		33,383,490
SFY22 Bonding – State Match		1,403,400
Total Set-Asides		63,435,196
	Subtotal	*$495,673,000*
Total Available for DWSRF Loans		**$61,826,682**

Loan Terms and Interest Rates for Eligible Projects

ADEC adopted revisions to the finance charge calculations in 18 AAC 76 on September 10, 2017. The revised regulations modified the calculation of finance charges to reflect current market trends based on the Bond Buyer's Municipal Bond Index, as shown in Table 3. The revised regulations also increased the allowable financing term from 20 years to 30 years. The finance rate includes the interest rate and an administrative fee.

Table 3. Finance Rates (effective September 10, 2017)

Loan Term	Finance Rate for any Bond Rate*Less than 4 Percent	Finance Rate for Bond Rate* Greater than 4 Percent
20-30 Years	2	2 + (0.75 x (Bond Rate* – 4))
5-20 Years	1.5	1.5 + (0.625 x (Bond Rate* – 4))
0-5 Years	1	1 + (0.5 x (Bond Rate* – 4))
<1 Year	0.5	0.5

*Bond Buyer's Municipal Bond Index Current Day – Yield to Maturity

CRITERIA AND METHOD FOR FUND DISTRIBUTION

Project Priority List of DWSRF Projects

For a project to be considered for funding from the ADWF, it must be included in the State's Project Priority List (PPL) of DWSRF projects. The process is initiated when an eligible borrower completes a project questionnaire through the ADEC Online Application System (OASys).

In an effort to make loan funds more accessible, and to facilitate prioritization of construction-ready projects, ADEC implemented a revised schedule for questionnaire submittal beginning in 2018. Questionnaires are now accepted year-round through OASys rather than during one or two limited solicitation periods during the year. Questionnaires are reviewed by a scoring committee on a quarterly basis. The submittal deadlines for questionnaire reviews are February 28, May 31, August 31, and November 30. An email was sent to eligible borrowers in January 2022 providing information about the schedule and inviting submittal of project questionnaires to be considered for SFY23 funding assistance.

Under the SDWA section 1452 (f)(2), and in accordance with the Code of Federal Regulations (CFR) §35.3525(c), DWSRF funds may be used by a publicly owned system to refinance existing local debt obligations for a project that would otherwise be eligible for SRF funding. Cross-cutter requirements, including environmental review requirements, American Iron and Steel, and Davis-Bacon wage rate requirements apply to these projects. Documentation of an approved environmental determination at the time the project was initially financed must be provided. American Iron and Steel requirements apply to projects with construction after June 10, 2014. Davis-Bacon wage rate requirements apply to projects with construction after October 30, 2009. Refinancing requests will not be eligible to receive principal forgiveness unless the

subsidy is committed as part of a coordinated multi-agency funding package prior to initiation of the project.

The project scoring committee, made up of representatives from the SRF Program, as well as the ADEC Drinking Water, Wastewater, Source Water Protection, and Nonpoint Source Programs, evaluates the project questionnaires based on the DWSRF criteria and assigns a numeric score to each project. Projects are added to the PPL in rank order. The rating criteria are provided in Appendix 1.

Based on the financial data provided in Table 2, approximately $61.8 million is currently available for new loans. The highest ranked projects that are within the anticipated amount of available funding for the fiscal year are given a priority status during the first two months following issuance of the final IUP. During that two-month period, applications are accepted only from priority projects. Further, any project on PPL, regardless of its rank on the list, which can demonstrate that ADEC Approval to Construct is in place at the time of issuance of the final IUP will be allowed to submit a loan application. After the two-month period, loan applications are accepted for any ready-to-proceed project on the list in accordance with the bypass procedures discussed this IUP.

Amendments to the Project Priority List

ADEC will amend the PPL to include additional projects after each quarterly review and scoring of new project questionnaires. In updates to the PPL, any projects reviewed and scored will be added to the PPL in ranked order. The amended funding list will be publicly noticed for 10 days.

Project Readiness Bypass Procedure

When available funding exceeds demand, ADEC awards funding to ready-to-proceed projects without regard to project score or ranking because the Program has sufficient funds to finance all projects. This ensures timely utilization of federal funds.

In the event the SRF Program does not have sufficient funds available to offer loans to all projects that are ready to proceed, ADEC will work with water systems with the highest ranked projects on the PPL to ensure that those projects are given a chance to be funded first. However, the final funding selection of projects from the PPL will be based primarily on the projects' readiness to proceed.

Projects that are ready to proceed are prepared to begin design and/or construction and are immediately ready, or poised to be ready, to execute a loan agreement with ADEC. If, for whatever reason, an applicant is not ready to proceed with completing a loan application and initiating a project, the ADEC may select a lower ranking project for funding based on its ability to proceed in a timely manner. This bypass procedure is necessary to ensure that the available funds will be disbursed in a timely manner.

ADEC reserves the right to fund lower priority projects over higher priority projects if, in the opinion of ADEC, a higher priority project has not taken the steps necessary to expeditiously prepare for funding and project initiation (e.g., ADEC has not received the required documents

to execute a loan agreement, the project is not ready to proceed with construction, or the applicant withdraws the project for consideration).

In addition, a project may be bypassed, as necessary, for the State to meet federal grant requirements for equivalency and additional subsidy. In the event that two or more projects have the same ranking, preference will be given to projects with the following criteria and in this order: ready to proceed; response to a compliance or legal order with a specific deadline; and inclusion of a Green component.

SRF Program staff will regularly evaluate the status of available principal forgiveness funds and the outstanding projects list on the PPL. The intent of this evaluation is to determine if the projects currently identified as receiving principal forgiveness actually are capable of applying for and entering into a loan agreement within the current program year. If during this evaluation, a project is determined to be incapable of meeting the requirements of the program, that project may be bypassed and the corresponding principal forgiveness. may be awarded to other eligible projects on the PPL. In addition to readiness-to-proceed, a project may be bypassed due to an applicant's inability to meet all other program requirements, failure to develop an approvable, implementable project, or for other reasons applicable under state or federal law. Any projects bypassed during the program year may be reconsidered for principal forgiveness funds in a future year.

Emergency Procedures

For purposes of the SRF Program, an emergency refers to a natural disaster or manmade disaster that damages or disrupts normal public water system operations and requires immediate action to protect public health and safety. Upon issuance of an emergency declaration by a federal or state emergency response official, or upon a finding by ADEC, funds may be made available for projects not currently described in an IUP. Bypass procedures may be waived under direct threat of severe public or environmental harm. Reasonable efforts to fund projects in priority order will still be followed under emergency situations.

Removing Projects from the Project Priority List

Projects on the PPL will be monitored to ensure that applicants are proceeding with their projects in a timely fashion. A project may remain on the PPL for a maximum of two years (eight quarters). Projects will retain the same score originally assigned unless a revised questionnaire is submitted and reviewed by the project scoring committee. If an application has not been submitted for a project within eight quarters, the project will be removed from the list and a new questionnaire will be required to relist the project.

Amendments to Existing Loans

A borrower may request an amendment to an existing loan agreement to modify the project scope, increase the loan amount, or both. Amendments that solely increase the loan amount by no more than 10% of the original loan amount, up to $100,000, may be completed through an informal request for a loan amendment with the SRF Program Manager's approval. Similarly, minor scope changes that do not affect the location or purpose of the originally proposed project may also proceed with an informal request for a loan amendment with the SRF Program

Manager's approval. Amendments that will increase the loan amount by more than 10% of the original loan, or more than $100,000, and/or include scope modifications that affect the footprint or purpose of the project, are required to be public noticed in an update to the PPL before the loan amendment is issued.

FUNDING ALLOCATIONS

Each year, ADEC identifies funding levels for Green Project Reserve and additional subsidization based on administrative rules.

Green Project Reserve (GPR)

The FFY22 capitalization grant encourages, but does not require, the use of funds to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. To incentivize borrowers to include such aspects in their projects, ADEC awards 25 additional points in the project questionnaire scoring process for eligible GPR work. Green projects are identified in the funding list by green project category type.

At the time this IUP was drafted, 12 projects had been initially identified with green components (see the PPL in Appendix 2). These projects will be further reviewed during the loan application process to ensure that each project, in whole or in part, qualifies for GPR. Borrowers will be required to provide a Green Project Assessment form with applicable backup documentation

Additional Subsidy – Disadvantaged Community Assistance

There are two distinct and additive additional subsidy authorities in the FFY21 capitalization grant. Under the Congressional additional subsidy authority, Alaska must use 14% of the FFY21 capitalization grant to provide additional subsidization to any DWSRF-eligible recipient. Under the second authority, the SDWA mandates that states use at least 12%, but no more than 35%, of the capitalization grant amount for additional subsidy for state-defined disadvantaged communities. In combination, the additive additional subsidy authorities for the FFY21 federal capitalization grant require at least 26%, and no more than 49%, of the grant must be offered in the form of additional subsidy.

The amount of principal forgiveness ADEC allocates each year is dependent on the federal capitalization grant requirements and what ADEC forecasts the ADWF can afford while maintaining the Fund's perpetuity. As indicated on the PPL provided in Appendix 2, ADEC plans to offer approximately 38% of the capitalization grant as additional subsidy in the form of principal forgiveness to disadvantaged communities.

A utility is considered disadvantaged if it meets one or more of the following criteria:

- Median Household Income (MHI) is less than the state average MHI that is currently published by the Alaska Department of Labor and Workforce Development, Research and Analysis. For privately owned water systems, the MHI is based on the community in which the utility is located.

OR

- Rate of unemployment is above the state average unemployment rate that is currently published by the Alaska Department of Labor and Workforce Development, Research and Analysis. For privately owned water systems, the unemployment rate is based on the community in which the utility is located.

Subsidy funding will be awarded to disadvantaged entities proposing traditional projects according to overall project ranking on the PPL, from highest to lowest, until all funding is utilized. ADEC will offer borrowers that meet the disadvantaged community criteria subsidy of 50% of the total project costs, up to a cumulative maximum of $500,000 per utility. The PPL prepared for the first and second quarter of SFY23 shows that the minimum subsidy requirement has been met and exceeded with approximately 38% of the FFY22 capitalization grant planned for drinking water project subsidy.

Subsidy allocations for Micro Loan projects will range from 50% to 90% of the total project cost. No new Micro Loan projects were proposed during the first quarter PPL (Appendix 2); however, if additional Micro Loan projects are proposed during subsequent updates to the PPL during the rest of SFY22, principal forgiveness will be offered to each Micro Loan project. The amount of subsidy offered will be determined based on the community's capacity as demonstrated by the Operation and Maintenance Best Practices score and the affordability of the utility's current user rates. The Operation and Maintenance Best Practices is a criteria developed in 2015 by the ADEC Facilities Programs, in collaboration with the Rural Utility Business Advisor Program and the Alaska Native Tribal Health Consortium, to assess the technical, financial, and managerial capacity of rural water and wastewater utilities.

In 2018, ADEC developed an affordability indicator for use in determining whether a community's users can afford the annual operation, maintenance, repair, equipment and capital replacement costs of their water, wastewater, or solid waste facilities. This Alaska Village Affordability Index will be used as a factor in determining the amount of subsidy to be allocated to Micro Loan projects as shown in Figure 1.

		Best Practices Score	
		50-75 pts	76-100 pts
Affordability of User Rates	Unaffordable (High Burden)	**70%**	**90%**
	Mid-Affordable (Medium Burden)	**50%**	**70%**

Figure 1. Micro Loan Subsidy Matrix

All projects that are identified for subsidy allocation on the PPL must meet the following milestones in order to retain eligibility for subsidy:

- Submit a loan application within six months of the project being listed on the PPL; otherwise, subsidy funds may be made available to the next highest ranked eligible project.
- Initiate design and/or construction of the project within one year of completion of a loan agreement; otherwise, the loan agreement may be amended to remove principal forgiveness.

Any uncommitted subsidies that exist after one year of publication of the IUP will be distributed to projects with existing subsidies, or to those projects which are the furthest along in completion of construction. The SRF Program will aim to allocate required subsidy as quickly as reasonably possible; all required subsidy will be allocated within three years of the grant award to ensure compliance with the federal grant conditions.

Small System Assistance

Of the total amount available for assistance from the ADWF each year, ADEC must make at least 15% available solely for providing loan assistance to small systems, those serving populations less than 10,000, to the extent such funds can be obligated for eligible projects.

Sustainable Infrastructure Planning Projects

In this IUP, ADEC is continuing a program to assist small public water systems with loan financing for water system planning and related activities that promote sustainable infrastructure. For each Sustainable Infrastructure Planning Projects (SIPP) on the PPL, a maximum of $75,000 in loan principal may be forgiven for those borrowers that are considered disadvantaged communities. A maximum of $75,000 in loan forgiveness for SIPP will be allotted to per project and per borrower during SFY23. If one borrower submits multiple planning projects for consideration, the $75,000 in potential loan forgiveness will be divided between the SIPP. A maximum of $1,000,000 in SIPP loan forgiveness has been allotted by the SRF Program for SFY23.

Examples of eligible projects are described below:

- Feasibility Studies to evaluate infrastructure project feasibility. Studies may also include the evaluation of resiliency measures and continuity of operations, including identification of needed infrastructure improvements.
- Asset Management Plans for managing water system infrastructure assets.
- Consolidation Studies to evaluate potential for water system consolidation.
- Water Rate Analysis to evaluate water system rate charges, structure and adequacy.
- Leak Detection Studies to detect water system leakage and identify potential solutions.
- Water System Master Plan to evaluate the needs of the water system in the long term and make recommendations for future improvements.

Any water system receiving a loan that includes principal forgiveness for a SIPP must enter into a loan agreement within six months of receiving notification that the project has been added to the PPL. The project must be completed within two years after signing the loan agreement. ADEC will allocate $1,000,000 in subsidy funding for SIPP during SFY23.

ASSURANCES AND CERTIFICATIONS

The Operating Agreement, as well as each capitalization grant, contain conditions that must be met. ADEC is committed to complying with all conditions in both the Operating Agreement and each capitalization grant.

Federal Reporting

EPA's SRF Data System (previously identified as the Project Benefits Reporting (PBR) database) collects project level information and anticipated environmental benefits associated with DWSRF projects. This system is also used to collect annual financial information which was formerly collected through the National Information Management System (NIMS). This annual information submittal is used to produce annual reports that provide a record of progress and accountability for the Program. EPA uses the information provided to oversee the DWSRF state programs and develop reports to the US Congress concerning activities funded by the DWSRF Program. ADEC commits to entering benefits information on all projects into the SRF Data System by the end of the quarter in which the assistance agreement is signed. ADEC also commits to entering all program information into the SRF Data System on an annual basis as EPA requests.

Federal Requirements Applicable to All Projects

Loan applicants will be notified of all applicable federal requirements after a project is identified as a candidate for funding. The following federal requirements are required of all SRF loan recipients:

American Iron and Steel - The American Iron and Steel (AIS) provision requires SRF assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance or repair of a public water system. ADEC includes the AIS requirements in all funding agreements for construction projects.

Davis-Bacon Act Wage Requirements - ADEC requires the inclusion of specific Davis-Bacon contract language in bid specifications and/or contracts and confirms that the correct wage determinations are being utilized. In addition, ADEC collects certifications of Davis-Bacon compliance from online project quarterly report statements.

Environmental Review - All proposed construction activities funded by the SRF Program undergo an environmental review in conformance with the EPA-approved State Environmental Review Process (SERP).

Federal Equivalency Requirements

Per EPA's Standard Operating Procedures for the CWSRF and DWSRF, specific requirements, often referred to as federal equivalency requirements, apply only to a subset of loans equal to the amount of the capitalization grant, rather than to all loans funded by the SRF Program. In SFY23 ADEC intends to take full advantage of the flexibility offered by equivalency to reduce the burden of the specific federal equivalency requirements for most applicants. In SFY23, the Anchorage Water Wastewater Utility Pro Fi loan will be required to meet all federal grant

conditions. A portion of the total $10.3 million Pro Fi loan will be reported for compliance with FFATA equivalent to the capitalization grant amount minus set-aside uses.

For the DWSRF, these specific equivalency requirements are:

- Disadvantaged Business Enterprises (DBE)
- Federal cross-cutters
- Signage to enhance public awareness of SRF assistance agreements
- Single Audit
- Federal Funding Accountability and Transparency Act (FFATA)
- BABA

Disadvantaged Business Enterprise

Loan recipients and their contractors must comply with the federal DBE requirements throughout the life of equivalency projects.

Federal Crosscutters - Environmental Review

At a minimum, DWSRF projects funded to an amount equal to the federal capitalization grant must comply with the federal cross cutter laws including the environmental cross cutters.

Signage to Enhance Public Awareness

To enhance public awareness of EPA assistance agreements in Alaska, ADEC posts detailed project notices for equivalency on the following ADEC web site: https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/project-posting-notices.

Single Audit

Borrowers who have received federal funds through ADEC's SRF Program may be subject to the requirements of the Single Audit Act and 2 CFR 200. ADEC monitors borrowers' compliance with those requirements in an amount equal to the capitalization grant.

Federal Funding Accountability Transparency Act

ADEC will use the FFATA reporting system to report all SRF Program equivalency projects, i.e. projects meeting all the federal cross-cutting requirements whose sum is at least equal to or greater than the capitalization grant amount less any non-applicable set-aside funds. In SFY23, the minimum amount reported in FFATA will be $3,076,779 ($7,008,000 cap grant minus the total set-asides requested, $3,931,221). Information will be reported no later than the end of the month following the date of an equivalency project finalized loan agreement. For planning purposes, it is anticipated that the Anchorage Water and Wastewater Utility SFY23 Pro Fi loan for approximately $10.3 million will be used to meet equivalency requirements.

As necessary, additional loans may be identified to include all federal requirements (including those associated with equivalency) to ensure that the ADEC has sufficient projects to report for FFATA in case any projects fail to fully disburse the loan amount as initially planned.

Build America, Buy America Act (BABA) – This provision that was included in the BIL requires domestic preference procurement for iron and steel products, manufactured products, and construction materials. When EPA provides guidance documents, and as waivers are

finalized, the SRF Program will be working to understand compliance issues for funded equivalency projects.

SET-ASIDES

The SDWA authorizes each state to set-aside a maximum of 31 percent of the capitalization grant for set-aside activities including administration of the loan fund and assistance to water systems in meeting SDWA requirements. ADEC evaluated each of the four set-aside activities with the goal of protecting public health while maximizing loan fund dollars for infrastructure improvement projects. Set-Aside use for each of the four activities is listed in Table 4. In support of the long- and short-term goals of the DWSRF, set-aside funds are used to fund a variety of technical assistance and capacity development activities as described in the following paragraphs. Detailed work plans for each set-aside will be submitted for EPA review within 90 days of award of the capitalization grant.

A state may also reserve the authority to access up to 16% of a year's capitalization grant from a subsequent grant, to be used for the activities allowed under the Administration and Technical Assistance set-aside (4%), the Small System Technical Assistance set-aside (2%), and the State Program Management set-aside (10%). When "banking" set-aside funds in this manner, the value of the banked funds from the current capitalization grant is placed in the loan fund. When banked funds are used in a new capitalization grant, the total set-aside use from that grant may exceed 31% and the funding allocated to the loan fund in that year is reduced.

There is a federal limit on the amount of funds used for each set-aside category and the types of activities funded. In accordance with keeping unliquidated obligations at a minimum, ADEC will fully expend Set-aside funds within a two-year period.

Table 4. Set-Aside Use

Set Aside Activity	Requested Through SFY22	Requested in SFY23	"Banked" Through SFY23
Administration & Technical Assistance (4%)	$9,406,424	$280,320	$1,424,922
Small Systems Technical Assistance (2%)	$2,676,471	$268,370	$2,282,782
Local Assistance and Other State Programs (15%)			
Capacity Development & Operator Certification	$14,735,800	$700,800	
Drinking Water / Wellhead Protection Program	$11,356,949	$350,400	
State Program Management (10%)	$18,646,330	$2,331,331	$5,786,098
TOTAL		$3,931,221	

Administration and Technical Assistance Set-Aside (4%)

Drinking Water Program Technical Assistance

The 2016 WIIN Act provisions provide states with three options with regard to the amount used for this set-aside as listed below:

- Four percent of the capitalization grant,

- Flat $400,000, or
- 1/5 percent of the total valuation of the state revolving fund balance.

This year, ADEC plans to utilize four percent of the grant award, totaling $280,320. This amount will be used by the Division of Environmental Health Drinking Water Program (DWP) for technical assistance to support public water systems. ADEC reserves the authority to access an additional $119,680 in a future capitalization grant.

Small System Technical Assistance (2%)

In SFY23, ADEC will use $140,160, or two percent of the capitalization grant, plus $128,210 in previously banked Small System Technical Assistance Set-aside funds for assistance activities for small systems that serve fewer than 10,000 people.

Local Assistance and Other State Programs Set-Aside (15%)

The State may request up to fifteen percent of the annual DWSRF capitalization grant for Capacity Development, Operator Training and Certification, Wellhead Protection, and other appropriate technical assistance activities; however, no more than ten percent of the capitalization grant may be used for any one specific activity.

Capacity Development and Operator Certification Programs

During SFY23, ADEC will continue to implement the recently revised Capacity Development Strategy that incorporates asset management as required under AWIA.

In addition, the Operator Certification Program will provide direct technical assistance to water system operator and owners. A total of $700,800 in Local Assistance set-aside funds will be utilized for implementation of the Capacity Development and Operator Certification Programs.

Drinking Water and Wellhead Protection Program

The Drinking Water Protection Program, within the DWP, will utilize five percent of the capitalization grant, $350,400, for drinking water protection-related activities.

Program Management Set-Aside

To supplement Public Water System Supervision (PWSS) program management activities, the DWP will utilize $700,800, or ten percent of the capitalization grant, plus $1,630,532 in previously banked Program Management Set-aside funds, for SDWA compliance requirements.

PUBLIC REVIEW AND COMMENTS

A notice of the draft IUP will be emailed directly to an email list of potential SRF borrowers throughout the state. The notice of public comment was also be posted on the ADEC Public Notice website. The draft IUP was available on the ADEC SRF Program website throughout the 30-day public comment period.

Nine public comments were received in regard to the draft IUPs for the ADWF and ACWF. All of these comments expreseed support for financing proposed infrastructure improvements in Kotzebue.

Appendix 1

Priority Criteria for SFY23 Projects

Division of Water
State Revolving Fund Program

Alaska Drinking Water State Revolving Fund

Priority Criteria for Drinking Water Projects – Reference Sheet

	PUBLIC HEALTH CONSIDERATIONS *(Select only one)*	POINTS
1	This project will correct the cause of a human disease event documented by Alaska Department of Environmental Conservation (ADEC) or a recognized public health organization. Documentation required to receive full points. ***Examples:*** • *Outbreaks of Hepatitis, Giardiasis or Cryptosporidiosis.* • *Installation of new water mains in an area where there is a documented well contamination by a regulated contaminant that exceed safe standards, or a contaminant that is not regulated by EPA and/or the State, but has an established health advisory level.*	100
2	This project will eliminate acute risks to public health. Documentation required to receive full points. ***Examples:*** • *Provides potable water to a community or area currently not served by piped service, but has existing water points or other haul systems.* • *Will resolve microbial risk from inadequately treated surface water or groundwater with long term deadlines.* • *Treatment for exceedances of acute contaminants such as nitrate, or treatment for long term (> 2 years) Maximum Contaminant Level (MCL) or Action Level exceedances for a chronic contaminant such as Disinfection By-products (DBPs), lead, arsenic, etc.* • *Increase capacity where it is insufficient to meet public health needs. Examples include: source quantity; raw or treated water storage capacity to meet demand; well intake or distribution system pumps.*	75
3	This project will correct potential long-term, chronic health threats or resolve serious distribution system problems or leaks. Documentation is required. ***Examples:*** • *Correction of documented issues with a high potential to violate a wastewater permit condition or ADEC design criteria.* • *VOC removal, pH adjustment, action level or primary MCL exceedances due to source water quality or contamination.* • *Replacement of documented pipes or facilities that are leaking or constructed of inferior materials (example – asbestos cement pipe, structurally impaired water tank/reservoir).* • *Correction of documented distribution system freeze-up problems.* • *Installation of new sewer mains to an area that is currently served by on-site systems and, has a high potential of regulated contaminants exceeding safe standards.*	50
4	This project will eliminate potential hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations. ***Examples:*** • *Periodic exceedances of action level or primary MCLs due to mechanical or structural problems, undersized or inadequate components or fixtures, or low-pressure issues.* • *Replacement of pipe or facilities that are suspected to leak or constructed of inferior materials. Documentation of leaks Is not required.* • *Extension of water service for existing customers and/or water main looping to remove dead-end mains* • *SCADA and other process instrumentation installations.*	30
5	This project has no significant health hazard related issues.	0
	COMPLIANCE WITH SAFE DRINKING WATER ACT *(Select only one)*	
1	This project will allow a system to come into compliance with an executed Compliance-Order-By-Consent (COBC), Administrative Order, Judicial Decision or Consent Decree. Documentation required. *Points will be awarded only for agreements executed between the appropriate primary health agency (US Environmental Protection Agency or ADEC) and the system owner or for a judicial decree.*	35
2	This project will resolve a significant compliance issue. *Enforcement Targeting Tool (ETT) violations, Notices of Violation (NOVs), repeated or long-term boil water notices, one or more Revised Total Coliform Rule (RTCR) Level 2 Assessments*	25
3	This project has no significant compliance related issues. *Examples include relatively minor compliance issues documented by an agency notification letter.*	10
4	This project has minimal impact on future pollution events.	0
	SOURCE WATER PROTECTION *(Select only one)*	
1	This project specifically addresses system vulnerabilities or potential sources of contamination that are identified in the Drinking Water Protection Plan. Documentation must be provided and will be verified by ADEC.	10
2	The system's Drinking Water Protection Plan is current (within 3 years) and on file with ADEC Drinking Water Program. No documentation is required.	5
3	The system's Drinking Water Protection Plan is not current and/or the project does not address any vulnerabilities or potential sources of contamination.	0

AFFORDABILITY *(Select only one)*			**POINTS**
Points will only be given if a water system provides recent income data, population figures, and a fee structure or ordinance. The average monthly household cost for water service, after project completion, will be divided by the monthly mean household income. The monthly mean household income will be documented by a current survey or census data. The web page link for the data is located at the Department of Labor and Workforce Development Research & Analysis Section: http://laborstats.alaska.gov			
	Monthly Water Cost	**Monthly Income**	
1	High	>1%	10
2	Medium	0.5% - 1.0%	6
3	Low	<1.0%	3
OPERATOR CERTIFICATION *(Select only one)*			
1	The system employs, or has on contract, an operator certified to the level of the system.		5
2	The system does not employ, or have on contract, an operator certified to the level of the system		0
ABILITY TO REPAY *(Select only one)*			
1	The source, amount and year of repayment funds have been identified and are available now. This does not include anticipated funds from future year funding or appropriations. Documentation required.		5
2	Repayment funds have not yet been identified.		0
ADDITIONAL CONSIDERATIONS *(Up to 15 points))*			
1	Construction documents have been prepared (under 18 AAC 80) and submitted to the appropriate ADEC Drinking Water program office.		5
2	A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted to the ADEC SRF Program.		5
3	This project will result in the regionalization and/or consolidation of two or more existing public water systems.		5
SUSTAINABILITY PROJECTS *(Select only one)*			
1	Fix it First Projects – These are projects currently located in an established area which is still suitable for use and should be encouraged over project in undeveloped areas. The repair, replacement and upgrade of infrastructure in these types of areas are encouraged.		50
2	Effective Utility Management – Plans, studies and projects that improve the technical, managerial and financial capacity of assistance recipients to operate, maintain and upgrade their infrastructure. Improved stewardship of the existing infrastructure will help improve sustainability and extend the useful life of the system.		25
3	Planning – Preliminary planning, development of alternatives, and capital projects that reflect the full life cycle cost of infrastructure, conserve natural resources or use alternative approaches to integrate natural systems in the built environment.		25
4	Not applicable.		0

To Be Completed by ADEC

GREEN PROJECT		
1	The applicant has sufficiently demonstrated eligible Green components under the project.	25
EQUIVALENCY		
1	This project will be used as an equivalency project.	50

Appendix 2

Project Priority List

Alaska Drinking Water Fund - State Fiscal Year 2023 (SFY23) Project Priority List - 1st and 2nd Quarter

Note: The total available funding for SFY23 projects is $61.8 million.
(1) Within Funding Limits column indicates that the project is within the current fundable limit of the Alaska Drinking Water Fund. Large projects (over $5 million) may be phased based on projected funding needs during the next year. Loan applications may be submitted for any project within the funding limits that is ready to proceed.
(2) Principal forgiveness is subject to change depending on the readiness of projects to proceed.
(3) Loan repayment terms will be finalized when a loan agreement is offered. The finance rate will be based on a calculation identified in Alaska Administrative Code (18 AAC 76).
(4) Individual Pro Fi projects are reviewed and assigned a weighted scored based on the total project cost. The overall score for the Pro Fi questionnaire is the sum of weighted scores for all of the Pro Fi projects.

Rank	Score	Within Funding Limits [1]	Public Water System ID# (Community Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness [2] (SFY22 and previous years)	Estimated Principal Forgiveness [2] (SFY23)	Disadvantaged Community	Loan Term [3] (years)	Green Project Amount (Type)	Sustain-ability Policy	Estimated Start Date	Quarter Added to PPL
DRINKING WATER PROJECT QUESTIONNAIRES														
1	203	X	AK2120012 (225)	Unified Alaskan Utilities	**Vallenar View Water System Renewal -** Acquire necessary easements to re-locate water source outside floodplain, install power to the water source, rehabilitate leaking transmission main, replace water distribution system to meet separation distance requirements, replace water treatment system, replace distribution pumps, reconfigure water storage as necessary to meet contact time requirements.	$1,446,687		$500,000	X	5 to 20	TBD (Energy)	Fix It First	7/1/2022	SFY23-Q1
2	156	X	AK2121510 (5,400)	Ketchikan Gateway Borough	**Fawn Mountain Tank Resealing** - In order to address existing leaks in the tank, sandblast interior surface of 825,000-gallon bolted epoxy-coated steel tank, remove all existing joint and bolt sealants, replace corroded bolts, and install new chevron industrial membrane.	$750,000		$375,000	X	20 to 30	$600,000 (Energy)	Fix It First	10/1/2022	SFY23-Q1
3	146	X	AK2121510 (5,400)	Ketchikan Gateway Borough	**Roosevelt & Romine Drive Water Main Replacement** - Replace water distribution mains running through Roosevelt Drive and Romine Drive, install new arctic pipe water mains from Romine up to Ravenwood, and install a new pressure reducing vault atop Romine Drive. Existing ductile iron mains are 30 years old and have failed on multiple occasions due to electrolytic corrosion.	$709,000		$125,000	X	20 to 30	$709,000 (Energy)	Fix It First	7/1/2023	SFY23-Q1
4	141	X	AK2310926 (950)	Valley Water Company	**Valley Water System Upgrade and Rehabilitation** - Prepare a Water System Master Plan that will help to identify improvements needed to ensure that the system operates in compliance and enhance sustainability of the system. Improvements identified in the Master Plan may be implemented in a phased approach. Proposed improvements may include a water treatment system necessary to address high copper concentration in drinking water; rehabilitation or replacement of 50-year-old distribution system infrastructure including pumps, pipe, valves, and hydrants; installation of leak detection system; and installation of new backup generator.	$825,000	$412,500		X	5 to 20	$350,000 (Energy)	Fix It First	5/1/2021	SFY21-Q4
5	138	X	AK2111566 (1,713)	Haines Borough	**Lily Lake Water Treatment Plant Upgrade** - Replace old and deteriorating infrastructure in the treatment plant to reduce leaks and ensure a safe work environment. Work will also include control system installation and upgrades including a Programmable Logic Controller (PLC) and a Supervisory Control and Data Acquisition (SCADA) system for the entire water system.	$1,300,000		$500,000	X	20 to 30	$500,000 (Water)	Fix It First	8/1/2022	SFY23-Q1
6	133	X	AK2241020 (420)	Nikishka Bay Utilities, Inc.	**Distribution System Renewal** - Replace the entire distribution system comprised of galvanized steel or Schedule 40 PVC. Galvanized mains are 70+ years old, and system leakage is currently estimated at 60,000 gallons per day.	$6,385,158		$500,000	X	20 to 30	TBD (Water)	Fix It First	8/31/2022	SFY23-Q1
7	125	X	AK2260197 (4,916)	Dillingham	**Water System Improvements Phase II** - Upgrade and rehabilitate the water distribution system including replacement of asbestos cement pipe with ductile iron pipe, elimination of dead ends, installation of additional hydrants, and rehabilitation or replacement of main valve boxes.	$1,575,939	$500,000		X	20 to 30	na	Fix It First	5/1/2021	SFY22-Q1
8	125	X	AK2260197 (4,916)	Dillingham	**Water System Improvements Phase III** - Upgrade and rehabilitate the water distribution system including replacement of asbestos cement pipe with ductile iron pipe, elimination of dead ends, installation of additional hydrants, and rehabilitation or replacement of main valve boxes.	$1,383,600		$500,000	X	20 to 30	na	Fix It First	5/1/2021	SFY22-Q1

Rank	Score	Within Funding Limits [1]	Public Water System ID# (Community Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness [2] (SFY22 and previous years)	Estimated Principal Forgiveness [2] (SFY23)	Disadvantaged Community	Loan Term [3] (years)	Green Project Amount (Type)	Sustain-ability Policy	Estimated Start Date	Quarter Added to PPL
9	74[4]	X	AK2210906 (291,826)	Anchorage AWWU	**SFY23 Pro Fi Loan** - The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for water infrastructure projects. A list of projects is attached.	$10,304,964				20		Fix It First	9/1/2022	SFY23-Q1
10	121	X	AK2250011 (9,047)	Kodiak	**Aleutian Homes Phase VII Water Distribution Lines Replacement** - Replace approximately 2,600 feet of 65-year-old asbestos cement water main with ductile iron pipe. Other improvements may include service lines and appurtenances. Curb/gutter, sidewalk, and pavement impacted by the water line work will be replaced.	$2,200,000	$500,000		X	20 to 30	na	Fix It First	5/10/2021	SFY21-Q3
11	121	X	AK2240757 (2,693)	Seward	**Lowell Canyon Water Storage Tank Replacement** - Design and construct a 500,000 gallon water tank. Demolish and remove existing tank that is in poor condition.	$1,905,000		$500,000	X	5 to 20	$1,300,000 (Energy)	Fix It First	8/10/2022	SFY23-Q1
12	113	X	AK2241020 (420)	Nikishka Bay Utilities, Inc.	**Granular Activated Carbon (GAC) Filter Renewal** - Replace the GAC in four contactors. Inspect and renew filter bed distribution piping as necessary, dispose of exhausted media.	$123,625			X	5 to 20	na	Fix It First	8/1/2022	SFY23-Q1
11	111	X	AK2340060 (3,004)	Kotzebue	**Lagoon Water Service Loop Replacement** - Design and construct replacement water distribution service loop at the end of its useful life. Freeze protection and essential upgrades are needed for the 1980-1990s era infrastructure.	$10,244,000			X	5 to 20	na	Fix It First	9/1/2022	SFY23-Q2
12	111	X	AK2340060 (3,004)	Kotzebue	**Swan Lake Water Service Loop Replacement** - Design and construct replacement water distribution service loop at the end of its useful life. Freeze protection and essential upgrades are needed for the 1980-1990s era infrastructure.	$5,482,000			X	5 to 20	na	Fix It First	9/1/2022	SFY23-Q2
13	110	X	AK2240456 (5,003)	Homer	**Mission Road Water Main Extension** - This project will extend the water distribution system to provide piped public water to 28 residential properties and a private school with dormitories. The residential properties are currently served by private wells with poor quality water.	$2,103,806		$500,000	X	20 to 30	$10,000 (Water Conservation - meters)	Effective Utility Mgmt	9/30/2021	SFY22-Q2
14	110	X	AK2240456 (5,003)	Homer	**West Hill Road Water Trunk Line** - This project will extend the water distribution system to over 95 residential properties, all of which are served by private wells with poor quality water.	$2,755,087			X	5 to 20	$75,000 (Water Conservation - meters)	Effective Utility Mgmt	4/1/2022	SFY22-Q2
15	106	X	AK2120193 (1,201)	Craig	**Replace 5.5 miles of Raw Water Main** - Inspect and replace approximately 5.5 miles of aging ductile iron raw water main that transmits raw water from North Fork Lake to the Craig water treatment plant.	$2,900,000	$500,000		X	5 to 20	na	Fix It First	7/15/2021	SFY22-Q1
16	106	X	AK2120193 (1,201)	Craig	**Supervisory Control and Data Acquisition (SCADA) System Upgrade** - Install master Programmable Logic Controller (PLC) and update the SCADA system at the Water Treatment Plant to monitor water treatment functions.	$125,000		$62,500	X	5 to 20	na	Effective Utility Mgmt	7/29/2021	SFY23-Q1
17	96	X	AK2240757 (2,693)	Seward	**SMIC Water Pumphouse Addition, Hypochlorite Generator System Upgrade** - This project will include an addition to a pumphouse and upgrade the hypochlorite generator system to eliminate the use of chlorine gas.	$476,000	$238,000		X	20 to 30	na	Effective Utility Mgmt	6/10/2021	SFY22-Q1
18	96	X	AK2111566 (1,713)	Haines Borough	**Soap Suds Alley Water Main Upgrade -** Replace a 1-inch dead end service line with a standard water main and connect to existing main to create a looped system. Remove a failing pressure reducing valve which cannot be used to maintain minimum service pressures and risks causing line blockages.	$140,000			X	20 to 30	na	Fix It First	4/3/2023	SFY23-Q1
19	96	X	AK2111566 (1,713)	Haines Borough	**Young Road Waterline Relocation -** Replace and relocate existing waterline to a location within public right-of-way to allow for future repair and maintenance.	$300,000			X	20 to 30	na	Fix It First	6/1/2022	SFY23-Q1

Rank	Score	Within Funding Limits [1]	Public Water System ID# (Community Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness [2] (SFY22 and previous years)	Estimated Principal Forgiveness [2] (SFY23)	Disadvantaged Community	Loan Term [3] (years)	Green Project Amount (Type)	Sustain-ability Policy	Estimated Start Date	Quarter Added to PPL
20	93	X	AK2240456 (5,003)	Homer	**A Frame Transmission Line Replacement -** Existing line is on a steep slope subject to potential slumping. To avoid waterline failure, relocate and replace approximately 1,200 linear feet of existing 8-inch cast iron line with 10-inch high density polyethylene transmission main.	$771,253			X	20 to 30	na	Fix It First	5/31/2023	SFY23-Q1
21	91	X	AK2111566 (1,713)	Haines Borough	**Small Tracts Water Main Extension -** Design and construct approximately 4200 feet of new water main to provide a continuous loop to the Small Tracts Road area to eliminate a dead end water main, improve water quality served in the area, and allow for service connections to about 44 parcels currently served by private wells or rain catchment systems.	$2,750,000			X	20 to 30	na	----	4/3/2023	SFY23-Q1
22	85	X	AK2240456 (5,003)	Homer	**Bunnell-Charles Way Water Main Extension** - Extend the water distribution system to provide piped public water to 27 central business district zoned properties, all of which currently are served by hauled water from City watering points.	$509,167	$225,690		X	20 to 30	na	Effective Utility Mgmt	8/1/2021	SFY22-Q1
23	81	X	AK2120143 (2,369)	Wrangell	**Water Treatment Plant** - Construct a dissolved air filtration with multimedia water treatment system and complete other related improvements including, but not limited to, electrical improvements, controls for fully automatic operation, pumps, standby generator, and fuel system. This loan would serve as required interim financing for a U.S. Department of Agriculture Rural Utilities Service loan.	$3,821,000			X	< 5	$1,428,000 (Water)	Effective Utility Mgmt	8/2/2021	SFY23-Q2
24	80		AK2260197 (2,329)	Dillingham	**Waterfront Water System Upgrades (Design)** - Complete design for the extension and rehabilitation of the existing water distribution system in the Dillingham waterfront area.	$44,125			X	20 to 30	na	Effective Utility Mgmt	6/1/2021	SFY22-Q1
25	80		AK2260197 (2,329)	Dillingham	**Waterfront Water System Upgrades (Construction)** - Based on the proposed design plan for the waterfront area, construct improvements including the extension of the water system as well as rehabilitation of the existing distribution system.	$560,050			X	20 to 30	na	Effective Utility Mgmt	7/1/2021	SFY22-Q1
26	78		AK2340010 (3,598)	Nome Joint Utility System	**Equipment Response / Storage / Office Facility -** Construct a building to support the drinking water utility, amalgamate ancillary facilities, reduce operating costs, protect equipment, and improve health and safety of the work environment. The facility will also support the sewer utility. The cost of construction would be split between the Alaska Clean Water Fund and the Alaska Drinking Water Fund.	$5,025,000			X	20 to 30	$1,000,000 (Energy)	Effective Utility Mgmt	1/17/2022	SFY22-Q2
27	76		AK2250011 (6,130)	Kodiak	**Contact Time (CT) Water Tank Improvements** - Replace interior tank coating and repair/restore exterior tank coating for two existing 2.2 million gallon CT tanks at the water plant. In addition, remove existing tank baffles and associated hardware, re-install baffles as necessary, and complete any additional work required for Alaska Department of Environmental Conservation plan review approval.	$2,500,000			X	20 to 30	na	Fix It First	3/1/2022	SFY21-Q3
28	66		AK2240757 (2,693)	Seward	**New Water Meter Installation** - Purchase and install 200 water meters with remote reader reporting capabilities to promote water conservation and simplify billing rates.	$432,000			X		$400,000 (Water Conservation)	Effective Utility Mgmt	8/1/2022	SFY23-Q1
29	50		AK2340010 (3,598)	Nome Joint Utility System	**Tank Farm Relocation** - Relocate the existing tank farm to a more stable location. Due to permafrost and climate change, the existing tank farm location is subject to differential settling that requires ongoing leveling and maintenance to avoid tank failure. The bulk fuel tank farm supports community electric power generation needs which in turn provides essential support to the community water system (freeze protection through use of waste heat from electric generation activities and power for water circulation pumps).	$5,940,000			X	5 to 20	na	Effective Utility Mgmt	5/15/2023	SFY23-Q2
30	48		AK2240456 (5,003)	Homer	**Shellfish Avenue Water Tank** - Design and construct a 750,000-gallon steel water storage tank on the north side of Shellfish Avenue. Install pipe necessary to connect the new storage tank to the water main on Tasmania Court.	$7,280,000			X	20 to 30	na	na	6/30/2022	SFY23-Q1

Rank	Score	Within Funding Limits [1]	Public Water System ID# (Community Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness [2] (SFY22 and previous years)	Estimated Principal Forgiveness [2] (SFY23)	Disadvantaged Community	Loan Term [3] (years)	Green Project Amount (Type)	Sustain-ability Policy	Estimated Start Date	Quarter Added to PPL
31	46		AK2120193 (1,201)	Craig	**Water Plant Contact Chamber Baffles** - Install baffles in the existing 35,000-gallon chlorine contact chamber and the 165,000-gallon water storage tanks to achieve chlorine contact time more efficiently. Construct an additional 30,000-gallon baffled storage tank.	$588,200	$294,100		X	5 to 20	na	Effective Utility Mgmt	5/19/2023	SFY23-Q1
32	43		AK2240456 (5,003)	Homer	**A Frame Water Tank** - Design and construct a 250,000 gallon water storage tank on the north side of Dehel Avenue to provide a backup supply in the event of a waterline failure.	$2,081,000			X	20 to 30	na	na	6/30/2022	SFY23-Q1
33	8		AK2110601 (920)	Skagway	**Klondike Highway Water Main Extension** - This project will expand the water distribution system to provide municipal drinking water to a developed area that is currently served by private wells and septic systems.	$3,292,000	$500,000		X	20 to 30	na	---	4/1/2021	SFY21-Q1
					SUBTOTAL	***$89,703,661***	***$3,170,290***	***$3,062,500***			***$7,205,408***			
AMENDMENTS TO EXISTING LOANS														
			AK2340010 (3,598)	Nome Joint Utility System	**Bering Street Water Main Replacement** - This amendment increases the loan amount (Loan #627241-SG) by $1,051,012 for a total loan request of $3,485,000. The project scope is also amended to include replacement of water mains in Seppala Drive due to a high rate of failure/leakage due to settlement from melting permafrost under the road. Replacement of the water mains will be completed in coordination with a roadway improvement project sponsored by the Alaska Department of Transportation and Public Facilities.	$1,051,012			X	20		Fix It First		SFY22-Q1
					LOAN AMENDMENT SUBTOTAL	***$1,051,012***	***$0***	***$0***						
SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS														
1	113	X	AK2271999 (6,080)	Bethel	**Community-wide Water System Expansion Preliminary Engineering Report and Environmental Assessment** - Complete the planning documents necessary to estimate the cost to construct a water distribution system to serve over 2,000 households, commercial, and institutional connections. Preliminary engineering also includes a truck fill port. This planning document will address the construction of both water distribution and wastewater collection systems with the cost split between an Alaska Drinking Water Fund and Alaska Clean Water Fund loan.	$100,450	$75,000		X	5	na	Planning	3/22/2021	SFY22-Q1
2	51	X	AK2120193 (1,201)	Craig	**New Water Source Study** - Review potential new sources of drinking water to serve as a backup source. The City currently has no backup water supply should some interruption occur in the main treatment and distribution facilities. This project will look for other local water sources, including incorporating water from the City's prior water source as a supplement to the existing water source.	$100,000	$75,000		X	5	na	Planning	7/15/2021	SFY22-Q1
4	50	X	AK2240456 (5,810)	Homer	**Asset Management System Upgrade** - Upgrade the existing computerized maintenance management system with new software that will better track the condition, requirements for preventative maintenance, and costs of ownership of the City's water supply, treatment, and distribution assets. The new system would also forecast likelihood of failure of critical systems to allow cost effective prioritization of repairs.	$86,250	$37,500		X	5	na	Planning	10/18/2021	SFY22-Q3
5	50	X	AK2240456 (5,810)	Homer	**Water System Model Upgrade** - Recalibrate Homer's water system model with current hydrant flow data using an updated water system modeling platform, and adjust the Water Master Plan for future water system infrastructure needs.	$93,150	$37,500		X	5	na	Planning	10/18/2021	SFY22-Q3

Rank	Score	Within Funding Limits [1]	Public Water System ID# (Community Population)	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness [2] (SFY22 and previous years)	Estimated Principal Forgiveness [2] (SFY23)	Disadvantaged Community	Loan Term [3] (years)	Green Project Amount (Type)	Sustain-ability Policy	Estimated Start Date	Quarter Added to PPL
7	45	X	AK2260197 (4,916)	Dillingham	**Dillingham Utility Rate Study** - Update the 2014 Rate Study to reflect current conditions and future planning considerations. The Rate Study will include both water and wastewater utility rates with the cost of the study split between an Alaska Drinking Water Fund loan and an Alaska Clean Water Fund loan.	$30,000	$30,000		X	5	na	Planning	6/1/2021	SFY22-Q1
8	45	X	AK2211229 (350)	Unified Alaskan Utilities	**Moorehand Main Line Acoustic Assessment** - Combined leak detection and acoustic condition assessment of the distribution system.	$44,075				5	na	Planning	7/30/2021	SFY22-Q2
9	45	X	AK2224078 AK2220154 AK2211431 (1,191)	Unified Alaskan Utilities	**Water Revenue Study** - Prepare a revenue requirement study that will include the Creekwood, Homestead, and Sherwood public water systems that are operated under the Certificate of Public Convenience and Necessity issued to Unified Alaska Utilities.	$120,500	$75,000		X	5	na	Planning	7/30/2021	SFY22-Q2
10	45	X	AK2221834 (2,375)	Unified Alaskan Utilities	**Mile 8 Water Main Leak Detection and Condition Assessment** - Perform leak detection study in areas of the distribution system that showed evidence of leakage during a 2021 leak survey. Perform condition assessment on 6000 linear feet of critical transmission mains to determine remaining useful life.	$93,187		$75,000	X	5	na	Planning	7/31/2022	SFY23-Q2
11	41	X	AK2221834 (2,375)	Mile 8 Utilities	**Water Revenue Study** - Prepare a revenue requirement study.	$133,500	$75,000		X	5	na	Planning	7/30/2021	SFY22-Q2
12	41	X	AK2111566 (1,713)	Haines Borough	**Water System Modeling** - Model water system function and integrate with Geographic Information System.	$100,000		$75,000	X	5		Planning	4/3/2023	SFY23-Q1
13	36	X	AK2310926 (950)	Valley Water Company, Inc.	**Water Rate Study** - Perform a study to determine necessary rate increase to allow the water system to meet operating expenses and fund required improvements for an aging system.	$52,000	$52,000		X	5	na	Planning	4/1/2021	SFY22-Q1
					SUSTAINABLE INFRASTRUCTURE PLANNING LOAN SUBTOTAL	***$953,112***	***$457,000***	***$150,000***						
					TOTAL FUNDING REQUESTED (ALL CATEGORIES)	***$91,707,785***	***$3,627,290***	***$3,212,500***						

Alaska Drinking Water Fund
Programmatic Financing (Pro Fi) Projects

Applicant: Anchorage Water and Wastewater Utility
SFY22 Loan Request: $10,000,000
SFY23 Loan Request: $10,304,964
Loan Term: 20 years

Year		Number	Project Name	Description
SFY22		D-22-01	475 Loop Conversion	Convert portions of the Anchorage bowl transmission loop to the 475 hydraulic grade line to enhance system operations. The project will provide a new gravity intertie to replace a pumped intertie and demolish an outdated facility. Work also includes new flow monitoring and SCADA additions for new equipment.
SFY22		D-22-14	484-520 Zone Conversion	Reconfigure the lower Eagle River water system to operate as one cohesive system connected to the proposed 520 reservoir.
SFY22		D-22-02	900 Reservoir & Transmission Main	This reservoir is necessary to supply operational and emergency water storage needs in the upper Eagle River pressure zones. This project will construct a one million gallon reservoir and associated transmission piping to serve the upper Eagle River pressure zone. Construction of this reservoir will ensure operational and emergency water storage and prevent the water system from experiencing low system pressures during peak demand periods or emergencies.
SFY22		D19-01b	92nd Ave Pressure Reducing Valve (PRV)	Construct a new pressure reducing valve facility.
SFY22		D-22-03	Anchorage Townsite 5th-8th Water Upgrade	Rehabilitate water distribution infrastructure in downtown Anchorage that is at the end of its useful life. The project includes rehabilitation of approximately 4,200 lineal feet of cast iron and ductile iron mains installed between 1955 and 2002. Six fire hydrants will also be rehabilitated.
SFY22		D-22-04	Bragaw 16th Debarr Water Upgrade	Rehabilitate or replace approximately 1,300 lineal feet of 1960s-era 8-inch cast iron pipe on Bragaw Street between Debarr Road and E 16th Avenue. The project also includes replacing 2 fire hydrants, 16 water services (3/4-inch), and 2 water services (1/2-inch).
SFY22	SFY23	D19-01a	Dowling Road PRV	Construct a new pressure reducing valve facility.
SFY22		D-22-05	Eklutna Water Treatment Facility Disinfection Improvements	Replace the existing 20-year-old on-site hypochlorite generation system to improve reliability of the disinfection system and also improve worker safety.
SFY22		D-20-23	Eklutna Water Treatment Facility Energy Recovery Station Control Improvements	Rehabilitate the control infrastructure for the water treatment energy recovery station.
SFY22	SFY23	D-22-08	Girdwood Water System Upgrade	Demolish the Vail and St. Moritz booster stations and the Timberline Pressure Relief Valve (PRV) Station that have exceeded their useful life. Construct one new combined booster/PRV station adhering to current standards. The project also includes a new sampling station for water quality management and Supervisory Control and Data Acquisition (SCADA) for active management.
SFY22	SFY23	D-22-13	Girdwood Well Site Upgrade	Design modifications intended to improve reservoir water circulation.
SFY22	SFY23	D-22-15	Glenn Square PRV Facility	The project involves construction of a new aboveground pressure relief valve (PRV) facility to replace or upgrade the aged Chrysler PRV vault originally constructed in 1971 and modified in 1981. The existing vault is in a condition requiring improvements and access is limited by inbound traffic from the Glenn Highway.
SFY22		D-22-09	Hillcrest Drive Water Rehab	Rehabilitate and/or replace approximately 2,400 feet of cast iron and steel water main along Hillcrest Drive that is at the end of its useful life. The project is also anticipated to include installation of fire hydrants, gate valves, and valve boxes.
SFY22		D-22-10	Reservoir 3 and 4 Circulation Lines	In order to improve reservoir water circulation, install approximately 80 linear feet of 24-inch ductile iron pipe, 44 linear feet of 16-inch ductile iron pipe, 5 linear feet of 12-inch ductile iron pipe, one (1) single pumper fire hydrant assembly, seven (7) 12-inch to 24-inch gate valves and valve boxes, fittings, cathodic protection anodes, and sections of storm drain pipe. The Work in the Reservoir Facility Building includes mechanical piping, flow meters, valves, fittings, hydro-kinetic turbine, centrifugal pump, instrumentation, electrical, controls, and HVAC equipment. Additionally, the project includes demolition of Century Village Booster Station and removal of the existing sleeve valve in Tudor Valve Vault.
SFY22		D-22-11	SW 260 Zone Capacity Improvements	Provide necessary connectivity between two pressure zones in the AWWU water distribution system and thereby ensure more reliable service. The project will install water main to the SW 260 pressure zone through the Tanglewood Gold Course, Upgrade/construct a PRV Station at Oceanview North and Bowman School, and abandon three existing PVR stations.
	SFY23	D-23-01	Tanglewood Place Water Rehabilitation	Replace existing cast iron pipe with a history of water breaks and construct an intertie to the dead-end water main. Work is located in the vicinity of Tanglewood Place between Milky Way Drive and West 36th Avenue.
SFY22		D-19-10	Thunderbird Grandview Subdivision Water Upgrade	Replace or rehabilitate existing water distribution main in the Thunderbird Grandview subdivision. Condition assessment of the project pipe and the leak history of the area were used to identify this project.
SFY22		D-22-12	Upper Eagle River Flow	Complete booster station upgrades at Meadow Creek and Norfolk Booster Stations including pump upgrades and suction piping.
SFY22	SFY23	D-19-14	Water Master Plan Update	The water master plan provides a guide for future expansion, modifications and rehabilitation over a 20-year planning horizon.