ALASKA DRINKING WATER FUND

STATE DRINKING WATER LOAN PROGRAM

INTENDED USE PLAN
FINAL

FFY11 Grant Allotment

State Fiscal Year 2012

Submitted to the U.S. Environmental Protection Agency
By
Alaska Department of Environmental Conservation
Division of Water
July 2011

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INTRODUCTION

New to this year's IUP is the requirement for quarterly reporting, a limit on time for making funds available under a loan, and providing additional subsidy for Green eligible projects. Additionally, continued from last year's IUP is the inclusion of a Green Project Reserve (GPR) and funding subsidy component under the program. Further discussion of quarterly reporting, first fund draw, GPR, and funding subsidy can be referenced under the "ADDITIONAL LOAN FUND POLICIES – ASSURANCES" section of the IUP.

PROGRAM OVERVIEW

The purpose of the Alaska Drinking Water Fund (ADWF) is to make low interest loans available to Alaskan municipalities and other qualified entities for financing drinking water projects.

Loans can finance up to 100 percent of a project's eligible costs for planning, design and construction. In addition, loans can serve as local match for the Alaska Department of Environmental Conservation (DEC) Municipal Water, Sewer and Solid Waste Matching Grants Program or most other federal or state funding sources.

A range of projects and associated costs are eligible for funding under the ADWF loan program, as described in Title 18, Chapter 76 of the Alaska Administrative Code.

Examples of Projects Fundable Under ADWF

- Planning and Design of Facilities
- Water Source Rehabilitation
- Water Treatment Facilities
- Water Storage Facilities
- Water Transmission and Distribution Systems

The federal government, through the Drinking Water State Revolving Fund (DWSRF) Program, provides the primary source of funding for the ADWF. In turn, the ADWF funds planning and construction for eligible drinking water projects throughout the state. Other eligible activities funded this year include:

Other Activities Funded by the ADWF

- Administration of the Fund
- Small System Technical Assistance
- Capacity Development Program
- State Drinking Water Program Management
- Drinking Water Protection: Wellhead Protection Program and Source Water Assessment Program

PROGRAM GOALS

The DEC administers the Alaska Drinking Water Fund, guided by the following long and short term goals:

Long Term

1. Protect public health, minimize the potential for drinking water contamination, and promote the completion of projects and non-project activities using best management practices and affordable and applicable technology.
2. Support the state's goal of ensuring that all public water systems in Alaska provide water that is safe to drink.
3. Fully implement a Capacity Development program for increased public health protection and public water system compliance with Safe Drinking Water Act requirements.
4. Develop and effectively manage a self-sustaining loan program, to facilitate compliance by all public water systems with the Safe Drinking Water Act (SDWA)(42 U.S.C. 300f – 300j) and the State of Alaska's Drinking Water Regulations (Title 18, Chapter 80 of the Alaska Administrative Code).

Short Term

1. Provide low interest loans of $20.6 million dollars for planning, design and construction of facilities that will reduce acute health risks and provide safe drinking water.
2. Implement a new quarterly project status reporting requirement for all loans issued under the SFY12 IUP.
3. Implement a time limit for borrowers to initially utilize funds under a loan issued under the SFY12 IUP.
4. Provide not less than 20% of the capitalization grant amount awarded to the State and to the extent there are sufficient eligible project applications, funds for projects to be used for green infrastructure, water or energy efficiency improvements, and environmental innovative activities.
5. Provide at least 30% of the capitalization grant amount as a form of funding subsidy.
6. Provide $463,400 to the Wellhead Protection Program and overall drinking water protection activities to implement and assist owners, operators and communities in the development and implementation of drinking water protection programs throughout Alaska. EPA Region 10 approved Alaska's Drinking Water Protection Program (combined Wellhead Protection and source water assessments of public water systems, April 4, 2000.)
7. Provide $185,360 for operator training and technical assistance for communities with a population of less than 10,000 through Small Systems Technical Assistance Program.
8. Provide $926,800 to Capacity Development to fund activities to support and improve the technical, managerial and financial capacity of public drinking water systems (PWS) in Alaska.

9. Provide $926,800 to supplement State Drinking Water Program Management for SDWA compliance, continued primacy implementation, and public health protection activities.
10. Complete the next capitalization grant agreement with the U.S. Environmental Protection Agency (EPA) for federal fiscal year (FFY 12) Drinking Water Fund Allocation.

PROGRAM FUNDING – Funds Available

During State Fiscal Year (SFY) 12 a total of $20.6 million dollars is expected to be available for loans. The following table summarizes the monies contributed and the commitments and expenditures made since the inception of the program. The difference between funds available and total program commitments is the amount available for project loans in SFY 12 ADEC proposed to provide all $20.6 million in the form of direct loans to eligible drinking water systems. No other forms of assistance, such as insurance guarantees, will be offered.

Alaska Drinking Water Detailed Summary

Funding Sources:		
Federal Grants		$ 136,135,600
FFY11 Federal Capitalization Grant Request		9,268,000
FFY11 State Match Appropriation		
Bond Proceeds		1,853,600
State Match, prior years		
General Funds	$ 14,137,600	
Bond Proceeds	13,083,160	
Total State Match		27,220,760
Investment Interest		11,934,160
Repayments		
Loan Principal	$ 31,769,875	
Loan Interest	7,052,024	
Total Repayments		38,821,899
Projected 2012 Repayments and Investment Earnings		9,225,676
Transfer from ACWF		29,000,000
Total Funding		$ 263,459,695
Program Commitments:		
Loan Commitments		
Standard Loans Executed	$ 201,636,831	
Disadvantaged Assistance Loans Executed	12,421,000	
Total Loan Commitments		$214,057,831
Bonding and Transaction Costs to be Paid		1,858,600
Program Set-Asides		
Administrative Set-Aside	5,816,144	
Source Water Assessment Program	2,682,000	
Capacity Development	5,373,324	
State Drinking Water Program Management	7,325,000	
Wellhead Protection Program	3,745,574	
Small System Technical Assistance	1,986,446	
Total Program Set-Asides		26,928,488
Total Commitments		242,844,919
Net Available for Loans		$ 20,614,776

The following describes more fully each item in the previous table:

Funding Sources:

- "Federal Grants" is the total amount of federal EPA capitalization grants awarded to Alaska up to FFY 11.
- "FFY 11 Federal Allocation" is the amount of federal funding available to be requested in the grant application to be submitted to EPA.
- "FFY 11 State Match Appropriations" includes state funds provided as match for the grant which includes both general funds and bond receipts.
- "State Match, prior years" includes all the state match funding provided in years prior to FFY 11. It includes both general funds and bond proceeds.
- "Investment Interest" includes interest received on funds invested in the ADWF. These funds are listed in the amount available at the end of the third quarter of SFY 11.
- "Repayments" is the total amount of principal and interest repayments made by communities who have borrowed monies from the ADWF.
- "Projected 2012 Repayments and Investment Earnings" is the amount of interest payments, principal repayments and investment earnings anticipated to be received in SFY 12.
- "Transfer from ACWF" is the amount of funds transferred from the Alaska Clean Water Fund.

Program Commitments:

- "Loan Commitments, Standard Loans Executed" represents the actual loan agreements that have been executed.
- "Loan Commitments, Disadvantaged Assistance Loans/Grants Executed" represents grants that were made to certain economically disadvantaged communities early in the life of the program, and currently loans with subsidies in the form of principle forgiveness.
- "Bonding and Transaction Costs to be Paid" are anticipated administrative, bond sale and interest costs that will result from the sale of bonds in SFY 12.
- "Administrative Set-Aside" is the amount of funding that has been set aside for program administrative purposes up to the end of SFY 12.
- "Program Set-Asides, Source Water Assessment Program" is the total amount of funding that has been set aside for the Source Water Assessment Program up to the end of SFY 04. No further funding is requested to be set aside for this program as all of the Source Water Assessments were completed by June 30, 2004.
- "Program Set-Asides, Capacity Development" is the total amount of funding that has been set aside for the Capacity Development Program up to the end of SFY 12.
- "Program Set-Asides, State Drinking Water Program Management" is the amount of funding requested for the State Drinking Water Program Management program up to the end of SFY 12.
- "Program Set-Asides, Wellhead Protection Program" is the total amount of funding that has been used for the Wellhead Protection Program up through SFY 12.
- "Program Set-Asides, Small System Technical Assistance" is the total amount of funding that has been set aside for the Small System Technical Assistance Program up through SFY 12.

Set-Asides

A detailed financial picture of the prior and proposed uses of the set-asides follows:

Use of Safe Drinking Water Act Set-Asides

Program	Total Amount Requested	Used Through SFY 10	Use in SFY 11	Remaining Amount	"Banked" Amount
Source Water Assessment	$ 2,682,000	$2,682,000	$0	$0	$0
Capacity Development	$ 5,373,324	$ 4,446,524	$ 926,800	$0	$0
State Drinking Water Program Management	$ 7,325,000	$ 6,398,200	$ 926,800	$0	$0
Wellhead Protection	$ 3,745,516	$ 3,282,116	$ 463,400	$0	$0
Small System Technical Assistance	$ 1,986,446	$ 1,801,086	$ 185,360	$ 194,241	$ 297,764
Administrative Assistance	$ 5,816,144	$ 45,445,424	$ 370,720	$0	$ 0

State Match

A capital budget bill that authorizes the required state match of $1,853,600 necessary to capture the FFY 11 grant has been passed by the State legislature. These funds are short-term bond funds. The bonding transaction costs are estimated to be $5,000. These monies will be available for program use in the state fiscal year that begins on July 1, 2011.

Fund Accounting Separation

Two DEC divisions, Environmental Health and Water, will conduct ADWF activities, but their administrative efforts will be unified through department management. The Alaska Drinking Water Fund, a separate enterprise fund of the State, was created by statute to account for funds for project activities. Other accounts have been established for the set-aside activities. Project and non-project activities will always be kept separate and distinct in character and will be easy to audit. Alaska will provide assistance for activities carried out in response to Section 1452(k) of the Safe Drinking Water Act (SDWA), but DEC will not establish a separate revolving fund for 1452(k) activities. Only the ADWF will be a revolving assistance fund for construction of drinking water projects for the foreseeable future.

Fund Draw Procedures

ADEC draws administrative funding at 100% federal. Draws for loan funding are split between state match and federal funding at a ratio that ensures the full state match requirement is met for the overall award, despite the 100% federal treatment of administrative funds. This loan funding ratio is currently 22.472% state match, 77.528% federal.

Administrative Fees

ADEC has instituted an administrative fee structure and has been collecting fees since December 29, 2000. As of April 30, 2011, $2,012,352 has been collected. ADEC anticipates collecting more fees during SFY 12. Federal law limits the use of these funds to program administration. ADEC anticipates beginning to draw on these fees to pay for program administration in three to four years.

Interest Earnings Assumption

Projections assume that the earnings on invested funds continue at 2.5%. The interest rate charged to borrowers has been reduced to 1.5%. All loans, both current and new will have this new rate. This rate consists of 1% applied toward interest, and 0.5% applied toward an administrative account.

Funding History

The ADWF was first capitalized in SFY 97 with an initial value of $27,984,253. Fund value has grown steadily to its present (April 30, 2011) value of $243,112,419.

Historical Facts about the ADWF Project Fund

As of April 30, 2011:

- 73 projects have reached construction completion and 68 projects are in repayment status.
- $38,821,899 has been received in repayment principal and interest.
- $2,012,352 has been received in fees.
- 111 loans for a total of $197,399,036 have been made to 20 communities.
- 10 loans for disadvantaged assistance for a total of $7,821,000 have been made to 10 communities.
- $11,934,160 in investment interest has been earned through April, 2011.
- Administrative funds of $5,445,400 have been set aside to cover program operating costs.
- $2,682,000 has been set aside for source water protection activities.
- $4,446,524 has been set aside for capacity development activities.
- $6,398,200 has been set aside for state drinking water program management activities.
- $3,282,116 has been set aside for wellhead protection.
- $1,801,086 has been set aside for small system technical assistance.

Growth of the ADWF

The DEC maintains projects of the future value of the ADWF. Key variables used in the projections include:

- Capitalization rate
- Interest earnings
- Set-aside use

1. Capitalization Rate Assumptions

Projections assume that the state will continue to receive approximately $9.3 million in annual federal capitalization grants. It is also assumed that the state will continue to issue short-term bonds for the purpose of generating a portion of the required state match and retiring bond debt with interest earnings from the fund.

2. Set-Aside Use Assumptions

Set-asides have a negative effect on fund growth as they divert money from the fund to other uses. Projects assume the following set-aside use:

- Administrative – 4% of the federal capitalization grant
- Small System Technical Assistance – 2% of the federal capitalization grant
- Drinking Water and Wellhead Protection
- Capacity Development

  } 15% of the federal capitalization grant
- State Drinking Water Program Management – 10% of the federal capitalization grant

PROJECT ASSISTANCE AND ACTIVITIES

Selection of Projects

1. Identification of Priority Projects

A mailing was done on December 31, 2010 informing eligible recipients that the ADWF questionnaire was available electronically (on-line) for completing and submitting questionnaires. In the solicitation, eligible recipients were informed of new funding provisions which included consideration of loan subsidies and green related projects.

2. Compliance Review

Before a project can receive loan fund assistance, system owners must demonstrate that they have, or will have, the technical, financial and managerial capacity to operate the system in compliance with state and federal law.

ADEC verifies compliance in several ways. First, at the time a system owner submits a questionnaire, the system history is reviewed to determine if it is in compliance with major federal and state requirements or if the project will bring the system into compliance. In this step, if a system is not in compliance, it is assessed to determine what is needed to bring it into compliance. An applicant must then enter into a formal agreement with the Department to take steps to bring its system into compliance before it can be further considered for assistance.

This formal agreement can be in the form of a Compliance Order by Consent (COBC) or a compliance schedule proposed by the applicant and approved by the ADEC Drinking Water Program. The schedule can be supported by a technical document such as a project feasibility study or water master plan. All proposed compliance schedules must also be reviewed and approved by the Department. The project proposed must be part of the agreement and have a primary goal to bring the system into compliance. If a system fails to comply with the COBC or its compliance schedule, then loan disbursements will cease and the system will be subject to enforcement action.

After compliance status has been determined, a system is evaluated for its overall capacity. Once an applicant's project is found to be within the fundable portion of the final priority list, the Department will assess capacity using the program guidance approved by EPA. This guidance is reflected in a document called the Capacity Assessment Worksheet, included as Appendix II. This worksheet is designed to give the Department a broad, overall picture of a system's capacity.

Additional information may be required from the loan applicant prior to executing a loan agreement. If a system cannot demonstrate sufficient capacity, the Department will determine what steps need to be taken, and decide whether the system will be able to achieve capacity within a reasonable amount of time. If a system is determined to be unable to achieve capacity in a reasonable time, it will be by-passed in the current year's funding cycle.

Lewis, Michael P (DEC)

From: Green.Richard@epamail.epa.gov
Sent: Tuesday, June 14, 2011 9:07 AM
To: Lewis, Michael P (DEC)
Subject: RE: SFY12 ADWF IUP Draft.pdf - Adobe Acrobat Professional

Mike,

A few minor comments:

1. Page 5, Program Commitments, the Disadvantaged Assistance loans row needs to be updated with the ARRA and 2010 numbers.

2. Related to that, on page 6, the explanatory language for Loan Commitments needs to be updated to incorporate the recent requirement for additional subsidy.

3. Also related, is the need to update the boilerplate language on page 11, third paragraph that says, "new for this year's federal funding is the requirement to meet minimal..."

4. The Field of View New Well project doesn't exactly scream "I'm a Green Project!!" Neither does Muncaster. I'll be interested to see the Business Cases for both.

That's all I have.

Thanks.

Rick Green, Coordinator
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http://www.epa.gov/safewater/dwsrf/index.html
http://www.epa.gov/watersense/

From: "Lewis, Michael P (DEC)" <mike.lewis@alaska.gov>
To: Richard Green/R10/USEPA/US@EPA
Date: 06/13/2011 07:10 PM
Subject: RE: SFY12 ADWF IUP Draft.pdf - Adobe Acrobat Professional

Attached is our slightly updated DW IUP. We found some project amount numbers accidentally shuffled around and they are now corrected. This had minimal affect on the overall IUP.

Mike

Mike Lewis, Program Manager
Alaska Department of Environmental Conservation Municipal Matching Grant & Loans
555 Cordova Street
Anchorage, AK 99501-2617

Lewis, Michael P (DEC)

From: Lewis, Michael P (DEC)
Sent: Wednesday, July 13, 2011 4:01 PM
To: 'Drew, Wendy W.'
Cc: Keller, Ruth E.
Subject: RE: IUP Comments

Thanks – your e-mail is sufficient to adjust the order of the below projects in the ADWF SFY 2012 IUP.

Mike Lewis, Program Manager
Alaska Department of Environmental Conservation
Municipal Matching Grant & Loans
555 Cordova Street
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From: Drew, Wendy W. [mailto:Wendy.Drew@awwu.biz]
Sent: Wednesday, July 13, 2011 8:49 AM
To: Lewis, Michael P (DEC)
Cc: Keller, Ruth E.
Subject: IUP Comments

Mike –

Do you need an "official" (in writing) comment if we want to change the order of our ADW projects? We have 4 ADW scored at 71: Seward Hwy NL Blvd-33rd Water, Bayshore Subdivision Water Upgrade, North Sitka Water Upgrade, and 41st Cope Northstar Water Upgrade.

Our order of priority preference is:

Seward Hwy NL Blvd-33rd Water
North Sitka Water Upgrade
41st Cope Northstar Water Upgrade
Bayshore Subdivision Water Upgrade

Wendy

Staff from the Environmental Health Division of ADEC participates in this process to ensure that all systems are either in compliance or that proposed projects will bring them into compliance with state and federal program requirements.

3. Scoring Criteria

After compliance review, newly submitted questionnaires were scored and ranked by ADEC staff, using the criteria contained in Appendix III, "Alaska Drinking Water Fund Priority Criteria."

All projects were placed in numerical order by score, from the highest to the lowest. In the event of ties, projects with the lowest median household income receive the higher ranking. This is done as fairly as possible, to provide low interest loans first to those eligible entities with the greatest financial need. However, if a project is needed to meet minimal required subsidy funding and/or the Green Project Reserve, an eligible project will be placed higher in ranking. Once review was complete, this ranking formed the draft priority list for SFY 12. Further discussion of these lists can be referenced under "Distribution of Funding for Projects."

The priority list along with the other proposed non-project uses of the ADWF, are the key components of the IUP. The draft funding and planning priority lists will be sent to all qualified recipients for review and comment. Notice will be published in a major newspaper advertising the availability of the draft IUP and inviting comment. The IUP will also be published on the Department's web site. Comments solicited during this public notice period and ADEC responses will be published in Appendix VI.

Distribution of Funding for Projects

Appendix IVa shows projects proposed for funding in SFY 12. The total amount needed to fund all of the projects on the priority list is $24,759,050. The total amount available, as described on page 5 is $20,614,776. While the Department intends to fund projects on the priority list in their ranking order, funding down to the Anchorage – Bayshore Subdivision Water Upgrade project exceeds available funding by $4,144,274. We intend to negotiate with the Anchorage for a phased approach to appropriate pieces of this project to utilize the available funds.

Appendix IVb contains the "planning portion" of the priority list for SFY 12. The planning portion includes those projects that did not score high enough to be eligible for funding initially. In the event that projects in the funding portion are by-passed, projects from the planning portion may be considered for funding in rank order.

Appendix V contains a description of each project on the funding list in alphabetic order by utility name. Projects will be funded in priority order to the limit of the funds available. To the extent possible, ADEC will follow the funding order of this list. If it becomes necessary to fund a project out of the listed order, ADEC will use the by-pass procedures described below for determining which project is next eligible for assistance.

Emergency Procedures

The Department may make loans for projects that request funds under emergency conditions such as natural disasters and terrorist actions. Upon a declaration of an emergency by federal or state emergency response officials or upon a finding of the ADEC, funds may be made available for projects not currently described in this IUP. By-pass 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.

By-pass Procedures

In the event that an applicant notifies ADEC that it will not be able to execute a loan as planned, the funds will be offered in priority order for those remaining projects on the unfunded planning priority list. A by-passed project retains its priority and will be offered available funds before offering funds for lower priority projects. For each and every occasion that these by-pass procedures are exercised, ADEC will document that the funds were offered in priority order (except as noted). It is the State's intention to adhere to the funding priority to the maximum extent possible and to work with by-passed projects to ensure that they remain eligible for future funding.

ADEC also recognizes that the realities of operating a loan program occasionally require the use of by-pass procedures to ensure that program commitments are met. ADEC is required to execute a certain number of binding commitments each year or risk losing future federal grant funds. If a system owner has not applied for a loan after four (4) months of a project being on the funding priority list, ADEC will, without justification, by-pass that project, regardless of priority, to fund projects on the planning list that are ready to proceed. Exception to this rule is discussed in the following paragraph.

This year's federal funding of the ADWF requires meeting minimal funding needs for offering loans with subsidies and projects with Green eligible components. To meet these mandated minimal funding needs, the Department will if necessary bypass a priority listed project with the next highest scored eligible project off the planning list which meets these requirements. This bypassing will be done until funding requirements are minimally met for funding subsidy and Green projects. Further information on these funding requirements may be referenced on page 12 and 13.

Additional Loan Fund Policies

1. Small Community Participation

Of the amount of funding being proposed for SFY 12, over 20 percent (which includes the State match) would go to communities with a population of less than 10,000. Since the program's inception, 46 percent of the loans or $96 million have been provided to small systems. This exceeds the 15 percent goal or $31 million program requirement for participation by small systems. Although ADEC does not expect to need this, ADEC will bank the excess $64 million for future years when the number of small system loans may fall short of the percent goal.

2. Privately Owned Systems

Beginning July 1, 2002, project loan assistance can be provided to privately owned systems that are certificated and economically regulated by the Regulatory Commission of Alaska (RCA). Since then, ADEC has executed 14 loans totaling $8,884,588 with privately owned drinking water utilities.

3. Financial Terms of Loans

Loan terms are contained in Title 18, Chapter 76, Section 255 of the Alaska Administrative Code and are summarized below:

Loan Interest Rates

Loan Term	Interest Rate Based upon Amount Borrowed
1 year or less	0.5%
1 to 5 years	The greater of (a) 1.0% or (b) 12.5% of the current bond rate as defined by the Municipal Bond Index at the time the loan is made
5 to 20 years	The greater of (a) 1.5% or (b) 18.75% of the current bond rate as defined by the Municipal Bond Index at the time the loan is made

4. Additional Subsidization – Disadvantage Community/System Assistance

The FFY11 federal capitalization grant ($9,268,000) requires that a least 30% ($2,780,400) of the grant amount be in the form of additional subsidies. The Department has chosen to offer principal forgiveness in an amount up to 45% of the value of a loan made by the State's DWSRF Program. However, only a $1.0 million cumulative maximum subsidy amount per community/system is allowed for all projects in receipt of funding to the community/system. Additionally, for projects with qualifying Green Project Reserve components, a 50% subsidy or a $1.111 million cumulative maximum subsidy amount per community/system will be made available.

For project eligibility, the Department has chosen to give loan subsidies as disadvantaged community/system assistance. Disadvantaged communities/systems are provided a subsidy as part of their project assistance to help alleviate economic hardships for constructing a capital project. A community/system is considered disadvantaged if its:

- MHI (Median Household Income) is less than the state average MHI that is currently published by the Alaska Department of Commerce, Community and Economic Development or by the U.S Census Bureau, whichever is greater. For non-publically owned water systems, the MHI is based on the community/system in which the system resides.

  OR,

- Rate of unemployment is above the state average unemployment rate that is currently published by the Alaska Department of Commerce, Community and Economic Development or by the U.S Census Bureau, whichever is greater. For non-publically owned water systems, the rate of unemployment is based on the community/system in which the system resides.

For a community/system to qualify for disadvantaged assistance, they need to meet one of the above criteria. For Borough's of the State, the above criteria can be used for a specific community/system within the Borough if the project is solely benefitting just that community/system.

If a community/system meets their maximum cap on one or more of higher ranking project(s), and has additional projects listed on either list, those projects will only be funded with no subsidy. Additionally, the priority lists on Appendix Ia demonstrates that at least 30% of the capitalization grant amount will be provided via principal forgiveness. Any subsequent revision to this Fundable Project Priority list will likewise demonstrate that at least 30% of the grant will be provided via principal forgiveness.

5. Green Infrastructure

Under the total FFY 11 capitalization grants amount awarded to the State, and to the extent there are sufficient eligible project applications, not less than 20% ($1,853,600) of funding provided for projects must be used for following category types: green infrastructure, water or energy efficiency improvements, and environmental innovative activities. Green projects are listed under Appendix IVa and IVb by indication of green project category type and whether project justification is either categorical, or requires a business case demonstration.

Under this IUP, three projects listed on the Project Priority list have been identified as being a Green project based on USEPA current guidance. The cumulative amount of these projects is $3,278,800 which exceeds the 20% minimal required amount by $1,425,200. If insufficient green eligible components are determined for meeting the Green Project Reserve, the Department will withhold any deficient green project fund amount which may be needed for meeting the minimal reserve amount of $1,853,600.

NON-PROJECT ACTIVITIES

Non-project activities are those activities defined by the SDWA Amendments of 1996 as uses of DWSRF money that are not related to construction of public water systems or modification of infrastructure. DEC intends to make as much capitalization loan money available as possible, while at the same time recognizing that there is more to the delivery of safe drinking water than simply constructing or modifying a water system. In addition to the administrative and technical assistance uses of the SRF described in the Projects Section of the IUP, submitted by the Division of Water, other non-project activities intended to be funded by the SRF are outlined below:

Non-Project Activities Funded by the DWSRF

- Administration of the Fund
- Small System Technical Assistance
- Capacity Development Program
- Drinking Water and Wellhead Protection Program
    - Source Water Assessment Activities
    - PWS Security and Emergency Response Planning
- State Drinking Water Program Management

Administration of the Fund

The Safe Drinking Water Act allows for up to four percent of the state's annual federal allotment to be used to administer the loan program. In SFY 12, ADEC intends to use $370,720 to administer the fund. Activities include evaluating loan applications, reviewing and processing payments, assisting system in capacity reviews and performing project audits. This level of expenditure is expected to remain reasonably stable for several more years.

Small System Technical Assistance

The Small System Technical Assistance (SSTA) activity can use up to two percent of the federal capitalization grant. The funds used under the 2% Small System Technical Assistance Set-Aside will continue funding small system training development and classroom training courses as previously approved by EPA. In addition, Operations Assistance Programs (OAP) staff will provide direct technical assistance to small system operators and owners. ADEC intends to use $185,360 of the available amount and will provide a detailed work plan to EPA for approval of all SSTA-funded activities.

Local Assistance and Other State Programs Set-Aside

The state can request up to 15% of the DWSRF capitalization grant on an annual basis for Wellhead Protection, Capacity Development, and other appropriate activities; however, no more than 10% of the capitalization grant may be used for Wellhead Protection, Capacity Development, or any other specific activity each year.

1. Capacity Development Program

Under the SDWA Section 1452(k)(1)(B), the state is requesting $926,800 for Capacity Development activities. The funds for Capacity Development activities will be used to both modify and fully implement the state's current EPA-approved Capacity Development Strategy. Additionally, the funds will be used to complete onsite system status component assessments for Alaska's PWS using a surface water source or ground water under the direct influence of surface water; provide technical and compliance assistance to PWS owners and operators during sanitary surveys; assist water system owners in completing water system capacity self assessments; and provide interactive workshops and public outreach on water system capacity (technical, managerial, and financial) issues and assessments.

The Drinking Water Program (DWP), a sub-unit of the Division of Environmental Health is planning to utilize $639,492 of the total amount requested under this set-aside. A detailed work plan for Capacity Development activities will be provided to EPA for approval.

The Operations Assistance Programs (OAP), a sub-unit of the Facilities section of the Division of Water, is planning to utilize $287,308 of the total amount requested under this set-aside to continue funding the operator reimbursement program and a variety of capacity development activities, as well as a portion of the personal services costs for 3 positions in OAP. A separate detailed work plan for OAP activities and personal service costs under this set-aside will be submitted to EPA for approval.

2. Drinking Water and Wellhead Protection Program

Under the SDWA Section 1452(k)(1)(D), the state's Drinking Water Program is requesting $463,400 from the Local Assistance and Other State Programs Set-Aside for Drinking Water and Wellhead Protection activities during FY 2009. The funds for Drinking Water and Wellhead Protection activities will be used to continue with the implementation of a statewide voluntary Drinking Water Protection Program which will include: assist public drinking water system owners and/or operators, and communities develop Drinking Water Protection Plans; complete PWS source water assessments of new PWS and update and QA/QC assessments of existing systems; assist PWS in the completion of Vulnerability Assessments and the development and implementation of Emergency Response Plans; and conduct public outreach through workshops and presentations on drinking water protection tools and strategies.

A detailed work plan and budget for the Wellhead Protection Program activities will be provided to EPA for approval.

Program Management Set-Aside

Under the SDWA Section 1452 (g)(2), the state can request on an annual basis up to 10% of the DWSRF capitalization grant for Public Water System Supervision (PWSS) program management activities. This particular set-aside requires an additional 1:1 match by the state program. The Drinking Water Program is requesting $926,800 from the State Drinking Water Program Management Set-Aside and will use $926,800 state funds for the 1:1 match requirement for use of this set-aside. The total usable budget for PWSS Program Management Set-Aside activities is $1,853,600.

The funds for State Drinking Water Program Management activities will be used for SDWA compliance requirements, continued development and implementation of primacy activities, and public health protection for the residents and visitors to the State of Alaska.

A detailed work plan and budget for the State Drinking Water Program (PWSS) Management activities will be provided to EPA for approval.

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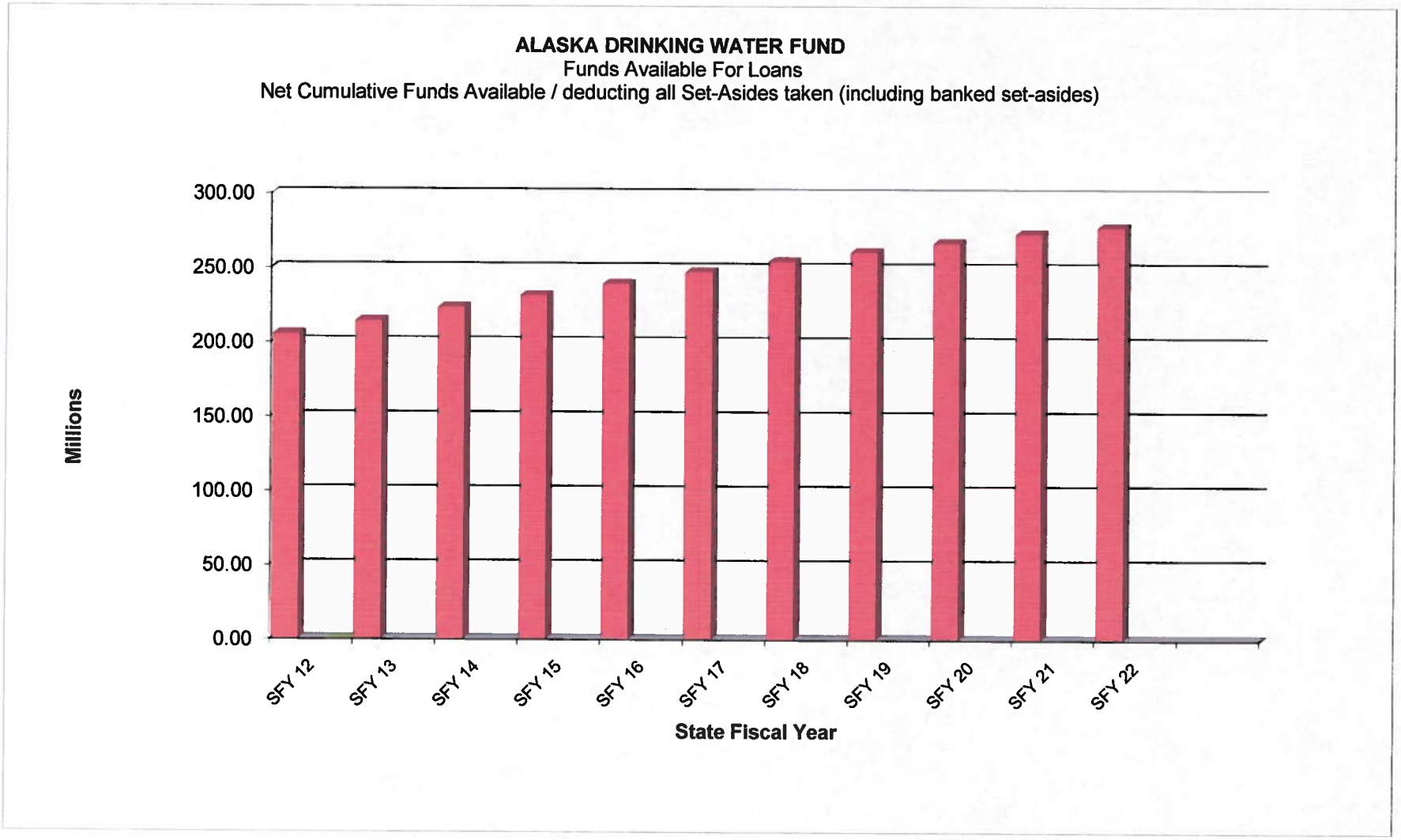
Appendix	I. Cumulative Amount of Loans Provided to Projects
Appendix	II. Capacity Assessment Worksheet
Appendix	III. Priority Criteria
Appendix	IV. Project Lists – Fiscal Year 2012 IVa. Funding Priority List IVb. Funding Priority Planning List
Appendix	V. Project Descriptions
Appendix	VI. Public Comments

APPENDIX I

Cumulative Amount of Loans

Provided to Projects


ALASKA DRINKING WATER FUND
Funds Available For Loans
Net Cumulative Funds Available / deducting all Set-Asides taken (including banked set-asides)
Millions
300.00
250.00
200.00
150.00
100.00
50.00
0.00
SFY 12
SFY 13
SFY 14
SFY 15
SFY 16
SFY 17
SFY 18
SFY 19
SFY 20
SFY 21
SFY 22
State Fiscal Year

APPENDIX II

Capacity Assessment Worksheet

ALASKA DRINKING WATER FUND

Appendix II
Capacity Assessment Worksheet for Potential Projects

The 1996 amendments to the federal Safe Drinking Water Act require Alaska to assess the capacity of potential recipients of loans from the Alaska Drinking Water Fund (ADWF). By capacity, EPA means the technical, financial and managerial capabilities of a water system for proper long-term operations. If a loan applicant is found lacking in these areas, we may not be able to provide financial assistance from the ADWF unless the capacity of the system is guaranteed.

Consequently, we are asking for detailed information from potential loan applicants to help us in this assessment. Such things as financial records, enterprise fund budgets and audits, along with detailed planning and engineering information for your system will help ensure our ability to provide you this loan for your project.

The following is an outline of our assessment process. Please carefully review and complete these worksheets and make sure the information you provide us is current and accurate.

TECHNICAL CAPACITY ASSESSMENT

We intend to use the following questions and answers to help us evaluate your systems technical capacity. These questions address the physical components of your drinking water system and are related to water treatment facilities, water sources, storage and pumping capacity and water distribution capacity. Pertinent technical documentation such as engineering feasibility studies and reports should be provided as appropriate.

1.) **Are the existing water treatment facilities adequate and functional?**
Please provide a description of the system and the proposed project. Will this system likely meet federal and state drinking water regulations expected to be enacted within the next four years? *This includes the ICR, Groundwater Disinfection Rule and Enhanced Surface Water Treatment Rule.*

2.) **Is the existing water source developed and protected?**
Will this system likely meet future source protection requirements?

3.) **Is the current system able to meet peak demand flow and pressure in all points of the treatment and distribution system?**
What is the current peak demand and minimum pressure at peak demand?
Does the system experience seasonal or periodic difficulties?
When was the last leak detection survey? Please describe any corrections made.

4.) **Does the system employ, or have access to, the correct level of certified or qualified operators?**
Under State regulation, all water systems serving more than 500 people are classified as to complexity and require either a I, II, III or IV level operator or a qualified surface water system operator.
Please provide the name and certification number of your lead certified operator or operators in charge of your water treatment and water distribution system.

5.) **Has the water system been out of compliance with federal or state drinking water regulations within the past year?**
Please provide any compliance or enforcement actions taken recently such as Notices-of-Violation (NOVs), Compliance-Order-by-Consent (COBCs), boil water notices and the most recent sanitary survey.

FINANCIAL CAPACITY ASSESSMENT

Financial capacity is assessed by examining the fiscal condition and financial management aspects of the system. Financial aspects relate to the systems ability to raise the necessary funds to ensure proper operation and maintenance, including long-term depreciation and reserve accounts. Financial management refers to the management of those fiscal aspects.

If a system is regulated by the Regulatory Commission of Alaska (RCA), formerly the Alaska Public Utilities Commission (APUC), information contained in the application for the current Certificate of Public Convenience and Necessity or the annual RCA report may help demonstrate financial capacity. A copy of the annual report to the RCA may also contain the necessary information related to financial capacity. For example, if a system is applying for the RCA certificate, a copy of the application package should be submitted for review with the ADWF loan application. If a system already has a current RCA Certificate, a copy of the annual report to the RCA should be submitted for review with the ADWF loan application.

For those systems that are not regulated by the RCA, have not completed an application package for certification by RCA, or have not submitted an annual report to the RCA, the following questions will help us evaluate the financial aspects of the system. These questions relate to total user charge revenues and total system expenses, other revenue streams, fairness and affordability of user charges, cash budgeting, preparation and use of annual and capital budgets, and periodic financial audits.

1.) **Does the water system have user ordinances and a rate structure?**
How often are the rates reviewed or updated? When was the last update?

2.) **Does the water system revenue from user charges meet or exceed system expenses?**
Please submit your water utility budget documents that clearly show revenue and expenses.

3.) **Are other funds contributed to water system operations to offset expenses?**

4.) **How affordable are water system rates?**
What are the estimated residential rates per household (after the project) compared with the median household income and other similar system rates?

5.) **Does this system use an annual budget?**

6.) **Does the system include a cash budget within the annual budget for operations and emergency purposes?**

7.) **Does the system use a capital budget?**

8.) **Does this system us a capital improvement plan?**

9.) **Does this system undertake regular financial audits?**
Please provide the most recent financial audit of the water utility accounts, including any appropriate state single audit documents along with the auditor management letters.

10.) **How will this loan be repaid?**
Please describe how this loan debt will be retired. If user fees are proposed as the repayment source, how much will rates need to be increased to retire this loan?

MANAGERIAL CAPACITY ASSESSMENT

Managerial capacity is assessed by evaluating managerial qualifications and experience, organizational structure, the compliance history of the system, training programs offered, preventive maintenance programs, and documentation of ownership and responsibility.

The following questions help us to assess the systems managerial capacity and address the following aspects of system management:

1.) **How is the water system managed?**
Who is the system owner(s) and manager?
Does the system utilize personnel and policy procedures or manuals?
Does the system require or encourage continuing education for personnel?
What type of organizational structure exists?

2.) **Does the system have written operation and maintenance manuals?**

3.) **Does the system employ, as needed, the services of a professional engineer?**

4.) **Does the system have up-to date record or as-built drawings?**

5.) **Does the system implement a preventative maintenance program?**

6.) **Does the system have an emergency operating plan and safety program?**

7.) **What type of public outreach education programs are implemented?**

8.) **What professional organizations are operators and system managers members of?**

APPENDIX III

Priority Criteria

ALASKA DRINKING WATER STATE REVOLVING LOAN FUND PRIORITY CRITERIA FOR FY12 DRINKING WATER PROJECTS

The federal Safe Drinking Water Act requires states to fund projects from their state revolving loan fund based upon public health, compliance and affordability criteria. The following criteria have been established for Alaska's prioritization process accordingly.

SAFE DRINKING WATER ACT CONSIDERATIONS

A. PUBLIC HEALTH *(Only one)*

1) This project will correct the cause of a documented human disease event. — 100 pts
   Examples include outbreaks of Hepatitis, Giardiasis, and Cryptosporidiosis.

2) This project will provide potable water to a community or area currently not served by piped service. — 75 pts
   Examples include existing watering points, existing water buckets/self haul communities or other existing unpiped systems. Projects predominantly for future growth or areas served by adequate supplies are ineligible.

3) This project will eliminate acute risks to public health. — 75 pts
   Examples include projects that will resolve microbial risk from inadequately treated surface water or groundwater, CT tank construction or treatment of dangerously high levels of contaminants such as nitrate exceedances or chemical concentrations greater than 10-day health advisories.

4) This project will correct potential long-term, chronic health problems or repair or replace serious distribution system problems or leaks. — 50 pts
   Examples include VOC removal, pH adjustment or replacement of wood-stave pipe and/or correction of potential distribution system freeze-up problems.

5) This project will eliminate potential health hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations. — 30 pts
   Examples include periodic exceedances of primary MCLs due to mechanical or structural problems, undersized or inadequate components or low pressure problems. This can include SCADA and other process instrumentation.

5) This project has no significant health hazards related issues. — 0 pts

B. COMPLIANCE WITH SAFE DRINKING WATER ACT *(Only one)*

1) This project will allow a system to come into compliance with an executed Compliance-Order-By-Consent (COBC) or Administrative Order, Judicial Decision or Consent Decree. — 35 pts
Points will be awarded only for agreements executed between the appropriate primacy health agency (U.S. Environmental Protection Agency or Alaska Department of Environmental Conservation) and the system owner or for a judicial decree.

2) This project will resolve a significant compliance issue. — 25 pts
Examples include SNC violations, NOVs and boil-water notices.

3) This project will address a documented compliance issue. — 10 pts
Examples include documented compliance issues that are relatively minor in nature. Documentation can include agency notification letters.

4) This project has no significant compliance related issues. — 0 pts

C. AFFORDABILITY *(Only one)*

These points will only be given if a water system provides recent income data, population figures and a fee structure or ordinances. 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.

High (monthly water cost/monthly income)	> 1%	10 pts
Moderate (monthly water cost/monthly income)	0.5% - 1%	6 pts
Low (monthly water cost/monthly income)	< 5%	3 pts

D. OPERATOR CERTIFICATION

The system employs, or has access to, the correct level of certified or qualified operators — 5 pts

E. LOAN REPAYMENT

The system has adopted debt retirement or loan repayment measures. This could include a rate structure guaranteeing this debt retirement or other repayment measures as documented by an independent single audit or certified enterprise fund budget documents. — 5 pts

F. ADDITIONAL CONSIDERATIONS

1) Construction documents have been prepared and submitted — 5 pts

2) A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted. — 5 pts

3) This project will result in the regionalization and/or consolidation of two or more existing public water systems. — 5 pts

4) An environmental review process has been prepared or completed. — 5 pts

APPENDIX IVa

ALASKA DRINKING WATER FUND

Project Priority List

ALASKA DRINKING WATER FUND
Funding Priority List

Fiscal Year 2012

System Owner	Project Title	Project Number	Score	Amount Requested	Cumulative Amount Requested	Total Funding Available Amount [3]	Total Subsidy Available Amount [4]	Actual Project Available Amount	Financed Funding Amount	Subsidized Funding Amount [5]	GREEN Program Amount [6]	GREEN Project Type [7]
Oasis Water	Field of View Subdivision New Well[1]	395201	95	$442,000	$442,000	$20,614,776	$2,780,400	**$442,000**	$221,000	$221,000	$442,000	ENG-BC
Haines	AC Replacement Muncaster[1]	395161	76	$846,800	$1,288,800	$20,172,776	$2,559,400	**$846,800**	$423,400	$423,400	$846,800	ENG-BC
Nome	East Nome Water Replacement[1]	627161	76	$1,990,000	$3,278,800	$19,325,976	$2,136,000	**$1,990,000**	$995,000	$995,000	$1,990,000	WTR-BC
Unalaska	Water Treatment Plant Construction	879041	126	$8,233,650	$11,512,450	$17,335,976	$1,141,000	**$8,233,650**	$7,233,650	$1,000,000		
Cordova	LT2 Improvements	261141	125	$1,081,500	$12,593,950	$9,102,326	$141,000	**$1,081,500**	$940,500	$141,000		
Sitka	UV Disinfection Facility	783481	123	$2,550,000	$15,143,950	$8,020,826		**$2,550,000**	$2,550,000			
Homer	Kachemak Drive Water Improvements	409271	110	$2,150,000	$17,293,950	$5,470,826		**$2,150,000**	$2,150,000			
Haines	Piedad Springs Water Source Upgrades	395171	76	$365,100	$17,659,050	$3,320,826		**$365,100**	$365,100			
Anchorage	Seward Hwy NL Blvd-33rd Water	130331	71	$1,100,000	$18,759,050	$2,955,726		**$1,100,000**	$1,100,000			
Anchorage	North Sitka Water Upgrade	130351	71	$1,300,000	$20,059,050	$1,855,726		**$1,300,000**	$1,300,000			
Anchorage	41st Cope Northstar Water Upgrade[2]	130361	71	$4,700,000	$24,759,050	$555,726		**$555,726**	$555,726			

Total Funded Amount: **$20,614,776** Total Green Amount: **$3,278,800**

Total Subsidized Amount [5]: **$2,780,400**

[1] The Oasis Water - Field of View Subdivision New Well, Haines - AC Replacement Muncaster, and Nome - East Nome Water Replacement projects were by-passed from the Priority Planning List to the Priority List to meet minimum Green Project Reserve funding requirements.

[2] Full funding of the Anchorage - 41st Cope Northstar Water Upgrade project will be dependent upon remaining available loan funds. The Department will negotiate with Anchorage to provide additional funds as they become available later in the year.

[3] Determination of total available funding for projects may be referenced on page 5 of the IUP narrative section.

[4] The total available subsidy amount is based on a requirement under the FFY 11 federal capitalization grant for the ADWF program in which a minimal 30% or an amount of $2,780,400 of the grant must be offered as a subsidy.

[5] Criteria for being eligible for a loan subsidy may be referenced on page 12 under the narrative section of the IUP.

[6] Green project funding is based on the requirement that a minimal 20% of the FFY 11 federal capitalization grant for the ADWF program or amount of $1,853,600 be made available for these type of projects.

[7] Green Project Reserve Category Type: GIF - Green Infrastructure, WTR - Water Efficiency, ENG - Energy Efficiency & EIN - Environmentally Innovative
Green Project Justification Type: BC - Business Case / CAT - Categorical.

APPENDIX IVb

ALASKA DRINKING WATER FUND

Project Priority Planning List

ALASKA DRINKING WATER FUND
Funding Priority Planning List

Fiscal Year 2012

System Owner	Project Title	Project Number	Score	Amount Requested	Cumulative Amount Requested	GREEN Project Type *
Anchorage	Bayshore Subdivision Water Upgrade	130341	71	$6,000,000	$30,759,050	
Sitka	DOT Halibut Point Road Upgrade Water Improvements	783491	68	$600,000	$31,359,050	ENG-BC
Anchorage	Melvin Water Upgrade	130391	66	$1,000,000	$32,359,050	
Anchorage	Wonder Park Water Upgrade Ph II	130401	66	$1,200,000	$33,559,050	
Juneau	Douglas Hwy-Bridge to Lawson Ck, Main Replacement	445391	66	$300,000	$33,859,050	
Seward	North Seward Water Storage Tank & Pumping Facility	769061	55	$4,300,000	$38,159,050	
Golden Heart Utilities	Various Downtown Fairbanks Water Pipe Replacement	338171	55	$873,000	$39,032,050	
Golden Heart Utilities	Illinois Street Reconstruction Project	338131	55	$500,000	$39,532,050	
Sitka	Baranof Street Water Main Replacement[1]	783501	53	$685,000	$40,217,050	ENG-BC
Anchorage	Sand Lake Area Water Ph II	130411	51	$900,000	$41,117,050	
Anchorage	Ship Creek Water Treatment Facility Upgrade	130421	51	$3,200,000	$44,317,050	ENG-BC
Juneau	LCB, Sodium Hypochlorite Gen. Replacement	445401	51	$250,000	$44,567,050	
Juneau	Eagles Edge Water System Replacement	445411	51	$300,000	$44,867,050	ENG-BC
Palmer	Southwest Utility Expansion Phase IIb	671301	51	$6,000,000	$50,867,050	ENG-BC
Homer	East Hill Water Main/ A-Frame Tank Improvement	409291	50	$3,920,000	$54,787,050	
Golden Heart Utilities	Valve Replacement Project	338181	50	$350,000	$55,137,050	
Golden Heart Utilities	Water Main Reconfiguration	338191	50	$800,000	$55,937,050	
Juneau	Back Loop Intersection - Main Replacement	445421	46	$750,000	$56,687,050	
Sitka	Jeff Davis Street Water Main Replacement	783511	43	$750,000	$57,437,050	ENG-BC
Homer	Homer Source Water Development	409281	20	$13,650,000	$71,087,050	
Soldotna	Centennial Park Water Mainline Installation	791041	13	$695,000	$71,782,050	

* Green Project Reserve Category Type: GIF - Green Infrastructure, WTR - Water Efficiency, ENG - Energy Efficiency & EIN - Environmentally Innovative
Green Project Justification Type: BC - Business Case / CAT - Categorical.

APPENDIX V

Project Descriptions

ALASKA DRINKING WATER FUND

Project Descriptions

Fiscal Year 2012

Anchorage

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Seward Highway NL Blvd - 33rd Water		No	50	0	6	5	5	0	5	0	0	71

This project will upgrade approximately 1650 LF of 12-inch cast iron water main on the west side of the Seward Highway. Install an additional main line valve south of Benson Boulevard.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Bayshore Subdivision Water Upgrade		No	50	0	6	5	5	0	5	0	0	71

This project is located within the Bayshore Subdivision south of 100th avenue. This project will evaluate and replace up to 14,100 feet of water distribution main within the subdivision. As part of this project, AWWU will complete a Design Study Report to identify and prioritize which infrastructure should be upgraded and recommend what construction methods should be utilized to conduct the upgrades.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
North Sitka Water Upgrade		No	50	0	6	5	5	0	5	0	0	71

This project consists of upgrading approximately 593 LF of 16-inch cast iron water main in North Sitka Street from Post Road south to Viking Drive, but will only be upgraded south to the 8-inch ductile iron lateral located approximately 230 feet north of Viking. The 8-inch will also be upgraded which extends approximately 756 LF west and then dead ends. The scope for Schedule B consists of upgrading a 400 LF section of 8-inch waterline along East 1st Avenue just west of Post Road.

Anchorage (Continued)

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
41st Cope Northstar Water Upgrade		No	50	0	6	5	5	0	5	0	0	71

This project involves upgrading water distribution mains with 8-inch equivalent pipe in several locations along 41st Avenue, Cope Street, and Northstar Street. Specifically, along 41st Avenue to the intersection with Arctic Boulevard (928'); Cope Street between Tudor road and 40th Avenue (1344'); North Star Street, between 40th Avenue and Tudor Road (1279'), in the alley by Cope Street north of Tudor Road (362'), and 41st Avenue and Wilson Street (1046'). This project is planned as a phased construction between 2012 and 2013 to minimize impacts to the neighborhood from the extensive upgrades.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Melvin Water Upgrade		No	50	0	6	5	5	0	0	0	0	66

This project will upgrade approximately 1,136 LF, 6" cast iron water pipe, which has failed due to corrosion. This project includes upgrading water services to properties.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Wonder Park Water Upgrade Ph II		No	50	0	6	5	5	0	0	0	0	66

This project will upgrade the 6 inch & 8 inch water lines that have deteriorated due to corrosion. Replacing approximately 3900 fee of 6-inch to 8-inch watermain and appurtenances in the Wonder Park Subdivision (Pine Street to Boniface Parkway, 6th Avenue to Glenn Highway) due to corrosion.

Anchorage (Continued)

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Sand Lake Area Water Ph II		No	30	0	6	5	5	0	5	0	0	51

This project consists of constructing a 16-inch backbone waterline along Raspberry Road from Sand Lake Road west approximately 3,600 LF to Serenity Circle. The 16-inch main will connect to a 30-inch transmission main at the corner of Raspberry Road and Sand Lake Road and will then dead-end at Serenity Circle. Instead of connecting to the Kincaid Reservoir AWWU is proposing to extend the 16-inch water main from Serenity Circle west approximately 1,600 LF and then north to inter-tie with the existing water system on the southwest corner of the Anchorage International Airport. Along Raspberry Road there will be 8-inch service stubs. These stubs will provide the option for future water service to the residential subdivision of Tanaina Valley and one stub will provide the option for future service to a undeveloped parcel with approximately 1,200-ft of street frontage owned by the Anchorage International Airport adjacent to Lowell St.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Ship Creek Water Treatment Facility Upgrade		Yes	30	0	6	5	5	0	5	0	0	51

This project encompasses several project types including new construction, upgrades to the existing system, energy efficiency via waste heat recycling, water efficiency via reduction of steam exhaust, and lastly a truly innovative environmental project. Currently an average of 75MBTU of energy is transferred from ML&P power generation waste heat to AWWU water transmission system. This project will reclaim additional waste heat from the Municipal Light and Power Plant 2 and transfer the heat into the cold water supply for Anchorage to prevent pipe freezing. This project has the potential to sequester an additional 75 -150MBTU of heat that would otherwise be produced as cooling tower waste heat through power generation.
Anchorage Water and Wastewater Utility (AWWU) is evaluating the design of dual transmission mains between the 48" tape-coated welded steel water transmission main of the Anchorage Loop Phase 1 main to the Municipal Light & Power (ML&P)Power Plant #2. These pipes will either tie into the existing Energy Recovery Station, or at a new vault constructed nearby. The project will provide heated water to the other half of the Anchorage Bowl that is currently unheated. The additional heating should provide additional freeze protection for the water mains, reservoirs, and appurtenances of the AWWU water distribution system. Modifications may be required at the ML&P Power Plant #2 to install new piping to the plant.

Cordova

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
LT2 Compliance UV Treatment Facility		No	75	25	10	5	5	0	5	0	0	125

The project will be to implement additional disinfection control for meeting the Long Term 2 - Enhanced Surface Water Treatment Rule (LT2 Rule). Project work includes installation of two UV systems, one in an expanded Orca Treatment Building to treat the Orca/Crater Creek source, and one in a new building to be constructed near the Eyak Water Treatment Plant to treat Meals/Heney Creek, Murcheson Creek, and Eyak Lake sources. The Meals/Heney Creek supply will be piped to the new Eyak UV Facility where it will receive disinfection before being distributed to users in a separate return pipeline.

Golden Heart Utilities

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Various Downtown Fairbanks Water Pipe Replacement	338151	No	30	0	10	5	5	0	0	0	5	55

This project is done in cooperation with the State of Alaska DOT and the City of Fairbanks. The overall scope involves several smaller reconfigurations of downtown Fairbanks. This project will replace water mains, services, fire hydrants and other appurtenances. State of Alaska DOT is funding the resurfacing of the roads. The pipe to be replaced includes water main along Cushman St. between 1st Ave. and Gaffney, Wickersham St. between 1st & 4th Ave. and 3rd Ave & 4th Ave. from Cowles and Barnette in different sections. Total footage of main to be replace is approximately 2,644 LF. The pipe is of various diameters.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Illinois Street Reconstruction Project		No	30	0	10	5	5	0	0	0	5	55

This project is being done in conjunction with State of Alaska DOT. The scope of the overall project is quite large and involves reconfiguration of Illinois Street, one of the main thoroughfares through downtown Fairbanks. State of Alaska DOT is funding the relocation and replacement of most of the piping in the Illinois Street corridor because the project will involve excavation of large sections of utility owned piping in order to accomplish the project objectives. In connection with this project, Golden Heart Utilities plans to replace several sections of water main services, fire hydrants and other appurtenances bordering the Illinois St. project corridor. The pipe to be replaced includes water main along Terminal St., North Cushman St., and North Turner St. An existing water main along Illinois St. will be rerouted through Denali State Bank parking lot also. Total footage of main to be of main to be replaced is approximately 2,200 LF.

Golden Heart Utilities (Continued)

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	TOTAL
Valve Replacement Project	338161	Yes	30	0	10	5	5	0	0	0	0	50

This is the first year of a project we expect to complete over three years to repair or replace water main valves throughout the GHU system. There are 640 valves currently identified as inoperable. Over the course of the three year project each valve identified as inoperable will be evaluated and repaired or replaced as appropriate depending on the nature of the malfunction, and site conditions. Valves in need of repair or replacement may necessitate site excavation, incidental pipe replacement to facilitate reconnection of new valves, backfill and reconstruction of roads and other similar structures.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	TOTAL
Water Main Reconfiguration		No	30	0	10	5	5	0	0	0	0	50

Fairbanks Memorial Hospital, which is the Utility's largest commercial customer is served off of a loop designed primarily for residential service and fire protection. The consumption by the hospital is sufficient enough to cause severe pressure fluctuations in the connecting water mains. Any new domestic or commercial service coming on line in the area may exacerbate pressure related issues. New water infrastructure is required to adequately support domestic water and fire protection needs of this facility and any additional services added in the area. In order to improve the flow to this area the Utility needs to add or replace approximately 3500 LF of pipe in various sizes to correct the problem.

Haines

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Piedad Springs Water Source Upgrades		No	50	0	6	5	5	0	5	0	5	76

This project will upgrade the Piedad water source and correct facility deficiencies associated with the collection system, disinfection and distribution piping. This request for funding includes two projects identified in the Haines Water and Sewer Masterplan Identified as CIP-W7 and CPI-W8.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
AC Replacement Muncaster		Yes	50	0	6	5	5	0	5	0	5	76

This project will replace approximately 3400 feet of asbestos cement pipe in the vicinity of Muncaster Road including all service connections to existing properties. This line is in need of replacement as well as increasing pipe size to 8". The replacement pipe will be 8" AWWA C-900 PVC.

Homer

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
East Hill Water Main/ A-Frame Tank Improvement		No	30	0	10	5	5	0	0	0	0	50

The project consists of the installation of an underground 1.0 MG water storage tank, 2,000 LF of 12" distribution main (connecting two isolated portion of town); the installation of 2,000 LF of water main between the new tank and the water system; and the abandonment of an existing, functionally obsolete (+50 yrs old), steel water tank.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Homer Source Water Development		No	0	0	10	5	5	0	0	0	0	20

This project will be a study and construction of a new drinking water source for the City of Homer. The Homer Water/Sewer Master Plan (on file with ADEC)suggests that the existing Bridge Creek watershed will not sufficiently meet the needs of the City after 2016. The Plan does identify alternative solutions but does not make any specific recommendations. The proposed study will further define the alternatives, evaluate the feasibility of each option, provide cost estimates, and recommend the best option for meeting the City's future water source requirements.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Kachemak Drive Water Improvements		No	75	0	10	5	5	5	5	0	5	110

This project will extend 8,300 LF of 12 in. water main to serve 88 residential/commercial lots. Installation will include a new pressure reducing station and water services. The expansion is being done to replace on-site water systems in the area.

Juneau

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	TOTAL
Douglas Hwy-Bridge to Lawson Creek, Main Replacement		No	50	0	6	5	5	0	0	0	0	66

This project is for planned replacement of approximately 1.2 miles of badly corroded water main on the segment of Douglas Highway extending from the Juneau-Douglas bridge to Creek Street near Lawson Creek. This project addresses design of the proposed improvements and construction is expected to occur in multiple phases over several years.

Juneau (Continued)

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
LCB, Sodium Hypochlorite Gen. Replacement		No	30	0	6	5	5	0	5	0	0	51

This project will replace critical water treatment equipment at the City & Borough (CBJ) Last Chance Basin (LCB) well field. The existing sodium hypochlorite generator for this facility was installed in the 1990s and is nearing the end of its useful life as indicated by the need for increased maintenance. The well field is the CBJ's primary water source and the new equipment is needed to meet ongoing water treatment needs.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Eagles Edge Water System Replacement		Yes	30	0	6	5	5	0	5	0	0	51

This project will replace riveted aged water system within Eagles Edge subdivision. This replacement will relocate the water distribution system into the public ROW and bring it up to CGJ standards for CBJ to maintain.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Back Loop Intersection - Main Replacement		No	30	0	6	5	5	0	0	0	0	46

This City & Borough of Juneau (CBJ) water main replacement project is linked to the Alaska Department of Transportation & Public Facilities (DOT&PF) Glacier Highway: Fritz Cove Road to Auke Bay School project. The water main improvements will replace existing corroded water main and upsize a segment of existing 8-main to provide increased water delivery capacity and security in the vicinity of the University of Alaska-Southeast which has experienced significant growth in recent years.

Nome

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
East Nome Water Replacement		Yes	50	0	6	5	5	5	5	0	0	76

This project includes replacement of approximately 2,991 LF of water main and 40 water service lines in East N Street between Front Street and East 5th Avenue as identified in the approved Nome 2010 Water and Sewer Master Plan. Shifting of buried piping has occurred with the melting of underlying permafrost and has resulted in collapse of non-rigid piping creating constriction in the flow and leakage.

Oasis Water

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Field of View Subdivision New Water Well		Yes	50	25	10	5	0	0	5	0	0	95

Bring a new well up to Class A standards, construct a new well house, and install a new 4' main line to connect the new well to the closest point on the existing distribution system. In addition, design new system improvements to accommodate additional service connections in order to ensure the systems current and long term capacity are met.

Palmer

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Southwest Utility Expansion Phase IIb		Yes	30	0	6	5	5	0	5	0	0	51

The City of Palmer currently provides water and sewer to the new Mat-Su Regional Medical Center. The area is developing rapidly and is in need of an additional production well and a one million gallon reservoir which would serve Pressure Zone One. The current zone one storage capacity is less than 24 hours. Even though the reservoir is on Trunk Road, it will provide additional water storage for the City-area through the pipelines constructed by the Southwest Extension Phase I and Phase IIb projects. Additionally, this reservoir will provide water to customers connected to the Southwest Extension (SWX) project, such as the Mat-Su Regional Medical Center, in the event that the pipeline SWX Phase I must be shut down for maintenance or in the event of an emergency.

Seward

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
North Seward Water Storage Tank & Pumping Facility		No	30	0	10	5	5	0	5	0	0	55

This project will construct a new water storage tank that provides chlorine contact time for disinfection of the City's water supply as well as provides additional storage capacity for the water system. The project consists of a 600,000 gallon insulated steel water storage tank, pressure distribution pumps, an energy efficient building to house pressure pumps and controls, site work, a water main to connect the new storage tank to the existing water system, and a water main to connect the existing wells to the new water storage tank.

Sitka

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
UV Disinfection Facility		No	75	25	3	5	5	0	5	0	5	123

UV Disinfection Facility, secondary disinfection mandated by the Long Term 2 - Enhanced Surface Water Treatment Rule (LT2 Rule) which includes a 2,600 SF pre-engineered metal building with 1,840 SF Basement; Connection to existing 30-inch water main in Sawmill Creek Road with 24-inch supply and return piping to UV Disinfection Facility Building; A minimum of 2 UV reactors (with one standby) providing primary disinfection for Giradia and Cryptosporidium; Space for two 16-inch future flow control valves; Chlorine room capable of housing all equipment and supplies to chlorinate disinfection and provide required residual; and a Fluoride room capable of housing all equipment and supplies to provide fluoride residual.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
DOT Halibut Point Road Upgrade Water Improvements		No	50	0	3	5	5	0	0	0	5	68

This project includes replacement of four key segments of the 50+ yr old cast iron 12" main that parallels Halibut Pt. Road (HPR) and installing several crossings prior to repaving of the roadway by DOT in 2012. One of the project elements involves realigning approximately 700 feet of the existing main that currently is located on the beach and under a creek to within the HPR ROW. The three other major components of this project will move the existing water main sections from under creeks and hang new insulated lines under DOT's bridges at: Cascade Creek, Granite Creek and No Name Creek. Other minor components of this project include installing new crossings to improve the distribution system flow pattern, installing connection points for future expansion and upsizing several undersized area service lines. These minor components will eliminate the need to disturbing DOT's new pavement and the associated high replacement cost.

Sitka (Continued)

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Baranof Street Water Main Replacement		Yes	30	10	3	5	5	0	0	0	0	53

The Baranof Street Water Main Replacement project consists of the replacement of the existing 6" cast iron (CI) water main with a new larger diameter ductile iron (DI) or HDPE water main and the replacement of services within Baranof Street Right-of-Way between Sawmill Creek Road and Lincoln Street. This project will extend into those cross streets to replace old repairs. The current configuration of the water, sewer and storm systems does not meet ADEC separation distance requirements. The water, sewer and storm systems will be brought into conformance with this work. The new water main will connect to the Sawmill Creek Road Improvements scheduled for construction in Summer 2012 to coincide with the Alaska DOT road improvements. This project should be performed in conjunction with the ACWF Baranof Street Sewer Replacement project for optimal cost effectiveness.

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Jeff Davis Street Water Main Replacement		Yes	30	0	3	5	5	0	0	0	0	43

The existing 8" diameter cast iron (CI) water main within Jeff Davis Street was constructed in 1966. This project will replace the existing undersized pipe with new larger diameter ductile iron or HDPE water main. The larger main will provide a bypass to the Sawmill Creek Road (SMC) 16" CI water main, allowing for uninterrupted water delivery to downtown Sitka in the event of a failure or maintenance on the SMC to roundabout main.

Soldotna

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Centennial Park Water Mainline Installation	791351	No	0	0	3	5	5	0	0	0	0	13

This project would extend the City water mainline system into a portion of Centennial Park. The scope of the work is anticipated to include providing piped City water to the easterly side of the park (that part of the park along and east of the main entry road). Currently, users of the park either fill up their RV water tanks prior to entering the park or fill up at our well house. There is no distribution system that serves individual users at the park. There is a companion sewer mainline installation project.

Unalaska

Project Name	Project Number	Green Project (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration					TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	Env. Review	
Water Treatment Plant Construction		No	75	25	6	5	5	0	5	0	5	126

The surface water plant is an unfiltered water plant that provides the main water supply, which peaks up to 7.5 MGD during processing seasons. Although Chlorine is currently used for disinfection, under the Long Term 2 - Enhanced Surface Water Treatment Rule (LT2 Rule), an additional type of disinfection is required for unfiltered drinking water systems. The Phase I Analysis determined that Ultraviolet (UV) disinfection is the best alternative. In addition, electrical and chlorine safety issues that were found in the Water Master Plan will be corrected with the construction of the new facility. The project may also include upgrading the electric distribution line to 3-phase power as an optional item. Several advantages include: more options for UV systems installation; provide more stable power; may increase UV operating efficiency; and allow the future installation of a green project, such as inline turbines. An estimate for the optional electric distribution line upgrade is attached. The City plans to complete final design in FY2011.

APPENDIX VI

Public Comments

During the public comment period, comments were received from one community and EPA. These comments are summarized as follows:

- EPA requested that on page 5 of the narrative section of the SFY 2012 IUP the line summary titled "Disadvantage Assistance Loans Executed" be updated with current loan issued numbers. Additionally, related to this update on page 6 EPA requested the description for disadvantage assistance be updated to reflect the current subsidy being offered to these types of loan recipients.

  In response, DEC updated the number to include all loans issued to date for disadvantaged assistance, and updated the narrative on page 6 to include subsidy language.

- EPA requested that on page 11 of the narrative section of the IUP the third paragraph where it states "New for this year's federal funding is the requirement to meet minimal..." be updated.

  In response, DEC updated the narrative to now show that this is not longer a new but continuing requirement.

- The Municipality of Anchorage requested the reordering of four of their same score valued projects. The projects being reordered and in the order they are being requested are as follows:
  - Seward Hwy NL Blvd-33rd Water
  - North Sitka Water Upgrade
  - 41st Cope Northstar Water Upgrade
  - Bayshore Subdivision Water Upgrade

  In response, DEC updated the order of these projects on the priority project and planning lists of the IUP.