1. **What is the Bipartisan Infrastructure Law?**

The Infrastructure Investment and Jobs Act, commonly referred to as the Bipartisan Infrastructure Law (BIL), is a federal infrastructure funding package that was signed into law on November 15, 2021. The law provides the U.S. Environmental Protection Agency (EPA) with funds that can be awarded to states for drinking water and wastewater infrastructure projects.

2. **What is the Clean Water State Revolving Fund and the Drinking Water State Revolving Loan Fund?**

The State Revolving Fund (SRF) Program is a federal-state partnerships to help ensure safe drinking water and improve water quality by providing financial support to eligible borrowers for water and wastewater infrastructure capital improvements and for eligible nonpoint source pollution projects. The Alaska Department of Environmental implements both the Drinking Water State Revolving Fund (DWSRF) and Clean Water State Revolving Fund (CWSRF). Annually, EPA awards the State capitalization grants for each program and the State provides a corresponding match. The SRF Program reviews and approves projects and administers loans. Loan repayments and interest are returned to the funds and made available for future loans.

3. **How will BIL funds for drinking water and wastewater infrastructure be distributed to Alaska?**

Annually, the SRF Program applies to EPA for capitalization grants to expand the State’s loan funds. As a result of BIL, the SRF Program will receive enhanced grant funding for a period of five years starting in 2023. Some portion of the BIL funds are specifically meant to address lead service line replacement and emerging contaminants.

4. **How much BIL funding will be available through the SRF Program?**

BIL funding levels for Federal Fiscal Year 2022 (FFY22) are provided in the table; funding levels will remain similar or slightly greater in subsequent fiscal years.

<table>
<thead>
<tr>
<th>Clean Water SRF</th>
<th>FFY22</th>
<th>Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>All eligible projects</td>
<td>$10.7M</td>
<td>49%</td>
</tr>
<tr>
<td>Emerging Contaminants</td>
<td>$564,000</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Drinking Water SRF</th>
<th>FFY22</th>
<th>Subsidy</th>
</tr>
</thead>
<tbody>
<tr>
<td>All eligible projects</td>
<td>$18M</td>
<td>49%</td>
</tr>
<tr>
<td>Lead Service Line Replacement</td>
<td>$28M</td>
<td>49%</td>
</tr>
<tr>
<td>Emerging Contaminants</td>
<td>$7.5M</td>
<td>100%</td>
</tr>
</tbody>
</table>

BIL funding is in addition to the annual capitalization grants Alaska receives every year through the CWSRF and DWSRF. In State Fiscal Year 2023 (SFY23), that base CWSRF and DWSRF program grant amount was $6.9M and $7M, respectively.

5. **When will BIL funds be available?**

The SRF Program plans to submit an application to EPA for first year BIL funds in Spring 2023. To develop the grant application, the SRF Program will need to provide a list of projects identified for funding. To develop this list, the SRF Progrm will begin collecting project questionnaires from potential borrowers in late Fall 2022. BIL funding will be available to borrowers in early Summer 2023.

6. **What types of entities and projects are eligible for BIL funding?**

Traditional eligibilities of the SRF Program apply to all BIL funding administered by the SRF. Eligible borrowers and projects include:

- Publicly owned wastewater collection and treatment facilities
• Public water systems and private non-profit water systems undertaking drinking water infrastructure improvements
• Nonpoint source pollution projects

For more information about eligible borrowers and project types, you can access the EPA’s CWSRF and DWSRF eligibility handbooks at the SRF Program’s website (https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/library/).

Guidance from EPA regarding lead service line and emerging contaminant projects is still forthcoming. The SRF Program will make guidance available as soon as possible.

7. Will projects financed with BIL money include grants or loan forgiveness?

Federal grant conditions require the SRF Program to provide a portion of the annual capilization grants to borrowers as subsidy. The SRF Program has offered this subsidy in the form of loan forgiveness to borrowers that meet established criteria for disadvantaged communities. Subsidy is offered to borrowers with the highest ranking eligible projects on the Project Priority List (PPL), with a maximum subsidy award of $500,000, not to exceed 50% of the total loan.

Additionally, a significant amount of funding provided to state SRF programs through BIL must be provide to borrowers as subsidy. For BIL funds allocated for any traditional SRF eligibility, as well as funding for lead service lines, the State must provide 49% as subsidy. It is important to note that this does not mean each loan will include 49% forgiveness; rather, 49% of the total federal award must be offered as subsidy. BIL funds allocated for projects addressing emerging contaminants are required to be subsidized at 100%. Further, the law established minimum levels of subsidy that must be directed to borrowers that meet the disadvantaged community criteria.

The SRF Program is evaluating the definition of disadvantaged communities, as well as methods for allocating the available subsidy. Information will be made available as quickly as possible. However, it is anticipated that the SRF Program will maintain the combination of loan and forgiveness for most borrowers; 100% forgivable loan awards would not be the standard financing option, except for project that address emerging contaminants.

8. Why not just award every project 100% forgivable loan?

The BIL specifies the minimum and maximum amount of federal grant funds that can be offered as subsidy.

9. How can an eligible borrower apply for BIL funds through the SRF Program?

Any eligible borrower interested in taking advantage of BIL funding should submit a project questionnaire to establish project eligibility. Questionnaires are accepted on an ongoing basis and reviewed four times per year. The questionnaire is a relatively short form that is intended to allow the SRF Program to assess project eligibility, as well as rate and rank projects on the PPL. Once a project is on the PPL, the SRF Program will invite applications for the highest ranking projects until all available funding is obligated.

10. What is the PPL?

The PPL includes projects that have been deemed eligible for SRF Program funding based on the initial information submitted in project questionnaires. The SRF Program ranks new projects along projects identified in the past two years that have not yet resulted in loan agreements. Infrastructure projects that address a risk to human health, protect or improve water quality, and/or ensure compliance with the Safe Drinking Water Act or the Clean Water Act receive the highest rating. Other project rating categories include drinking water source protection, readiness to proceed, and community affordability. The PPL is updated quarterly and undergoes a public comment period, following which the SRF Program may proceed with inviting borrowers to submit
project applications. When demand for the loans exceeds available funds, the PPL is used to make funding decisions.

11. How long does it take to secure a SRF loan?

There are several steps to the loan origination process after a complete application is submitted. The SRF Program must evaluate the borrower’s finances and ability to repay the loan. Historically, it has taken approximately six months to complete the loan agreement process, but this can be impacted by applicant responsiveness, required assembly/council resolutions, and SRF Program staff capacity. Borrowers who have an urgent infrastructure funding need or timing concern are encouraged to contact the SRF Program to discuss the financing process.

12. How much funding may a borrower request through the SRF Program?

There is no limit to the amount of funding that can be requested for a project, but the SRF does not always have sufficient funding to satisfy all requests.

If a questionnaire is submitted with a large funding request, the SRF Program will work with the applicant to determine if the project can be funded in smaller phases. For large projects that cannot be phased, the SRF Program must ensure that the borrower has plans in place to secure all funds needed to complete the project. Borrowers are encouraged to reach out to the SRF Program with any questions about project phasing or other funding options for large projects.

13. Are there any special requirements for this funding (“strings attached”)?

Loans issued by the SRF Program are subject to a variety of federal requirements, including Davis-Bacon wages and American Iron and Steel. Additionally, the Environmental Review Process must be addressed prior to construction work. A comprehensive list of funded project requirements can be found on the SRF Program website.

The Build America, Buy America (BABA) Act was passed along side the BIL and expands the type of materials that must be domestically sourced when using SRF funding. EPA has not yet provided the State guidance on how BABA will be implemented.

14. What is the schedule for making SRF BIL funding available?

- **Call for Projects November 2022**
  - After guidance has been made available to potential borrowers, the SRF Program will establish an opportunity for eligible borrowers to submit project questionnaires for funding consideration.

- **Project Priority List January 2023**
  - Based on information provided in the project questionnaires, the SRF Program will develop an Intended Use Plan (IUP) and Project Priority List (PPL). These documents support the State's grant application to EPA. The final IUP must be public noticed for 30 days.

- **Intended Use Plan/PPL May 2023**
  - Following the required public notice period, the SRF Program will begin inviting applications for eligible projects on the PPL. The PPL will identify which projects will be offered loan forgiveness and how much forgiveness will be offered.

- **BIL Fund Application May 2023**
  - The SRF Program will be submitting a grant application to EPA to access the BIL funds.

- **Application June 2023**
  - Borrowers wishing to move forward with loan agreements must complete the application process for SRF funding.