The Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) were established by Congress in 1987 and 1996, respectively. Annually, the Environmental Protection Agency (EPA) provides grant funding to state SRF programs to provide low interest loans for water and wastewater infrastructure improvement projects, as well as activities to protect public health and achieve or maintain compliance with the Clean Water and Safe Drinking Water Acts. The Alaska Department of Environmental Conservation’s (ADEC) State Revolving Fund (SRF) Program administers the Alaska Clean Water Fund and Alaska Drinking Water Fund on behalf of the State of Alaska.

Loans can finance up to 100 percent of a project’s eligible costs for planning, design and construction of publicly owned facilities, as well as some privately owned facilities. In addition, loans can serve as local match for most other federal or state funding sources.

The Loan Process

The SRF Program solicits pre-applications referred to as project questionnaires. All questionnaires are ranked based on established criteria. All projects are listed on the Project Priority List (PPL) according to project ranking. The PPL indicates which projects are eligible to apply for loans based on available funding. The draft PPL is published for public comments for 30 days as part of the SRF Program’s annual Intended Use Plan which outlines how the program will be administered.

Loan Types

Traditional Loans

Most SRF loans are for water or wastewater system improvements and have a loan term of 20 years. However, loan terms of as little as 1 year are possible. The SRF Program offers subsidy of up to 50% of the total project costs, up to a cumulative maximum of $ 500,000 per utility per year to borrowers that meet the established disadvantaged community criteria. The loan terms for disadvantaged communities can be as much as 30 years.

Sustainable Infrastructure Planning Projects (SIPP) Loan

The SIPP loan program was created to finance planning efforts, as well as projects that promote sustainable infrastructure. A maximum of $75,000 in loan principal may be forgiven for those borrowers that are considered disadvantaged communities. The loan repayment term is five (5) years.
Micro Loans

Rural municipalities may be eligible to receive a low interest Micro Loan of up to $500,000 with a repayment term of up to 30 years and significant subsidy in the form of principal forgiveness. Micro Loan funds may be used for water, wastewater, solid waste, and nonpoint source projects.

Eligible communities can apply for a Micro Loan at any time, and applications will be scored and prioritized on a quarterly basis. Principal forgiveness ranges from 50% to 90% depending on the community’s Operations and Maintenance Best Practices (BP) Score and the affordability of the community’s utility rates. Communities may choose to administer their own projects, or they may be administered by the community’s assigned Village Safe Water (VSW) or Alaska Native Tribal Health Consortium (ANTHC) project engineer.

To be eligible to apply for Micro Loan funding, a community must be a municipality that is eligible for VSW funding under the Village Safe Water Act.

Best Practices Score

Before a loan offer will be extended, a community must also demonstrate sufficient technical, financial, and managerial capacity by maintaining an Operations and Maintenance Best Practices score of at least 50 total points, including minimum scores for the categories listed in this figure.

Additional information can be found at the following website: https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/micro-loans/

Nonpoint Source Projects

The capitalization grant requires SRF Program to use at least 10% of the grant for eligible nonpoint source projects. To incentivize borrowers to include such aspects in their projects, the SRF Program awards 25 additional points in the project questionnaire scoring process for eligible nonpoint source projects. Nonpoint source projects are listed on the PPL by green project type: green infrastructure; water or energy efficiency improvements; or other environmentally innovative activities.

<table>
<thead>
<tr>
<th>Best Practice Score Categories</th>
<th>Pts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Utility Management Training</td>
<td>5</td>
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<tr>
<td>Budget</td>
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</tr>
<tr>
<td>Revenue</td>
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<tr>
<td>Payroll Tax Liability</td>
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<tr>
<td>Workers Compensation Insurance</td>
<td>2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>50</strong></td>
</tr>
</tbody>
</table>

Contact: dec.srfprogram@alaska.gov
Website: https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/