

Disadvantaged Community Criteria

Federal Disaster Declarations

Introduction

The Alaska Department of Environmental Conservation (ADEC) State Revolving Fund (SRF) Program modified the list of Priority Project Types included in the Disadvantaged Community Criteria established in the State Fiscal Year 2025 Intended Use Plans for the Alaska Clean Water and Alaska Drinking Water Funds. This modification adds eligible projects directly related to a federal disaster declaration. In the context of the Disadvantaged Community Criteria, a "federal disaster declaration" refers to a declaration made by the President of the United States and includes both emergency and disaster declarations.

Recent federal disaster declarations impacting Alaska have been related to earthquakes, landslides, flooding, severe storms, and fires. While the SRF Program is already positioned to provide low interest loans to eligible borrowers with critical water and wastewater infrastructure or water quality impacted by such disasters, many would not be eligible to receive loan forgiveness for such projects under the current Disadvantaged Community Criteria. Incorporating federal disaster declarations as a Priority Project Type allows ADEC to ensure that all communities with a federal disaster declaration have an opportunity to apply for a low-interest loan and also qualify for loan forgiveness, if funding is available to provide loan forgiveness.

Disadvantaged Community Criteria and Loan Forgiveness

The Safe Drinking Water Act and the Clean Water Act require states to define communities most in need of financial assistance through disadvantaged community criteria. The annual Clean Water and Drinking Water State Revolving Fund capitalization grants provided by the Environmental Protection Agency, require ADEC to provide a portion of each grant as subsidy. State regulations at 18 AAC 76 further define that ADEC may only provide a subsidy in the form of principal forgiveness to eligible borrowers that meet the disadvantaged community criteria.

The Disadvantaged Community Criteria includes a list of project types that ADEC has identified as priorities for subsidization. The current list of Priority Project Type for Disadvantaged Community Criteria is presented below and now includes federal disaster declarations:

Project Priority Type	Points
Project will result in completion of a Lead Service Line Inventory or replace known lead service lines.	6
Project will provide treatment to address an emerging contaminant.	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 to address violations	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
Project will address or mitigate a water or wastewater utility infrastructure issue or a water quality concern directly related to a federal disaster declaration.	Tier 5

Additionally, the Disadvantaged Community Criteria considers several socioeconomic factors, the household burden related to water and wastewater user rates, and a rural community factor. Based on the total points assigned for all categories, each proposed project is assigned to a tier. The higher tiers are eligible to receive higher amounts of loan forgiveness, assuming that loan forgiveness funds are available to be assigned.

The tiers established for Disadvantaged Community Criteria scores are shown in the table below. Eligible projects related to federal disaster declarations will be assigned to Tier 5 and may receive the maximum Tier 4 loan forgiveness amount or 50% of project costs as loan forgiveness, whichever is greater. The provision of loan forgiveness for all tiers is dependent on the availability of sufficient forgiveness funds.

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
Tier 5	N/A	\$2,000,000 or 50% of project cost, whichever is greater	\$3,500,000 or 50% of project cost, whichever is greater

* All loan forgiveness is subject to the availability of sufficient loan forgiveness funds