

# **ALASKA DRINKING WATER FUND**

## **Draft Intended Use Plan**

## **Emerging Contaminants**

**State Fiscal Year 2025**

**July 1, 2024 – June 30, 2025**

**For Federal Emerging Contaminants**

**funds appropriated in Federal Fiscal Year 2023 and 2024**



**Submitted to the U.S. Environmental Protection Agency**

**By**

**Alaska Department of Environmental Conservation**

**Division of Water – State Revolving Fund Program**

**May 2024**

## Contents

INTRODUCTION .....	3
PROGRAM GOALS .....	4
Long-Term Goals.....	4
Short-Term Goals .....	4
EMERGING CONTAMINANTS - ELIGIBLE SYSTEMS AND ACTIVITIES .....	4
ADDITIONAL SUBSIDIZATION .....	5
DISADVANTAGED COMMUNITY CRITERIA.....	5
CRITERIA AND METHOD FOR FUND DISTRIBUTION.....	5
Project Priority List of DWSRF Projects.....	5
Emerging Contaminant Project Scoring Criteria.....	6
Amendments to the Project Priority List .....	6
Project Readiness Bypass Procedure .....	6
Emergency Procedures .....	7
Removing Projects from the Project Priority List .....	7
Amendments to Existing Loans.....	7
FINANCIAL STATUS.....	8
Sources and Uses of Funds .....	8
Set-Asides .....	9
Set-Aside for Small System Technical Assistance .....	9
Set-Aside for Administration and Technical Assistance .....	9
Set-Aside for Program Management .....	10
Set-Aside for Local Assistance.....	10
Summary of Set-Aside Use and Banking .....	10
Administrative Fee.....	11
Loan Terms and Finance Rates for Eligible Projects .....	11
FEDERAL REQUIREMENTS.....	11
Build America, Buy America Act.....	11
American Iron and Steel .....	11
Davis-Bacon Act Wage Requirements .....	11
Environmental Review .....	12
Disadvantaged Business Enterprise.....	12
Signage to Enhance Public Awareness.....	12
Single Audit .....	12
ASSURANCES AND CERTIFICATIONS .....	12
Expeditious and Timely Expenditure .....	12
Fund Accounting Separation .....	12
Federal Reporting .....	12
Federal Funding Accountability Transparency Act.....	13
PUBLIC REVIEW AND COMMENTS .....	13

## Appendices

- Appendix 1. Priority Criteria for DWSRF Emerging Contaminant Projects
- Appendix 2. Project Priority List
- Appendix 3. Disadvantaged Community Criteria

## Acronyms

AAC	Alaska Administrative Code
ACWF	Alaska Clean Water Fund
ADEC	Alaska Department of Environmental Conservation
ADWF	Alaska Drinking Water Fund
AIS	American Iron and Steel
AWIA	America’s Water Infrastructure Act of 2018
BABA	Build America, Buy America Act
BIL	Bipartisan Infrastructure Law
CBR	Clean Water Benefits Reporting
CE	Categorical Exclusion
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DBE	Disadvantaged Business Enterprise
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
FFATA	Federal Funding Accountability Transparency Act
FFY	Federal Fiscal Year
FOCUS	Financial Operations and Cash Flow Utilization System
GPR	Green Project Reserve
IUP	Intended Use Plan
MHI	Median Household Income
OASys	Online Application System
PPL	Project Priority List
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund
WIIN	Water Infrastructure Improvements for the Nation Act of 2016

## INTRODUCTION

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

The Infrastructure Investment and Jobs Act of 2021 (also referred to as the Bipartisan Infrastructure Law or BIL) includes three new appropriations for the DWSRF, one of which is specific to Emerging Contaminants. For a project or activity to be eligible for funding under the DWSRF Emerging Contaminants grant, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. The intent is that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (PFAS). However, projects for a contaminant on any of EPA's Contaminant Candidate Lists may be funded.

The DWSRF Emerging Contaminants appropriation is authorized for five years starting with Federal Fiscal Year 2022 (FFY22). Last year, Alaska applied for and received the FFY22 Emerging Contaminants capitalization grant. Alaska has chosen to apply for the FFY23 and FFY24 Emerging Contaminant appropriations at this time.

This Intended Use Plan (IUP), required under the SDWA, describes how Alaska proposes to use available funds for State Fiscal Year 2025 (SFY25) from July 1, 2024 through June 30, 2025 provided by federal funds allocated to Alaska through the DWSRF Emerging Contaminants appropriations for FFY23 and FFY24. Alaska's allotment from the Emerging Contaminants FFY23 appropriation is \$7,690,000; the FFY24 allotment is \$7,640,000.

Once prepared, the draft IUP will be posted on the SRF Program website for a period of at least 30 days to accept comments from the public. Comments on all facets of the draft IUP are accepted. After considering the comments received, the IUP will be finalized and posted on the SRF Program's website. More information about the public comment process is provided in the IUP.

## PROGRAM GOALS

### Long-Term Goals

1. Assist local communities as they strive to address emerging contaminants in drinking water with a focus on PFAS.

### Short-Term Goals

1. Collaborate with the ADEC Environmental Health Drinking Water Program to identify PFAS impacted communities.
2. Collaborate with other agencies to determine funding options for impacted communities.
3. Provide technical assistance to entities who request help with emerging contaminant issues.

## EMERGING CONTAMINANTS - ELIGIBLE SYSTEMS AND ACTIVITIES

For a project or activity to be eligible under this appropriation, it must meet the following criteria:

- The project must be otherwise eligible under the DWSRF, and
- The primary purpose of the project must address emerging contaminants in drinking water with a focus on PFAS.

Planning and design projects to improve the capabilities of a system to address emerging contaminants in drinking water with a focus on PFAS are eligible. Also, projects to consolidate water supplies, for example, when a public water supply is contaminated, are eligible for DWSRF assistance.

Planning and design for capital projects, as well as broader water quality planning where there is a reasonable expectation that the planning will result in an eligible capital project, are eligible. Capital costs, e.g., construction activities and equipment purchases for water treatment, are eligible. The DWSRF cannot fund operation and maintenance activities, including monitoring, unless the monitoring is an integral part of the planning and design for a capital project.

Emerging contaminants refer to substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment. These substances, microorganisms, or materials can include many different types of natural or manufactured chemicals and substances – such as those in some compounds of personal care products, pharmaceuticals, industrial chemicals, pesticides, and microplastics. Examples of emerging contaminants projects and activities eligible for DWSRF financing can be found in Appendix C of EPA’s March 2022 Memorandum [Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law](#).

For a project or activity to be eligible under the DWSRF Emerging Contaminant funds, the primary purpose must be to address emerging contaminants in drinking water with a focus on

PFAS. Projects that address any contaminant listed on any of EPA's [Contaminant Candidate List](#) (i.e., CCL – draft CCL5) are also eligible.

## **ADDITIONAL SUBSIDIZATION**

The FFY23 and FFY24 DWSRF Emerging Contaminants appropriations require that 100% of the capitalization grant, net of the set-asides, be used to provide additional subsidy to DWSRF projects, and that all additional subsidies must be in the form of assistance agreements with 100% forgiveness of principal or grants. Alaska will issue the assistance in loans with 100% forgiveness.

## **DISADVANTAGED COMMUNITY CRITERIA**

The BIL requires the provision of at least 25% of DWSRF Emerging Contaminants funds to disadvantaged communities or public water systems serving fewer than 25,000 people. Based on the total funds available through the FFY23 and FFY24 appropriations, the 25% minimum for disadvantaged borrowers equates to \$3,832,500.

In Alaska, state regulations require the distribution of subsidy through the SRF Program to borrowers who meet the state definition of a disadvantaged community. Several factors are considered in identifying disadvantaged communities including those related to the household burden associated with income and the cost of water and wastewater service, as well as socioeconomic factors including the percentage of households utilizing assistance programs, the percentage of households below the federal poverty level, unemployment rates, and long-term population trends in the community. ADEC also includes several priority project types that impact the economic viability of a water system, including the presence of emerging contaminants. These factors, considered in total, are used to determine tiers of criticality for disadvantaged status with associated levels of principal forgiveness. More information about the disadvantaged community criteria is provided in Appendix 3.

## **CRITERIA AND METHOD FOR FUND DISTRIBUTION**

### **Project Priority List of DWSRF Projects**

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

Questionnaires are accepted year-round through OASys and are reviewed by a scoring committee on a triannual basis. The submittal deadlines for questionnaire reviews are February 29, June 30, and October 31. An email was sent to eligible borrowers in January 2024 providing information about the schedule and inviting submittal of Emerging Contaminants project questionnaires to be considered for SFY25 funding assistance.

The project scoring committee, made up of representatives from the SRF Program, as well as the ADEC Drinking Water, Wastewater, Source Water Protection, and Nonpoint Source Programs,

evaluates the project questionnaires based on the DWSRF criteria and assigns a numeric score to each project. Projects are added to the PPL in rank order.

### Emerging Contaminant Project Scoring Criteria

The SRF Program scores all DWSRF eligible projects based on information supplied in the questionnaire in the following categories: public health, water quality, project readiness, asset management, funding coordination, sustainability, operator certification status, affordability of user rates, and green projects. In addition to the standard DWSRF scoring criteria, projects that address PFAS contamination in finished water or a cyanobacterial toxin issue will receive additional points in the scoring process. See Appendix 1 for the scoring criteria.

### Amendments to the Project Priority List

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

### Project Readiness Bypass Procedure

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

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

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

ADEC reserves the right to fund lower priority projects over higher priority projects if, in the opinion of ADEC, a higher priority project has not taken the steps necessary to expeditiously prepare for funding and project initiation (e.g., ADEC has not received the required documents to execute a loan agreement, the project is not ready to proceed with construction, or the applicant withdraws the project for consideration).

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

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

### Emergency Procedures

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

### Removing Projects from the Project Priority List

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

### Amendments to Existing Loans

A borrower may request an amendment to an existing loan agreement to modify the project scope, increase the loan amount, or both. Amendments that solely increase the loan amount by no more than 10% of the original loan amount, up to \$100,000, may be completed through an informal request for a loan amendment with the SRF Program Manager's approval. Similarly, minor scope changes that do not affect the location or purpose of the originally proposed project may also proceed with an informal request for a loan amendment with the SRF Program Manager's approval. Amendments that will increase the loan amount by more than 10% of the original loan, or more than \$100,000, and/or include scope modifications that affect the footprint or purpose of the project, are required to be public noticed in an update to the PPL before the loan amendment is issued.



## FINANCIAL STATUS

### Sources and Uses of Funds

Alaska's allotment from the FFY22-FFY24 federal appropriations for DWSRF Emerging Contaminants are listed below. No state match is required for these allotments.

#### Estimated Available Funding

<b>Sources of Emerging Contaminant Funds</b>	
Federal Grant FFY22	\$7,555,000
Federal Grant FFY23	\$7,690,000
Federal Grant FFY24	\$7,640,000
State Match for FFY22-24 Grants	\$0
<b>Total Sources of Funds</b>	<b>\$22,885,000</b>
<b>Uses of Emerging Contaminant Funds</b>	
Emerging Contaminant Set-Aside Use from the FFY22-FFY24 Grants	
Small System Technical Assistance (2%)	\$151,100
Administration and Technical Assistance (4%)	\$302,200
Program Management (10%)	\$0
Local Assistance (15%)	\$2,309,436
DWSRF Emerging Contaminants Loans Issued and Pending Loans	\$2,135,005
<b>Total Uses of Funds</b>	<b>\$4,897,741</b>
<b>Funds Available for Emerging Contaminant Loans (Total Sources – Total Uses)</b>	<b>\$17,987,259</b>
<b>Loan Requests on PPL</b>	<b>\$22,552,420</b>

The amount available for Emerging Contaminant loans is the difference between the federal funds received and total program commitments. At the time of preparation of this IUP, two Emerging Contaminant loan agreements have been issued and one loan application is being reviewed; therefore, it is listed as a pending loan agreement in the table below. The PPL includes over \$22.5 million in demand for these loan funds. Assuming that borrowers move forward with loan applications, it is anticipated that the available Emerging Contaminants funds will be fully committed in SFY25.

## Set-Asides

States are given flexibility to set aside specified amounts of the Emerging Contaminants grant for specific activities. The SDWA authorizes each state to set-aside a maximum of approximately 31 percent of the capitalization grant for set-aside activities including administration of the loan fund and assistance to water systems in meeting SDWA requirements. ADEC evaluated each of the four set-aside activities with the goal of protecting public health while maximizing loan fund dollars for infrastructure improvement projects.

In support of the long- and short-term goals of the DWSRF, set-aside funds are used to fund a variety of technical assistance and capacity development activities as described in the following paragraphs. Detailed work plans for each set-aside will be submitted for EPA review within 90 days of award of the capitalization grant.

Per EPA Policy Memo of February 9, 1999, the SRF Program can reserve 1452 (g) (2) (B) Set-Aside funds that it intends to use at a later time and for which a workplan has not been prepared. A state may reserve the authority to access up to 16% of a year's capitalization grant from a subsequent grant, to be used for the activities allowed under the Administration and Technical Assistance set-aside (4%), the Small System Technical Assistance set-aside (2%), and the State Program Management set-aside (10%). When "banking" set-aside funds in this manner, the value of the banked funds from the current capitalization grant is placed in the loan fund. When banked funds are used in a new capitalization grant, the total set-aside use from that grant may exceed 31% and the funding allocated to the loan fund in that year is reduced.

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

### Set-Aside for Small System Technical Assistance

The SDWA allows states to set aside up to 2% of each capitalization grant to fund technical assistance services to small water systems that serve fewer than 10,000 people. Alaska plans to reserve the right to access an amount equal to 2% of the FFY23 and FFY24 BIL Emerging Contaminants grants (\$306,600) from a future base or BIL capitalization grant. If accessed, any reserved funds will be utilized to support small public water systems that are addressing PFAS or other emerging contaminant issues.

### Set-Aside for Administration and Technical Assistance

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

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

Alaska plans to reserve the right to access an amount equal to 4% of the FFY23 and FFY24 BIL Emerging Contaminants grants (\$613,200) from a future base or BIL capitalization grant. If

accessed, any reserved funds will be utilized for administration of loans for emerging contaminants projects.

### Set-Aside for Program Management

The SDWA allows states to set aside up to 10% of the capitalization grant to fund program management. Alaska plans to reserve the right to access an amount equal to 10% of the FFY23 and FFY24 BIL Emerging Contaminants grants (\$1,533,000) from a future base or BIL capitalization grant. If accessed, any reserved funds will be utilized to support DWP management activities associated with emerging contaminant issues.

### Set-Aside for Local Assistance

The SDWA allows states to set aside up to 15% of each capitalization grant to fund various state drinking water protection initiatives. No more than 10% of its annual DWSRF grant can fund any one initiative. The DWP plans to use 10% of the FFY23 grant (\$769,000) and \$261,000 of the SFY24 grant to purchase and install laboratory equipment needed to test for PFAS contamination. No Alaska labs currently have the necessary equipment to test for PFAS compounds; therefore, all PFAS samples are shipped out of state. An in-state lab capable of PFAS analysis will be a shared benefit for all water systems that need PFAS test results. The DWP plans to use \$146,186 from the FFY24 grant to provide assistance to public water systems related to emerging contaminant issues.

### Summary of Set-Aside Use and Banking

The table below shows the set-aside amounts used from the specified grants (FFY22 – FFY24) and the amounts banked for future use from a future federal capitalization grant.

#### Set-Asides – Amounts Used and Banked for Future Use

	Grant Year	FFY22	FFY23	FFY24	Total
	Amount	\$7,555,000	\$7,690,000	\$7,640,000	
Set-Aside Category	Status				
Technical Assistance 2%	Used	\$151,100	---	---	\$151,100
	Banked		\$153,800	\$152,800	\$306,600
Administrative 4%	Used	\$302,200	---	---	\$302,200
	Banked		\$307,600	\$305,600	\$613,200
Program Mgmt 10%	Used	---	---	---	\$0
	Banked	\$755,500	\$769,000	\$764,000	\$2,288,500
Local Assistance 15%	Used	\$1,133,250	\$769,000	\$407,186	\$2,309,436
	Banked	n/a	n/a	n/a	n/a

## Administrative Fee

Financing through the Emerging Contaminants funding source will be offered as loans with 100% principal forgiveness. An administrative fee will be assessed in the amount of 0.5% of the total dollars disbursed as prescribed in Title 18, Chapter 76 of Alaska Administrative Code (18 AAC 76). Fee revenue is kept in the ADWF Fee Account, separate from the regular loan fund, and is used exclusively to pay program administrative costs.

## Loan Terms and Finance Rates for Eligible Projects

If the proposed project includes components that do not pertain to emerging contaminants, or if additional financing is requested in excess of funding available through the Emerging Contaminants funding source, the borrower may request additional loan funds for DWSRF eligible project activities. The additional loan funds would be subject to repayment according to the loan terms and finance rates applicable to the SRF Program.

### Finance Rates (effective September 10, 2017)

Loan Term	Finance Rate for Bond Rate*	
	Less than 4 Percent	Greater than 4 Percent
20-30 Years	2	$2 + (0.75 \times [\text{Bond Rate}^* - 4])$
5-20 Years	1.5	$1.5 + (0.625 \times [\text{Bond Rate}^* - 4])$
0-5 Years	1	$1 + (0.5 \times [\text{Bond Rate}^* - 4])$
<1 Year	0.5	0.5

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

## FEDERAL REQUIREMENTS

Loan agreements will include all applicable federal requirements, the following federal requirements are required of all DWSRF Emerging Contaminants funding recipients:

### Build America, Buy America Act

The Build America, Buy America (BABA) provision that was included in the BIL requires domestic preference procurement for iron and steel products, manufactured products, and construction materials.

### American Iron and Steel

The American Iron and Steel (AIS) provision requires SRF assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance or repair of a public water system. Compliance with BABA iron and steel provisions will satisfy the AIS requirements.

### Davis-Bacon Act Wage Requirements

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

### Environmental Review

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

### Disadvantaged Business Enterprise

Loan recipients and their contractors must comply with the federal Disadvantaged Business Enterprise requirements.

### Signage to Enhance Public Awareness

The BIL signage term and condition requires a physical sign displaying the official Building a Better America emblem and EPA logo be placed at construction sites for BIL-funded projects. This requirement applies to all construction projects funded through the BIL Emerging Contaminants grant. The EPA [Investing in America Signage](#) website provides more information about how to comply with the signage requirement.

### Single Audit

Borrowers who have received federal funds through ADEC's SRF Program may be subject to the requirements of the Single Audit Act and 2 CFR 200.

## ASSURANCES AND CERTIFICATIONS

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

### Expeditious and Timely Expenditure

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

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

### Fund Accounting Separation

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

### Federal Reporting

EPA's SRF Data System (previously identified as the Project Benefits Reporting (PBR) database) collects project level information and anticipated environmental benefits associated with DWSRF projects. This system is also used to collect annual financial information which was formerly collected through the National Information Management System (NIMS). This annual information submittal is used to produce annual reports that provide a record of progress

and accountability for the Program. EPA uses the information provided to oversee the DWSRF state programs and develop reports to the U.S. Congress concerning activities funded by the DWSRF Program. ADEC commits to entering benefits information on all projects into the SRF Data System by the end of the quarter in which the assistance agreement is signed. ADEC also commits to entering all program information into the SRF Data System on an annual basis as EPA requests.

### **Federal Funding Accountability Transparency Act**

ADEC will use equivalency projects to account for the federal funds awarded to the SRF Program through this capitalization grant. The amount that must be accounted for includes the total federal FFY23 and FFY24 grant award (\$15,280,000) minus any set-aside funds received from these grants (\$3,208,800). All projects on the Emerging Contaminants PPL are subject to equivalency requirements. Equivalency projects will be required to meet all of the federal requirements. The projects are subject to the reporting requirements of the Federal Funding Information will be reported no later than the end of the month following the date of a finalized loan agreement.

### **PUBLIC REVIEW AND COMMENTS**

The draft IUP will be posted on the SRF Program website for a 30-day public comment period. A notice of the draft IUP will be emailed directly to municipalities and other stakeholders, including potential SRF borrowers, located throughout the state. The notice of public comment will also be posted on the ADEC Public Notice website. This website is the official location for all active ADEC comment periods. Information about the comment period will also be provided to other stakeholders and funding partners including the U.S. Department of Agriculture Rural Development and the Alaska Native Tribal Health Consortium as well as to the Alaska Municipal League and the Alaska Water and Wastewater Management Association for distribution to their members.

## Appendix 1

### Priority Criteria for SFY25 DWSRF Emerging Contaminants Projects



# Alaska Drinking Water State Revolving Fund

## Priority Criteria for Drinking Water Projects – Reference Sheet

PUBLIC HEALTH CONSIDERATIONS <i>(Select only one)</i>		POINTS
<p>This project will correct the cause of a human disease event documented by Alaska Department of Environmental Conservation (ADEC) or a recognized public health organization. Documentation required.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Outbreaks of Hepatitis, Giardiasis or Cryptosporidiosis.</li> <li>• Installation of new water mains in an area where there is a documented well contamination by a regulated contaminant that exceed safe standards, or a contaminant that is not regulated by EPA and/or the State but has an established health advisory level.</li> </ul>	100	
<p>This project will eliminate acute risks to public health. Documentation required.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Provides potable water to a community or area currently not served by piped service but has existing water points or other haul systems.</li> <li>• Will resolve microbial risk from inadequately treated surface water or groundwater with long term deadlines.</li> <li>• Treatment for exceedances of acute contaminants such as nitrate, or treatment for long term (&gt; 2 years) Maximum Contaminant Level (MCL) or Action Level exceedances for a chronic contaminant such as Disinfection By-products (DBPs), lead, arsenic, etc.</li> <li>• Increase capacity where it is insufficient to meet public health needs. Examples include source quantity, raw or treated water storage capacity to meet demand, well intake, or distribution system pumps.</li> </ul>	75	
<p>This project will correct potential long-term, chronic health threats or resolve serious distribution system problems or leaks. Documentation required.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Correction of documented issues with a high potential to violate a water permit condition or ADEC design criteria.</li> <li>• VOC removal, pH adjustment, action level or primary MCL exceedances due to source water quality or contamination.</li> <li>• Replacement of documented pipes or facilities that are leaking or constructed of inferior materials (example – asbestos cement pipe, structurally impaired water tank/reservoir).</li> <li>• Correction of documented distribution system freeze-up problems.</li> <li>• Installation of new water mains to an area that is currently served by on-site systems and, has a high potential of regulated contaminants exceeding safe standards.</li> </ul>	50	
<p>This project will eliminate potential hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations.</p> <p><b>Examples:</b></p> <ul style="list-style-type: none"> <li>• Periodic exceedances of action level or primary MCLs due to mechanical or structural problems, undersized or inadequate components or fixtures, or low-pressure issues.</li> <li>• Replacement of pipe or facilities that are suspected to leak or constructed of inferior materials. Documentation of leaks is not required.</li> <li>• Extension of water service for existing customers and/or water main looping to remove dead-end mains.</li> <li>• SCADA and other process instrumentation installations.</li> </ul>	30	
<p>This project has no significant health hazard related issues.</p>	0	
COMPLIANCE WITH SAFE DRINKING WATER ACT <i>(Select only one)</i>		
<p>This project will allow a system to come into compliance with an executed Compliance-Order-By-Consent, Administrative Order, Judicial Decision or Consent Decree. Documentation required.</p> <p><i>Points will be awarded only for agreements executed between the appropriate primary health agency (US Environmental Protection Agency or ADEC) and the system owner or for a judicial decree.</i></p>	35	
<p>This project will resolve a significant compliance issue.</p> <p><i>Enforcement Targeting Tool violations, Notices of Violation, repeated or long-term boil water notices, one or more Revised Total Coliform Rule Level 2 Assessments</i></p>	25	
<p>This project has no significant compliance related issues.</p> <p><i>Examples include relatively minor compliance issues documented by an agency notification letter.</i></p>	10	
<p>This project has minimal impact on future pollution events.</p>	0	
SOURCE WATER PROTECTION <i>(Select only one)</i>		
<p>This project specifically addresses system vulnerabilities or potential sources of contamination that are identified in the Drinking Water Protection Plan. Documentation must be provided and will be verified by ADEC.</p>	10	
<p>The system's Drinking Water Protection Plan is current (within 3 years) and on file with ADEC Drinking Water Program. No documentation is required.</p>	5	
<p>The system's Drinking Water Protection Plan is not current and/or the project does not address any vulnerabilities or potential sources of contamination.</p>	0	



## Priority Criteria for Point Source Projects

<b>READINESS TO PROCEED (Up to 80 points)</b>			
Construction documents have been prepared (under 18 AAC 80) and submitted to the appropriate ADEC Drinking Water program office.			50
A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted to the ADEC SRF Program.			30
<b>ASSET MANAGEMENT (Select only one)</b>			
An asset management plan that incorporates an inventory of all assets, an assessment of the criticality and condition of the assets, a prioritization of capital projects needed, and a budget, has been adopted and implemented within the past 5 years. Documentation is required.			30
An asset inventory has been prepared and are attached. The asset inventory must meet the requirements as outlined in the SRF Asset Inventory Guidance ( <a href="https://dec.alaska.gov/media/ntcj1ess/srf-asset-inventory-guidance.pdf">https://dec.alaska.gov/media/ntcj1ess/srf-asset-inventory-guidance.pdf</a> ). Documentation is required.			20
An asset management plan will be prepared or updated as part of the proposed project. Completed plan to be provided to SRF.			15
An asset inventory will be prepared as part of the proposed project. Completed inventory to be provided to SRF.			10
Employees have attended an asset management training, approved by ADEC Operator Training and Certification Program for Continuing Education Units (CEUs), within the last year. Documentation is required.			5
The system has not planned, developed, or implemented an asset management plan or inventory, and staff have not attended asset management training.			0
<b>SUSTAINABILITY PROJECTS (Select only one)</b>			
<b>Fix it First Projects</b> – These are projects currently located in an established area which is still suitable for use and should be encouraged over project in undeveloped areas. The repair, replacement, and upgrade of infrastructure in these types of areas are encouraged.			50
<b>Effective Utility Management</b> – Plans, studies and projects that improve the technical, managerial, and financial capacity of assistance recipients to operate, maintain and upgrade their infrastructure. Improved stewardship of the existing infrastructure will help improve sustainability and extend the useful life of the system.			25
<b>Planning</b> – Preliminary planning, development of alternatives, and capital projects that reflect the full life cycle cost of infrastructure, conserve natural resources or use alternative approaches to integrate natural systems in the built environment.			25
Not applicable.			0
<b>OPERATOR CERTIFICATION (Select only one)</b>			
The system employs, or has on contract, an operator certified to the level of the system.			5
The system does not employ, or have on contract, an operator certified to the level of the system			0
<b>AFFORDABILITY (Select only one)</b>			<b>POINTS</b>
Points will only be given if a water system provides recent income data, population figures, and a fee structure or ordinance. The average monthly household cost for water service, after project completion, will be divided by the monthly mean household income. The monthly mean household income will be documented by a current survey or census data. The web page link for the data is located at the Department of Labor and Workforce Development Research & Analysis Section: <a href="http://laborstats.alaska.gov">http://laborstats.alaska.gov</a>		<b>Monthly Water Cost/ Monthly Income</b>	
	High	>2%	15
	Medium	1.0% - 1.9%	10
	Low	<1.0%	5

### To Be Completed by ADEC

<b>EQUIVALENCY</b>	
This project will be used as an equivalency project.	50
<b>CONSOLIDATION</b>	
This project will result in the regionalization and/or consolidation of two or more existing public water systems.	25
<b>GREEN PROJECT</b>	
The applicant has sufficiently demonstrated eligible Green components under the project.	25



# Alaska Drinking Water State Revolving Fund

## Priority Criteria for Emerging Contaminant Projects – Reference Sheet

Projects to address Emerging Contaminants will be ranked by the rating system set forth below, in addition to the standard Drinking Water project scoring criteria. The Alaska State Revolving Fund Program is prioritizing projects that address perfluoroalkyl and polyfluoroalkyl substances (PFAS) contaminants and cyanobacterial toxins, but will consider projects to address other emerging contaminants.

SCORING CATEGORY	POINTS	MAX POINTS
<b>Finished Water PFAS Concentration (Select only one)</b>		
<i>If the proposed project addresses a PFAS contaminant issue in finished drinking water, select the appropriate concentration. Documentation of the PFAS concentration is required.</i>		
Concentration ≥ 70 parts per trillion (ppt)	20	20
Concentration 20 - 69 ppt	15	
Concentration 4 - 19 ppt	10	
<b>Cyanobacterial Toxin Contaminants (Select only one)</b>		
<i>If the proposed project will address a cyanobacteria toxin issue, select the appropriate option below.</i>		
Source has experienced at least 1 Harmful Algal Bloom (HAB) per year for 3 consecutive years	15	15
Source has experienced at least 1 HAB per year for 2 consecutive years	10	
Source water has experienced a HAB in last 3 years	5	
<b>Households/Connections that will Benefit from this Project (Select only one)</b>		
Project will benefit 100 or more households/service connections	10	10
Project will benefit 50 - 99 households/service connections	8	
Project will benefit 1 - 49 households/service connections	6	
<b>Consolidation</b>		
Project will consolidate an existing system that has emerging contaminant issues with another public water system that can provide drinking water that meets all primary drinking water standards.	10	10
<b>TOTAL</b>		<b>55</b>

For a project to be eligible for Emerging Contaminants funding, it must be otherwise Drinking Water State Revolving Fund (DWSRF) eligible, and the primary purpose must be to address emerging contaminants in drinking water. Emerging contaminants refer to substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment.

### Ineligible Projects

If EPA has promulgated a National Primary Drinking Water Regulation (NPDWR) for a contaminant, then a project whose primary purpose is to address that contaminant is not eligible for funding under this appropriation, with the PFAS exception. For example, a project for which the primary purpose is to address arsenic or nitrate in drinking water is not eligible because arsenic and nitrate are regulated under the NPDWRs. It should be noted that these projects may be eligible for SRF financing but will not be eligible for financing as an Emerging Contaminant project. EPA expects to establish a NPDWR for PFOA and PFOS in the near future; however, based on the Congressional intent of the Bipartisan Infrastructure Law that appropriate this funding, PFAS-focused projects will be eligible for funding regardless of whether EPA has established a NPDWR for that particular PFAS or group of PFAS.

Questions about the eligibility of your project to receive Emerging Contaminant funding may be sent to [dec.srfprogram@alaska.gov](mailto:dec.srfprogram@alaska.gov).

## Appendix 2

### SFY25 DWSRF Emerging Contaminants Project Priority List

## Alaska Drinking Water Fund - State Fiscal Year 2025 (SFY25) Project Priority List - Bipartisan Infrastructure Law (BIL) Emerging Contaminants Funding

Total available funding = \$17,987,259

(1) The "Within Funding Limits" column indicates that the project is within the current fundable limit of the BIL Emerging Contaminants Funding allotted to the Alaska SRF Program.

Projects that are not within the available funding for Emerging Contaminants may be eligible for funding through the Alaska Drinking Water Fund base and/or BIL General Supplemental funding sources.

(2) BIL Emerging Contaminants Funding is provided as 100% forgivable loan.

Rank	Score	Within Funding Limits <sup>(1)</sup>	Public Water System ID# (Community Population)	Applicant	Project Name and Description	Requested Loan Amount	Principal Forgiveness <sup>(2)</sup>	Green Project Amount (Type)	Sustain-ability Policy	Estimated Start Date	Added to PPL
1	211	X	AK2210906 (221,351)	Anchorage Water & Wastewater Utility	<b>Tanaina Hills Subdivision Water</b> - Due to existing private wells showing PFAS contamination, this project will design and construct approximately 2,390 linear feet of a new water distribution main and install six fire hydrants. This construction will allow for residents of Tanaina Hills Subdivision to connect to the existing public water system and abandon the wells that are exhibiting PFAS contamination.	\$2,572,420	\$2,572,420	---	Planning/Construction	2/3/2025	SFY25-1
2	188	X	AK2260414 (140)	Cold Bay	<b>PFAS Water Treatment System</b> - Both municipal wells, which are the sole source of water for the City of Cold Bay, were found to have high levels of PFAS. Due to PFAS contamination exceeding the EPA Maximum Contaminant Level and DEC Drinking Water Action Level of 70 ppt, the proposed scope for this project is to install a filtration system. The proposed treatment is to install an ION exchange system which consists of two 24x50 inch Poly NSF approved vessels with diffusers, fully self-contained, skid-mounted, and pre-loaded with 500 liters of IX resin media. The target of the filtration system is to bring the levels to a non-detect PFAS level under 4 ppt.	\$250,000	\$250,000	---	Construction	7/1/2024	SFY25-1
3	175	X	AK2260197 (2,249)	Dillingham	<b>Phase III PFAS Contamination Mitigation</b> - Due to PFAS contamination at the Dillingham Airport, the anticipated scope of work for this project includes an extension of the existing water system to the affected area. This will entail infrastructure installation, water quality monitoring, and community outreach to address PFAS contamination and provide a reliable source of clean drinking water to the impacted homes and businesses.	\$14,730,000	\$14,730,000	---	Planning/Construction	2/26/2025	SFY25-1
4	160		AK2212021 (2,642)	Anchorage Water & Wastewater Utility	<b>Girdwood Well 1 Upgrade</b> - This project will address elevated manganese levels by either providing additional treatment at the existing well or developing a new well located elsewhere in the distribution system.	\$5,000,000	\$434,839	---	Planning	1/3/2025	SFY25-1
Total							\$17,987,259				

Appendix 3  
Disadvantaged Community Criteria

## **Appendix 3. Disadvantaged Community Criteria**

### **Background**

The Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA) allow states to define communities most in need of financial assistance through affordability criteria. Based on conditions established in the annual Clean Water and Drinking Water State Revolving Fund capitalization grants, a portion of each grant must be provided as an additional subsidy. The Alaska SRF Program provides this subsidy in the form of principal forgiveness of low interest loans.

In 2023, the Alaska SRF Program reviewed its disadvantaged community criteria and proposed a revised method. The SRF Program historically focused on three metrics--income, unemployment and population--to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a project. In an effort to develop a more comprehensive definition of what it means to be a disadvantaged community, the Alaska SRF Program included additional socioeconomic metrics as well as a factor to account for rural status.

### **Disadvantaged Community Criteria - Federal and State Requirements**

Under the Drinking Water State Revolving Fund (DWSRF) program, states may establish separate eligibility criteria and special funding options for economically disadvantaged communities. Section 1452 of the SDWA defines a disadvantaged community as “the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located.” Under this section, states may provide additional subsidies (including forgiveness of principal) to communities that meet the established criteria, or that are expected to meet these criteria as a result of a proposed project.

In 2014, the Water Resources Reform and Development Act (WRRDA) revised the CWA to require all CWSRF programs to develop affordability criteria to be used by the state when determining which CWSRF borrowers are economically disadvantaged and eligible for additional subsidy. Pursuant to WRRDA, the affordability criteria must be based on the income data, unemployment rates, and population trends, as well as any other components deemed relevant by the state.

In Alaska, state regulations limit the distribution of subsidy through the SRF Program to borrowers who meet the state definition of a disadvantaged community. As noted in regulations for the Alaska Clean Water Fund (Alaska Administrative Code, Title 18, Chapter 76.035 [18 AAC 76.035]), “the department may provide a subsidy to an applicant in the form of principal forgiveness...if the applicant demonstrates that it meets affordability criteria.” Similarly, the Alaska Drinking Water Fund regulations indicate that “the department may provide a subsidy to a disadvantaged system in the form of principal forgiveness.”

## **Additional Subsidy – Base Capitalization Grants**

**DWSRF Additional Subsidy:** The SDWA mandates that states use at least 12% but no more than 35% of the annual base capitalization grant to provide additional subsidization for state defined disadvantaged communities. Additional subsidization is funding beyond the savings provided by a below market rate subsidized loan. In Alaska, additional subsidization is provided in the form of principal forgiveness.

In addition to the additional subsidization identified in the SDWA, Congress has included further additional subsidization requirements through the annual appropriation language. For Federal Fiscal Year 2024 (FFY24), the Congressionally mandated subsidy requirement is 14% of the capitalization grant with no specific eligibility requirements. The two required groups of subsidy are additive, meaning that the state is obligated to offer 26 to 49% of the FFY24 base capitalization grant as additional subsidy. As noted previously, Alaska regulations restrict subsidy eligibility to disadvantaged communities.

**CWSRF Additional Subsidy:** The CWA mandates that states use at least 10% but no more than 30% of the annual base capitalization grant to provide additional subsidization for:

- any municipalities that meet the state’s affordability criteria;
- municipalities that do not meet the state’s affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class; or
- entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction.

The Congressionally mandated subsidy requirement is 10% of the FFY24 capitalization grant with no specific eligibility requirements. As with the DWSRF, the two groups of subsidy are additive, meaning that the state is obligated to offer a minimum of 20% and a maximum of 40% of the FFY24 capitalization grant as additional subsidy.

## **Bipartisan Infrastructure Law (BIL)**

A key priority of the BIL is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. Disadvantaged communities can include those with environmental justice concerns that often are low-income. Disadvantaged communities experience, or are at risk of experiencing, disproportionately high exposure to pollution—whether in air, land, or water.

The BIL mandates that 49% of funds provided through the DWSRF General Supplemental Funding and the DWSRF Lead Service Line Replacement Funding be provided as grants and forgivable loans to disadvantaged communities. The BIL also requires that at least 25% of funds provided through the DWSRF Emerging Contaminants Funding be provided as grants and forgivable loans to disadvantaged communities or public water systems serving fewer than 25,000 people.

For the CWSRF, the law mandates that 49% of funds provided through the CWSRF General Supplemental Funding be provided as grants and forgivable loans to communities that meet the state’s affordability criteria or certain project types, consistent with the CWA.

To accomplish this, the Environmental Protection Agency (EPA) recommends that states may need to:

- Evaluate and revise, as needed, the DWSRF disadvantaged community definition and CWSRF affordability criteria.
- Evaluate the SRF priority point system for project ranking commensurate with need.
- Use technical assistance funding to help disadvantaged communities identify needs and access funding.
- Engage residents and community stakeholders in disadvantaged communities.

## Criteria for Defining Disadvantaged Communities

Disadvantaged community status is determined by considering four factors: household burden, socioeconomic indicators, rural community status and priority projects. Points are assigned for each factor as noted below.

### Household Burden

The Household Burden indicator focuses on household income and the affordability impacts on those households most effected by the cost of utility service. Income quintiles are a socio-economic measure that groups a community’s household income data into five equal parts. Each quintile represents 20% of the population.

Upper limit of lowest quintile income (LQI) – Income quintiles group a community’s household income data into five equal parts. Each quintile represents 20% of the population.

If the LQI is greater than the statewide LQI	No points
If the LQI is less than the statewide LQI	1 point
If the LQI is less than 80% of the statewide LQI	2 points

Cost of service as a percentage of LQI – The annual cost of service for both water and wastewater service (user fees) for residential connections is divided by the upper limit of the LQI to provide an indicator of the burden on lowest income earners in the community.

If the Cost of Service/LQI is less than 4%	No points
If the Cost of Service/LQI is greater than 4%	1 point
If the Cost of Service/LQI is greater than 6%	2 points

### Socioeconomic Factors

Socioeconomic factors are used to consider a variety of indicators that may demonstrate economic stress in a community including the percentage of household receiving public



assistance, the percentage of households below the poverty level, unemployment rates, and population trends.

Percentage of households receiving Supplemental Nutrition Assistance Program (SNAP) benefits relative to the statewide average.

---

If the % of households receiving SNAP is less than statewide average	No points
If the % of households receiving SNAP is greater than statewide average	1 point
If the % of households receiving SNAP is 150% of statewide average	2 points

---

Percentage of households below poverty level relative to the statewide average. The poverty level is determined by the U.S. Census Bureau.

---

If the % of households below poverty level is less than statewide	No points
If the % of households below poverty level is greater than statewide	1 point
If the % of households below poverty level is 150% of statewide or greater	2 points

---

Unemployment Rate – The monthly unemployment rates posted by the Alaska Department of Labor for the borough or census area where the community is located for the previous calendar year are averaged and compared to the statewide unemployment rates.

---

If the unemployment rate is less than statewide rate	No points
If the unemployment rate is greater than statewide rate	1 point
If the unemployment is 150% of statewide rate or greater	2 points

---

Population Trend – The 2010 population from the decennial Census data compared to the 2020 population.

---

If the community population increases or decreases by less than 10%	No points
If the community population changes by 10-20%	1 point
If the community population change exceeds 20%	2 points

---

## **Rural Communities**

Rural communities will receive two additional points in the scoring process. The following definition is used for a rural community:

- (1) A community that is eligible for assistance under the Village Safe Water Act, or
- (2) A community that meets each of the following criteria:
  - (a) is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
  - (b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
  - (c) has a population that exceeds 25 but is less than 4,500.

---

Rural community status	2 points
------------------------	----------

---

## Priority Projects

Eligibility for loan forgiveness will also be assessed based on the project type. If the project aligns with one of the priority types listed below, points will be added to the project's score as noted.

Priority Project Type	Points
Project will result in completion of a Lead Service Line Inventory or replace known lead service lines	6
Project will address an emerging contaminant as defined in the BIL	6
Project will resolve a health-based violation of the SDWA	6
Project will install domestic wastewater treatment to meet the minimum treatment requirements of 18 AAC 72.050	6
Project will result in consolidation of two or more public water systems or wastewater systems	6
A water distribution system will be expanded to provide service to replace private sources that exceed the MCL for a primary drinking water contaminant.	6
A wastewater collection system will be expanded to provide service to individual services that use on-site wastewater	6
Project will improve the water quality of an impaired water body	5
Project will result in development of an Asset Management Plan	4

## Data Sources

Data sources for the information included in the Household Burden and Socioeconomic indicators are listed below:

Category / Metric	Source
Income and Poverty	
Lowest quintile income	American Community Survey
% below poverty level	American Community Survey
% Public Assistance/SNAP	American Community Survey
Labor Force	
Unemployment rate of borough/census area	Alaska Department of Labor
Demographics	
Population Trend	Decennial Census

## Disadvantaged Community - Tiers

Each loan applicant will be assessed based on household burden and socioeconomic factors to represent a base score for the community. Depending on the type of project proposed, additional points may be assigned to specific priority projects based on the criteria in the preceding section. Based on the points allotted, each project will be assigned to a tier with an associated percentage of loan forgiveness. To the extent that additional subsidy funds are available, disadvantaged communities may receive principal forgiveness associated with the base and supplemental capitalization grants as shown in the table below.

Tier	Point Range	Maximum Loan Forgiveness per Community/System	
		Clean Water Projects	Drinking Water Projects
Tier 1	0 to 3	Not applicable	Not applicable
Tier 2	4 to 6	\$500,000	\$1,500,000
Tier 3	7 to 10	\$1,000,000	\$2,500,000
Tier 4	10+	\$2,000,000	\$3,500,000

## Disadvantaged Communities – Base Scores and Tiers

The table below shows the Household Burden and Socioeconomic Factors scores for several communities throughout the state. The communities represented in this table are either past or present SRF borrowers or have expressed an interest in pursuing financing through the SRF Program.

The base score in this table combines the Household Burden and Socioeconomic Scores. The disadvantaged community tier in this table reflects only the base score for the community. If a community proposes a “priority project” as defined by the SRF Program, then additional points may be added to a particular project.

<b>Community</b>	<b>Household Burden Score (1)</b>	<b>Socioeconomic Factors Score (2)</b>	<b>Rural Community (3)</b>	<b>Base Score (1)+(2)+(3)</b>	<b>Base Score Tier</b>
Anchorage	0	0	0	0	Tier 1
Bethel	2	5	2	9	Tier 3
Cordova	0	2	2	4	Tier 2
Craig	1	5	2	8	Tier 3
Dillingham	1	4	2	7	Tier 3
Fairbanks	1	1	0	2	Tier 1
Gustavus	1	5	2	8	Tier 3
Haines	3	3	2	8	Tier 3
Homer	2	2	0	4	Tier 2
Hoonah	1	6	2	9	Tier 3
Juneau	0	0	0	0	Tier 1
Kenai	3	3	0	6	Tier 2
Ketchikan	3	2	0	5	Tier 2
King Cove	1	4	2	7	Tier 3
King Salmon	0	2	2	4	Tier 2
Kodiak	2	4	0	6	Tier 2
Kotzebue	1	4	2	7	Tier 3
Naknek	1	2	2	5	Tier 2
Nome	0	3	2	5	Tier 2
North Pole	0	0	0	0	Tier 1
Palmer	1	4	0	5	Tier 2
Petersburg	1	2	2	5	Tier 2
Sand Point	2	3	2	7	Tier 3
Seldovia	0	2	2	4	Tier 2
Seward	3	2	0	5	Tier 2
Sitka	0	0	0	0	Tier 1
Skagway	0	4	2	6	Tier 2
Soldotna	3	4	0	7	Tier 3
St. Paul	3	2	2	7	Tier 3
Talkeetna	3	5	0	8	Tier 3
Togiak	3	6	2	11	Tier 4
Unalakleet	3	6	2	11	Tier 4
Unalaska	0	0	2	2	Tier 1
Utqiagvik	1	3	2	6	Tier 2
Valdez	1	1	0	2	Tier 1
Wasilla	3	7	0	10	Tier 4
Whittier	3	6	0	9	Tier 3
Wrangell	2	3	2	7	Tier 3
Yakutat	0	1	2	3	Tier 1

