

**ALASKA DRINKING WATER FUND
STATE DRINKING WATER LOAN PROGRAM**

**INTENDED USE PLAN
AMENDED FINAL**

**American Recovery and Reinvestment Act of 2009
Allotment**

AND

FFY09 Grant Allotment

State Fiscal Year 2010

&

Amended State Fiscal Year 2009

Submitted to the U.S. Environmental Protection Agency

By

Alaska Department of Environmental Conservation

Division of Water

December 2009

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Table of Contents

PROGRAM OVERVIEW.....3-4

PART I - American Recovery and Reinvestment Act of 2009 Allotment

PROGRAM GOALS 5

PROGRAM FUNDING..... **5**

Funds Sources 5
State Match 6
Funds Transferred Between ADWF and ACWF 6

PROJECT ASSISTANCE AND ACTIVITIES

Selection of Projects..... 6
1. Identification of Priority Projects..... 6
2. Compliance Review 6-7
3. Scoring Criteria 7
Distribution of Funding for Projects 7-8
Emergency Procedures..... 8
By-pass Procedures 8
Additional Loan Fund Policies 9
1. Financial Terms of Loans..... 9
2. Additional subsidization – Disadvantage Community/System Assistance..... 9-10
3. Green Infrastructure 10
4. Priority for Projects Ready to Proceed to Construction in 12 Months /
Preference for Expeditious Activities..... 11
5. Avoidance of Re-allotment/Relationship to Base Program 11
6. Public Review and Comment 11-12

NON-PROJECT ACTIVITIES

Administration of the Fund 12
Small System Technical Assistance..... 12
State Drinking Water Program Management..... 13

PART II - FFY 2009 Grant Allotment

PROGRAM GOALS	14
Long Term.....	14
Short Term	14
PROGRAM FUNDING	14
Funds Available	14-16
Set-Asides	16
State Match	17
Fund Accounting Separation.....	17
Administrative Fees	17
Interest Earnings Assumptions.....	17
Funds Transferred Between ADWF and ACWF	17
Funding History	17-18
Growth of ADWF	18
1. Capitalization Rate Assumptions	18
2. Set-Aside Assumptions	18
PROJECT ASSISTANCE AND ACTIVITIES	
Selection of Projects.....	18
4. Identification of Priority Projects.....	18
5. Compliance Review	18-19
6. Scoring Criteria	19
Distribution of Funding for Projects	19-20
Emergency Procedures.....	20
By-pass Procedures	20
Additional Loan Fund Policies	20
7. Small Community Participation	20-21
8. Privately Owned Systems.....	21
9. Financial Terms of Loans.....	21
NON-PROJECT ACTIVITIES	
Administration of the Fund	21-22
Small System Technical Assistance.....	22
Local Assistance and Other Statement Program Set Asides.....	22
1. Capacity Development	22
2. Wellhead Protection Program	22-23
State Program Management.....	23

CONTENT OF APPENDICES

ALASKA DRINKING WATER FUND

State Drinking Water Loan Program

Intended Use Plan

AMENDED - December, 2009

INTRODUCTION

This amended Intended Use Plan (IUP) is the result of the July/August “green infrastructure” solicitation which was undertaken as a means of identifying projects that could meet the required 20% Green Project Reserve (GPR) under the American Recovery and Reinvestment Act (ARRA). This IUP supports satisfying the grant condition associated with the State’s application for the \$19,500,000 capitalization grant for the Drinking Water State Revolving Fund (DWSRF) program under ARRA, and the application for the federal FY09 capitalization grant for \$8,146,000.

Unique to this year’s IUP format, is that the IUP is divided into three parts. Part I includes program information specific to the ARRA capitalization grant, Part II includes program information specific to the FFY09 federal capitalization grant, and Part III includes an integrated project listing and appendices for both grants.

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 (ADEC) 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
- Wellhead Protection Program
- Capacity Development Program
- State Drinking Water Program Management
- Source Water Assessment Program

*Some activities are not eligible under the American Recovery and Reinvestment Act of 2009

American Recovery and Reinvestment Act of 2009 Allotment

PART I

PROGRAM GOALS

ADEC is guided by the following goals for ARRA grant funding:

- ADEC is committed to using the ARRA capitalization grant to provide assistance to water systems for projects which will proceed quickly to construction, furthering the public health protection objectives of the Safe Drinking Water Act. ADEC's goal is to enter into binding commitments for projects which will proceed to construction or award of construction contracts by January 18, 2010.
- The goal of the ARRA is to expeditiously fund eligible projects that will simultaneously create jobs, promote economic recovery, and generate long-term benefits from infrastructure investment. In the ARRA grant, the State is being called upon to accomplish goals that may not previously have been priorities in its base DWSRF program. Some priorities and activities that may not practically be attainable within the timeframes associated with ARRA will be pursued using funds made available through the base DWSRF program.

PROGRAM FUNDING – Funds Available

Funding Sources (as of July, 2009)

ADEC is applying for a capitalization grant in the amount of \$19,500,000, which represents the State's allocation from the supplemental appropriation enacted under the ARRA. An amount of \$17,515,400 million will be used to fund projects listed on the ADWF Group 1 and Group 2 – ARRA Eligible Project Priority Lists (Appendix IVa).

Table 1 summarizes the sources and uses of the capitalization grant for which the State is applying:

Table 1

Sources and Uses of Capitalization Grant

SOURCES	AMOUNT
Capitalization Grant	\$19,500,000
USES	
Project Assistance Loans	
Program loans	\$ 1,361,540
Green Project Reserve loans	\$ 0
Project Assistance Subsidization (Principle Forgiveness)	
Program loans	\$12,253,860
Green Project Reserve loans	\$3,900,000
4% - Administration	\$780,000
2% - Small System Technical Assistance	\$390,000
10% - State Program Assistance for PWSS program	\$814,600
TOTAL USES	\$19,500,000

State Match

Under ARRA, the State match has been waived that is normally required to be provided in receiving a capitalization grant.

Funds Transferred Between ADWF and ACWF

No transfer is planned between ACWF and ADWF with ARRA funds.

PROJECT ASSISTANCE AND ACTIVITIES

Selection of Projects

1. Identification of Priority Projects

An initial mailing was done in December, 2008 informing all interested recipients that the questionnaire was available on-line. Eligible recipients were invited to complete and submit their questionnaires electronically. The state focused on reaching out to communities with ready to go projects and those that may be eligible for principal forgiveness subsidy assistance. As a result of this effort the DWSRF program identified over \$138 million in eligible projects that could be ready to proceed to construction within the time deadlines established by the ARRA. Upon closer inspection, however, it was found that the projects identified fell short of satisfying the required 20% Green Project Reserve. A subsequent solicitation was done in July/August, 2009 as a means of identifying sufficient eligible projects that would satisfy the Green Project Reserve of 20% under the ARRA Act

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 actions.

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 bypassed in the current year's funding cycle.

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, questionnaires with the earliest receipt date receive the higher ranking. In addition, with the inclusion of ARRA funding in this year's IUP, the Department will further group projects under provisions of ARRA. These groupings are described in the next section under "Distribution of Funding for Projects."

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

Distribution of Funding for Projects

Appendix IVa shows projects proposed for funding under the ARRA grant. The total amount needed to fund the projects on priority lists with ARRA funding only is \$17,790,134. The total amount available, as described on page 4 is \$17,515,400. While the Department intends to fund as many projects as possible, direct ARRA funding will be capped at a cumulative total (principle forgiveness and financed amount*) of \$2,500,000 (or \$5,000,000 for projects combining utility systems) for all projects a community/system has listed on an ARRA grant priority funding list. Any additional funding of a project that exceeds this cap will be funded with regular program funds provided under Part II of this IUP.

Based on the funding cap discussed above, the Department intends to fund projects in their ranking order down the Priority List to the Homer – PRV Replacement project which exceeds the available ARRA funding by \$274,734. We intend to negotiate with Homer for either a phased approach to appropriate pieces of this project to utilize the available funds, or to fully fund the project with Part II IUP funds. Also, with this year's ARRA funding provision requirements, two priority lists were made with Group 1 eligible priority projects ready to proceed prior to June 17, 2009, and Group 2 eligible priority projects after this date but not later than January 18, 2010, or eleven months after the enactment of ARRA in which all funds are expected to be committed and a project construction contract be in place**. In addition, ARRA eligible projects are also listed in a Group 3 priority and planning list (Appendix Ib), but are not eligible for any loan subsidy. Group 3 projects are not expected to utilize ARRA funding, unless these funds are not fully committed near the end of the one year enactment of ARRA. The State may ask eligible Group 3 communities to utilize these funds to avoid loss of grant funding.

* Note, projects with eligible green infrastructure components may receive a subsidy with principle forgiveness up to \$2,500,000.

** Note, under the ARRA Act, the absolute final deadline for projects to have a commitment made and have a construction contract in place is February 17, 2010. However, the Department is requiring a deadline 30 days prior to this date (January 18, 2009) to ensure all funds are committed by this final date.

If after January 18, 2010 all ARRA funds are not committed to a new project, all remaining unobligated funds will be allowed to be committed as an increase to any already funded project. This action allows a commitment to be made to a project for a community/system that has already met their maximum principle forgiveness subsidy.

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

The federal government provides funding for the ADWF. As one of the conditions of state acceptance of the federal funds, we must agree to execute loan agreements within a certain time. Failure to execute these agreements on time will cause the state to lose some of the funding. If the ADWF would potentially lose federal monies due to an inability to enter into a timely loan, funding will be made available for the next project on the list which is ready to proceed.

Projects in receipt of funds provided under ARRA will receive an accelerated by-pass if ready to proceed prior to time limits placed on each priority listing in accordance with the federal Act. Dates under the Act include 120 days (June 17, 2009) and one year (February 17, 2010) after enactment of the Act on February 17, 2009. The first date is a goal for committing half of the available funds to projects, and the second date is the final date a commitment can be made for utilization of these funds.

For Group 1 listed projects, they must have a complete loan application submitted to the Department no less than 30 days prior to June 17, 2009, or by May 18, 2009. After this date, Group 2 priority listed projects will be allowed to by-pass any Group 1 project to receive a binding commitment. If after three months of publication of the final IUP, and all ARRA grant funds have not been committed to Group 2 priority listed projects, any listed Group 2 priority planning project ready to proceed (in preference of ranking) will be allowed to receive a binding commitment. Also, any Group 2 priority planning project ready to proceed may request a formal by-pass if desired by the community/system prior to the three month wait for an open list. This action will require a written request to the Department for this need, and if found justified, will require the Department to obtain written non-objections from a sufficient number of higher scored projects to allow the requester to have funding prior to their own project being by-passed. If after four months of publication of the final IUP all ARRA grant funds have not been committed to a loan for either a Group 1 or Group 2 listed project, any Group 3 projects ready to proceed (in preference of ranking) will be allowed to by-pass both these groups to receive a binding commitment. These by-passes are being done to allow expeditious use of ARRA funds, and to commit all funds within one year of enactment of the Act.

Additional Loan Fund Policies

1. 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

For loan assistance provided using funds made available from the ARRA, the State will use the same process for determining loan repayment periods. The State will also provide additional subsidy to identified assistance recipients as described in appendix IV.B. The loan terms for recipients of assistance from base DWSRF funding will remain unchanged from that described in our 2009 IUP.

2. Additional Subsidization – Disadvantage Community/System Assistance

ARRA requires that a least 50% of the grant amount be in the form of additional subsidies. The Department, under the authority of Governor’s Letter of Certification of March 31, 2009, has authority to offer principal forgiveness in an amount up to 100% of the value of a loan made by the State’s DWSRF Program. Under this authority, the Department has chosen to give loan subsidies under ARRA 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 it’s:

- 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 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 in which the system resides.

For a community/system to qualify for disadvantaged assistance, they need to meet one of the above criteria. The following chart shows the percent of principle forgiveness versus financed amount for a given project type. Please note, the balance of the amount financed will be offered at standard loan terms of the ADWF program.

Project Type	Principle Forgiveness	Financed
Standard Project	90%	10%
“Green” Reserve Project*	100%	0%

*This can also include a component of an ARRA eligible project.

Since available funds under the ARRA capitalization grant are not sufficient to fund all eligible subsidized projects, the Department is setting a maximum cap of \$2,000,000 for the total cumulative amount a community/system receives under these funds. This cap may apply to one or to a multiple number of projects a community/system has listed under Groups 1 or 2, and the cap may be portioned among these multiple projects as the community/system chooses. In addition, if any project is for combining two or more individual utility systems, a raised maximum cap of \$4,000,000 will be allowed. Note, projects with eligible green infrastructure components may receive a subsidy with principle forgiveness up to \$2,500,000 ,or up to \$5,000,000 for the combining of two or more individual utility systems.

If a community meets their maximum cap on one or more of higher ranking project(s), and has additional projects listed in either Group 1 or 2, those projects will be funded with funds under Part II of the IUP with no subsidy. Also, those affected projects will be funded within the ranking of projects listed in Group 3. However, as referenced at the top of page 8, if all funds are not committed by January 18, 2010, any Group 1 or 2 project that has a signed funding agreement and signed contract in place may receive an increase even though the community/system has reached their maximum allowable principle forgiveness subsidy.

Additionally, the attached Group 1 and Group 2 priority lists (Appendix Ia) demonstrates that at least 50% of the grant amount will be provided via principal forgiveness. Any subsequent revision to this Fundable Project Priority list will likewise demonstrate that at least 50% of the grant will be provided via principal forgiveness.

3. Green Infrastructure

Under the total ARRA grant amount awarded to the State, and to the extent there are sufficient eligible project applications, not less than 20% of the funds provided for projects is required/mandated to be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. The aggregate amount of project lists (See Lists in Appendix IVa and IVb) shows that 20% of the total assistance amount of \$19,500,000 is for projects or portions of projects meeting one or more of the specific objectives required by this provision.

Under this amended IUP, a total of 4 projects listed on the attached Fundable Project Priority lists Groups 1 and 2 have been identified as fully (100%) qualifying Green projects, based on USEPA guidance. During the green project solicitation period, the Department consulted with communities/systems to help assess eligible green components to their project(s), and document a business case for each prior to finalizing the IUP. At the conclusion of the solicitation, the Department determined that green components of projects under Group 1 and 2 priority lists that qualify towards the green project reserve total in the amount of \$4,705,620. Although sufficient green eligible components were determined for meeting the green project reserve, the Department will still reserve

any deficient green project fund amount which may be needed for meeting the minimal reserve amount of \$3,900,000.

4. Priority for Projects Ready to Proceed to Construction in 12 Months/ Preference for Expeditious Activities

The Department has a priority system for its DWSRF program that ranks projects in accordance with criteria associated with public health, compliance and economic need. However, ARRA requires that priority be given to projects that will be ready to proceed to construction within 12 months of the date of enactment.

To implement this new priority, the Department will review and consult with potential assistance recipients with projects on its Fundable and Comprehensive Project Priority lists, to determine which projects are most likely to be able to proceed to construction within the next 12 months. Projects so determined will be given priority in receiving ARRA funding.

In addition, ARRA section 1602 requires that “recipients shall give preference to activities that can be started and completed expeditiously, including a goal of using at least 50 percent of the funds for activities that can be initiated not later than 120 days after ... enactment” of ARRA. The Department intends to implement this preference requirement by selecting ARRA funding first from among the projects with the priority determined above which appear most likely to be able to start construction by June 17, 2009.

5. Avoidance of Reallotment/Relationship to Base Program

In order to meet the requirements and deadlines of the ARRA for the expeditious and timely commitment and expenditure of funds, the Department will regularly review the data reported to USEPA on the progress of assistance recipients under the statutory deadlines specified in this IUP to identify any issues with the timeliness of this progress. If such issues are identified, the Department intends to work with USEPA to resolve such issues as may place the State at risk of reallotment if not addressed. The Department will include conditions in its binding commitments to ensure that assistance recipients make timely progress with respect to entering into contracts and/or construction. If a recipient fails to maintain progress with these conditions, they will receive funding from other DWSRF monies so that ARRA funding can be provided for a project that is ready to proceed.

The State understands that the USEPA may deobligate grant funds from States that fail to meet requirements on use of funds. The Department intends to avoid deobligation. If the State is eligible for additional funds made available from other States that fail to meet deadlines, the State will provide USEPA with a list of projects from its priority list that are ready to proceed to construction, and will also provide a certification through an amendment to this IUP that all funds received for these projects will be under contract for construction within 120 days of reallotment.

6. Public Review and Comment

In compliance with the requirement in SDWA sec. 1452(b)(1) to provide for public review and comment, the Department posted the original draft IUP at the Department’s Public Notice web site at http://www.dec.state.ak.us/public_notices.htm on April 13, 2009. The availability of the IUP was also announced in the Anchorage Daily News, a newspaper with state-wide, and all organizations and individuals on its distribution list by mail and email, with a request that all comments be submitted by May 13, 2009.

A second public notice announcing the availability of the amended Intended Use Plan was put on the Department's web site and published in a newspaper, with state-wide circulation, June 9, 2009 with a request that all comments be submitted by June 18, 2009.

A third public notice announcing the availability of the amended draft Intended Use Plan was put on the Department's web site and published in a newspaper with state-wide circulation on August 28, 2009, with a request that all comments be submitted by September 8, 2009. All comments received by this date may be referenced under Appendix IV.

A fourth public notice announcing the availability of the amended Intended Use Plan was put on the Department's web site and published in a newspaper, with state-wide circulation, December 15, 2009 with a request that all comments be submitted by December 24, 2009.

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. ADEC 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 Appendix 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
- State Drinking Water Program Management

Administration of the Fund

The Safe Drinking Water Act allows for up to four percent of the state's federal capitalization grant to be used to administer the loan program. ADEC is requesting \$780,000 to be used in administering the program with ARRA grant funding.

Small System Technical Assistance

The Small System Technical Assistance (SSTA) activity under the American Recovery and Reinvestment Act (ARRA) can use up to two percent of the federal capitalization grant available under this legislation (\$390,000 is available - \$19,500,000 multiplied by two percent). ADEC intends to use the maximum 2% available under ARRA - \$390,000. These funds will be used to fund two new major initiatives that will be managed and directed by the Operations Assistance Programs (OAP), a subunit of ADEC. These major initiatives include: 1) a 3-year program designed to improve small water system operations by providing on-site training and certification services for 50-100 small system operators on-the-job; 2) the second major initiative will be a 3-year, phased project that will establish and implement a cross connection control training and certification program that will be recognized by the State of Alaska's drinking water program. In addition to these major multi-year initiatives, a minimum of 9 targeted small water operator training courses covering a variety of topics of interest to

small water system owners and operators will be provided over the 3-year period, commencing in SFY 10.

State Drinking Water Program (PWSS) Management

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 specific set-aside is also available for states to use under the Economic Stimulus DWSRF. This particular set-aside requires an additional 1:1 match by the state program. The Division of Environmental Health, Drinking Water Program, is requesting \$814,600 in federal funds from the FFY 2009 ARRA capitalization grant that will require \$407,300 general fund state match that will come from using half of the current SFY 2009 annual DWSRF 10% Program Management set-aside match and will also use \$407,300 historic match credits. The historic match credits were determined by a Legislative Audit and approved by U.S. EPA from State Fiscal Year 1993 expenditures. A total budget of \$814,600 for State Drinking Water Program Management Set-aside activities will be utilized by the Drinking Water Program and the Environmental Health Laboratory from the Economic Stimulus DWSRF.

The funds for State Drinking Water Program Management activities will be used for SDWA compliance requirements, continued primacy activities implementation, and public health protection for the residents and visitors to the state of Alaska. Non Project Activities will be contracted out to Alaska residents and businesses, and include the following activities: Regulatory and Technical Assistance Engineering, Data Management Technical support, and Analyst Programming Technical support. All non project activities completed from the 10% Program Management set-aside support Alaska Drinking Water Program primacy activities; provide overall increased public health protection; allow for more open government and information sharing with Alaska public water systems owners/operators, communities, and certified laboratories; and create respectable jobs for Alaskans.

A work plan with budget detailed for the 10% Program Management activities will be provided to EPA for approval as part of the capitalization grant application.

FFY 2009 Grant Allotment

PART II

PROGRAM GOALS

The ADEC 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 \$50.5 million dollars for planning, design and construction of facilities that will reduce acute health risks and provide safe drinking water.
2. Provide \$407,300 to the Wellhead Protection Program to implement and assist owners, operators and communities in the development and implementation of a wellhead protection program throughout Alaska.
3. Provide \$197,535 for operator training and technical assistance for communities with a population of less than 10,000 through Small Systems Technical Assistance Program.
4. Provide \$814,600 to Capacity Development to fund activities to support and improve the technical, managerial and financial capacity of public drinking water systems (PWS) in Alaska.
5. Provide \$814,600 to State Drinking Water Program Management supplement for SDWA compliance, continued primacy implementation and public health protection.
6. Complete the next capitalization grant agreement with the U.S. Environmental Protection Agency (EPA) for federal fiscal year (FFY 09) Drinking Water Fund Allocation.

PROGRAM FUNDING – Funds Available

During State Fiscal Year (SFY) 10 a total of \$50.5 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 10. ADEC proposed to provide all \$50.5 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		\$ 114,416,600
FFY 09 Federal Capitalization Grant Request		8,146,000
FFY 09 State Match Appropriation		
General Funds		0
Bond Proceeds		1,629,200
State Match, prior years		
General Funds	\$ 14,137,600	
Bond Proceeds	8,770,160	
Total State Match		22,907,760
Investment Interest		7,353,670
Repayments		
Loan Principal	\$ 21,636,725	
Loan Interest	5,389,372	
Total Repayments		27,026,097
Projected 2010 Repayments and Investment Earnings		7,613,868
Transfer from ACWF		29,000,000
	Total Funding	\$ 218,093,195

Program Commitments:

Loan Commitments		
Standard Loans Executed	\$ 140,348,234	
Disadvantaged Assistance Loans/Grants Executed	7,821,000	
Total Loan Commitments		\$ 148,169,234
Bonding and Transactions Costs to be Paid		1,084,200
Program Set-Asides		
Administrative Set-Aside	4,902,516	
Source Water Assessment Program	2,682,000	
Capacity Development	3,089,224	
State Drinking Water Program Management	3,575,030	
Wellhead Protection Program	2,603,524	
Small System Technical Assistance	1,529,626	
Total Program Set-Asides		18,381,920
Total Commitments		\$ 167,635,354
Net Available for Loans		\$ 50,457,841

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 08.
- “FFY 09 Federal Allocation” is the amount of federal funding available to be requested in the grant application to be submitted to EPA.
- “FFY 09 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 09. 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 fourth quarter of SFY 08.
- “Repayments” is the total amount of principal and interest repayments made by communities who have borrowed monies from the ADWF.

- “Projected 2010 Repayments and Investment Earnings” is the amount of interest payments, principal repayments and investment earnings anticipated to be received in SFY 10.
- “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.
- “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 10.
- “Administrative Set-Aside” is the amount of funding that has been set aside for program administrative purposes up to the end of SFY 10.
- “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 10.
- “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 10.
- “Program Set-Asides, Wellhead Protection Program” is the total amount of funding that has been used for the Wellhead Protection Program up through SFY 10.
- “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 10.

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 09	Use in SFY 10	Remaining Amount	“Banked” Amount
Source Water Assessment	\$ 2,682,000	\$2,628,000	\$0	\$0	\$0
Capacity Development	\$ 3,089,224	\$ 2,274,624	\$ 814,600	\$0	\$0
State Drinking Water Program Management	\$ 3,575,030	\$ 2,760,430	\$ 814,600	\$0	\$0
Wellhead Protection	\$ 2,603,524	\$ 2,196,224	\$ 407,300	\$0	\$0
Small System Technical Assistance	\$ 1,529,626	\$ 1,332,091	\$ 197,535	\$ 194,241	\$ 332,379
Administrative Assistance	\$ 4,902,516	\$ 4,576,676	\$ 325,840	\$0	\$ 834,739

State Match

A capital budget bill that authorized the required state match of \$1,629,200 necessary to capture the FFY 09 grant has passed 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 federal fiscal year that begins on October 1, 2009.

Fund Accounting Separation

Two ADEC divisions will conduct ADWF activities, but their administrative efforts will be unified through department management. Separate accounts have been created within the state accounting system to support all of the different activities. 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 ADEC 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.

Administrative Fees

ADEC has instituted an administrative fee structure and has been collecting fees since December 29, 2000. As of May 31, 2009, \$1,236,649 has been collected. ADEC anticipates collecting more fees during SFY 10. 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.

Funds Transferred Between ADWF and ACWF

In August, 2007, the State transferred \$29 million of uncommitted repayment revenue from the Alaska Clean Water Fund (ACWF) to the ADWF. This transfer was done to equalize the disparity of funds available in each program and to accommodate the demand for financial assistance in the ADWF which has increased significantly and resulted in fewer dollars available for eligible projects.

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 (May 31, 2009) value of \$178,333,173.

Historical Facts about the ADWF Project Fund

As of May 31, 2009:

- 42 projects have reached construction completion and 40 projects are in repayment status.
- \$27,026,097 has been received in repayment principal and interest.
- \$1,236,469 has been received in fees.
- 100 loans for a total of \$140,348,234 have been made to 19 communities.
- 10 loans for disadvantaged assistance for a total of \$7,821,000 have been made to 10 communities.
- \$7,353,670 in investment interest has been earned through June 2008.

- \$4,902,516 has been set aside as administrative funds to cover program operating costs.
- \$2,682,000 has been set aside for source water protection activities.
- \$3,089,224 has been set aside for capacity development activities.
- \$3,575,030 has been set aside for state drinking water program management activities.
- \$2,603,524 has been set aside for wellhead protection.
- \$1,529,626 has been set aside for small system technical assistance.

Growth of the ADWF

The ADEC 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 \$8 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 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
- Wellhead protection
- Capacity development } 15% of the federal capitalization
- State drinking water program management – 10% of the federal capitalization grant

Projects based on these assumptions for the next 10 years are included in Appendix 1. These projects show continued relatively strong growth in the value of the ADWF.

PROJECT ASSISTANCE AND ACTIVITIES

Selection of Projects

4. Identification of Priority Projects

A mailing was done on December 21, 2008 informing eligible recipients that the ADWF questionnaire was available electronically (on-line) for completing and submitting questionnaires.

5. 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 bypassed in the current year's funding cycle.

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.

6. 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. This ranking formed the final priority list for SFY 10.

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 was sent to all qualified recipients for review and comment. Notice was published in a major newspaper advertising the availability of the draft IUP and inviting comment. The IUP was also published on the Department's web site. Comments were solicited during this public notice period. Appendix VI is reserved for these comments and ADEC responses.

Distribution of Funding for Projects

Appendix IVc or Group 3 shows projects proposed for funding in SFY 10. Note, all ARRA eligible projects listed under Appendix IVa or IVb are eligible for FFY09 Capitalization Grant funds. Also, a reserve amount will be held for Group 1 and Group 2 priority listed projects to ensure full funding is available.

The total amount needed to fund this priority list is \$51,193,930. The total amount available, as shown in the table on page 16 is \$50,457,841. While the Department intends to fund projects in their ranked order, funding down the Priority List to the Anchorage – Hillside Transmission Main project which exceeds the available funding by \$736,089. Also, an initial reserve amount of \$6,652,934 will be held for Group 1 and Group 2 funded ARRA projects which have insufficient funds to fully fund a project. When ARRA funding commitment deadlines are past for these projects, unused funds will be released for Group 3 project utilization. We intend to negotiate with 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 10. 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.

Additional Loan Fund Policies

1. Small Community Participation

Of the amount of funding being proposed for SFY 10, 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, 50 percent of the loans or \$74 million have been provided to small systems. This exceeds the 15

percent goal or \$11 million program requirement for participation by small systems. Although ADEC does not expect to need this, ADEC will bank the excess \$63.5 million for future years when the number of small system loans may fall short of the percent goal.

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 nine loans totaling \$6,419,588 with privately owned drinking water utilities.

2. 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

<p>Loan Term 1 year or less 1 to 5 years</p>	<p>Interest Rate Based upon Amount Borrowed 0.5%</p>
<p>5 to 20 years</p>	<p>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</p> <p>The greater of (a) 1.5% or (b) 30% of the current bond rate as defined by the Municipal Bond Index at the time the loan is made</p>

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. ADEC 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
- Source Water Assessment Program
- Capacity Development Program
- State Drinking Water Program Management
- Wellhead Protection Program

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 10, ADEC intends to use \$325,840 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; (\$162,920 is available - \$8,146,000 multiplied by two percent). 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 the maximum two percent available (\$162,920) and an additional \$34,615 from previously banked amounts for a total of \$197,535 in SFY 10. OAP will provide a detailed work plan to EPA for approval of all SSTA-funded activities.

Local Assistance and Other State Program Set-Asides

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

1. Capacity Development Program

Under the SDWA Section 1452(k)(1)(B), the state is requesting \$1,221,900 for Capacity Development activities. The funds for Capacity Development activities will be used to both modify (amend and update) and fully implement the state's current EPA-approved Capacity Development Strategy. Additionally, the funds will be used to provide technical and compliance assistance to PWS owners and operators, assist water system owners in completing 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 \$454,698 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 \$359,902 of the total amount requested under this set-aside to fund 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. Wellhead Protection Program

Under the SDWA Section 1452(k)(1)(D), the state is requesting \$407,300 from the Local Assistance and Other State Programs Set-Aside for Wellhead Protection activities during SFY 2010. The funds for Wellhead Protection activities will be used to continue with the implementation of a statewide voluntary Drinking Water Protection Program; assist public drinking water system owners and/or operators, and communities develop Drinking Water Protection Plans; and conduct public outreach

through workshops and presentations on drinking water protection tools and strategies. A detailed work plan for the Wellhead Protection Program activities will be provided to EPA for approval.

State Program Assistance for PWSS Program

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 intends to use prior credits determined by a Legislative Audit and approved by U.S. EPA from State Fiscal Year 1993 expenditures as a portion of the state match funding for use with this set-aside. The Drinking Water Program is requesting \$814,600 state funding for a total budget of \$1,629,200 for PWSS Program Management Set-aside activities. The funds for State Drinking Water Program Management activities will be used for SDWA compliance requirements, continued primacy activities implementation, and public health protection for the residents and visitors to the state of Alaska.

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

CONTENT OF APPENDICES

Appendix I. Cumulative Amount of Loans Provided to Projects

Appendix II. Capacity Assessment Worksheet

Appendix III. Priority Criteria

Appendix IV. Project Lists – Fiscal Year 2010

IVa. Funding Priority & Planning Lists: Groups 1 & 2

IVb. Funding Priority & Planning Lists: Group 3

Appendix V. Project Descriptions

Appendix VI. Public Comments

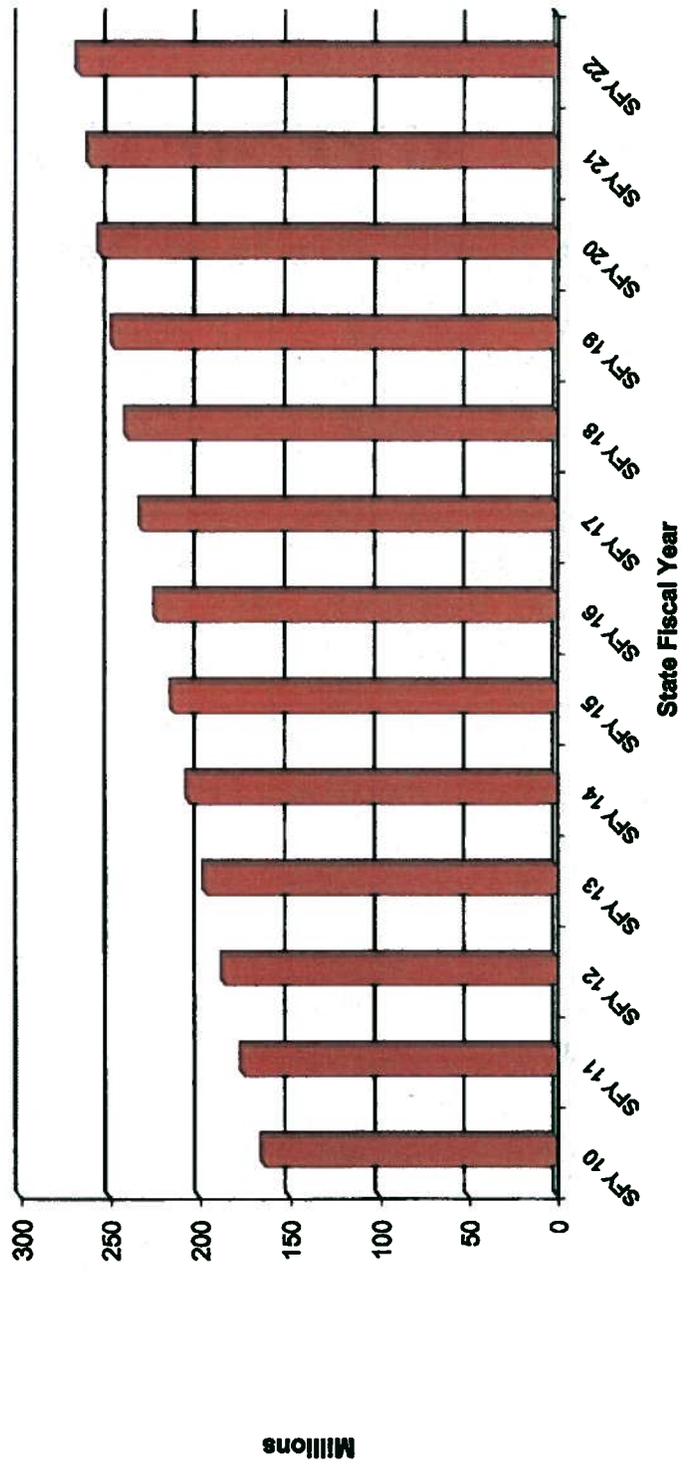
APPENDIX I

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)



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 use 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 FY10 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 un piped 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

GROUP 1 & GROUP 2 Project Priority & Planning Lists

Funding Under Part I

ALASKA DRINKING WATER FUND Funding Priority List

GROUP 1 - ARRA Eligible Projects Commitment and Under Construction by June 17, 2009 (Project Funding Under PART I of the IUP)

Fiscal Year 2010

System Owner	Project Title	Project Number	Score	Commitment Date	Construction Date	Amount Requested	ARRA Principle Forgiveness Subsidy ¹	ARRA Amount - Subsidy & Financial	Cumulative Group 1 Amount (Sub.Fin.)	Financed Non-ARRA Amount (IUP-Part II)	Cumulative Non-ARRA Amount (IUP-Part II)	GREEN Projected Eligibility (%) ²	GREEN Available Subsidy Amount ³	GREEN Projected Program Amount
Niushika Bay Utilities - Kenai	Reservoir, Pumping & Distribution Upgrade, Ph I	475081	50	6/17/2009	6/17/2009	200,000	200,000	200,000	200,000	0	0	100%	20,000	200,000
Swiss Castle Estate Water - Wasilla	Rehab. & Expan. of WTP	905111	36	6/17/2009	6/15/2009	50,000	45,000	50,000	250,000	0	0	0%	0	0
Homer	Mtithill PRV Vault Stairway	408211	30	6/17/2009	6/17/2009	190,000	171,000	190,000	440,000	0	0	0%	0	0
Wasilla	Garden Terrace Water Main Extension- Abby Blvd	905141	28	6/17/2009	6/17/2009	575,000	517,500	575,000	1,015,000	0	0	0%	0	0

⁴GREEN PROGRAM TOTAL-GROUP 1: \$200,000

¹ Criteria for loan subsidies may be referenced on page 9 under Part I of the IUP, and actual subsidy for a project may be increased upon final determination of an eligible "green" work component.
² An additional subsidy may be offered if a project has an eligible "Green" component. The amount of subsidy determined decreases the amount financed for a project based on the overall percentage of the eligible "Green" component. Further explanation of a "Green" project may be referenced on page 9 under Part I of the IUP.
³ The "Green" Available Subsidy Amount column represents an estimated percentage that may be available as principle forgiveness that reduces an equivalent portion that is financed for the project.
⁴ This total represents the total of "green" projected program utilization. The required 20% minimal reserve under the ARRA grant for projects is \$3,800,000

ALASKA DRINKING WATER FUND Funding Priority List

GROUP 2 - ARRA Eligible Projects With Loan Subsidy Commitment and Construction Contract Signed by January 18, 2010 (Project Funding Under PART I of the IUP)

Fiscal Year 2010

System Owner	Project Title	Project Number	Score	Commitment Date	Construction Date	Amount Requested	ARRA Principle Forgiveness Subsidy ¹	ARRA Amount - Subsidy & Financed	Cumulative Group 1 & 2 Amount (Sub-Fin.)	Financed Non-ARRA Amount (IUP-Part II)	Cumulative Amount (IUP-Part II)	GREEN Project Eligibility (%) ²	GREEN Available Subsidy Amount ⁴	GREEN Projected Program Amount
Sitka	UV Disinfection Facility - Phase 1	783301	118	7/1/2009	8/1/2009	175,000	157,500	175,000	1,190,000	0	0	0%	0	-
Ketchikan	Baranof Reservoir Replacement Site Development	481081	106	7/1/2009	1/1/2010	1,223,924	1,101,532	1,223,924	2,413,924	0	0	0%	0	-
Mat-Su Borough	Talkeena Community Water Upgrade	561211	105	8/1/2009	1/1/2010	500,000	450,000	500,000	2,913,924	0	0	0%	0	-
Craig	Water Distribution Improvements	265051	91	8/1/2009	8/1/2009	500,000	450,000	500,000	3,413,924	0	0	0%	0	-
Palmer	Steel Water Main Replacement	677221	80	6/18/2009	7/1/2009	7,000,000	2,500,000 ²	2,500,000	5,913,924	4,500,000	4,500,000	100%	250,000	2,500,000
Kenai Peninsula Borough	Niiska North Star Elementary School Point of Use	477011	80	7/1/2009	7/1/2009	200,000	180,000	200,000	6,113,924	0	4,500,000	0%	0	-
Mat-Su Borough	Water System Improvements Phase 1.3	263041	80	1/4/2010	4/6/2010	4,060,000	2,000,000 ²	2,500,000	8,613,924	1,560,000	6,060,000	0%	0	-
Golden Heart Utilities - Fairbanks	Garden Terrace Estates Water Service Replacements	561201	78	6/20/2009	8/1/2009	391,630	352,467	391,630	9,005,554	0	6,060,000	0%	0	-
Kenai	23rd Avenue Water Main Replacement	338121	75	12/18/2009	1/15/2010	1,189,883	1,070,883	1,189,883	10,185,437	0	6,060,000	0%	0	-
Haines	16" Water Main, Bridge Access Road	395071	71	10/1/2009	1/18/2010	2,818,200	2,000,000 ²	2,500,000	12,695,437	318,200	6,378,200	0%	0	-
Wrangell	Replace A/C Pipe Willard & First	395061	71	8/1/2009	7/1/2009	407,025	396,323	407,025	13,102,462	0	6,378,200	0%	0	-
North Pole	Replace A/C Pipe on Ocean View	917141	71	8/1/2009	8/1/2009	156,533	140,880	156,533	13,259,000	0	6,378,200	0%	0	-
Sitka	Water Pump Efficiency Improvements ⁶	633281	70	8/17/2009	11/2/2009	600,000	600,000	600,000	14,208,019	0	6,378,200	100%	60,000	600,000
Petersburg	Halibut Point Road Water Main Replacement ⁶	783181	68	7/1/2009	1/15/2010	605,513	544,962	605,513	14,811,532	0	6,378,200	0%	0	-
Petersburg	Nosecum St. Water Upgrades ⁶	685121	66	8/1/2009	8/1/2009	227,330	204,597	227,330	15,038,862	0	6,378,200	0%	0	-
Petersburg	Gaufrin Street Water Upgrades ⁶	685161	66	7/1/2009	8/1/2009	195,800	178,220	195,800	15,234,662	0	6,378,200	0%	0	-
Petersburg	Valkrie Street Water Upgrades ⁶	685171	66	7/1/2009	10/1/2009	332,997	299,697	332,997	15,567,659	0	6,378,200	0%	0	-
Petersburg	Second Street Water Upgrades ⁶	685181	66	8/1/2009	10/1/2009	188,880	168,201	188,880	15,754,549	0	6,378,200	0%	0	-
Petersburg	Odin Street Water Upgrades ⁶	685191	66	8/1/2009	10/1/2009	128,965	116,969	128,965	15,884,514	0	6,378,200	0%	0	-
Niiska Bay Utilities - Kenai	Reservoir, Pumping, & Distribution Upgrade, Ph II	475081	60	9/15/2009	12/15/2009	1,405,620	1,405,620	1,405,620	17,290,134	274,734	6,378,200	100%	140,562	1,405,620
Homer	PRV Replacement ^{6,7}	409221	50	8/15/2009	7/10/2009	500,000	202,739	225,266	17,515,400	0	6,652,934	0%	0	-

⁵ GREEN PROGRAM TOTAL-GROUP 2: \$4,505,620
⁵ GREEN PROGRAM TOTAL-GROUP 1 & 2 (Priority): \$4,705,620

¹ Criteria for loan subsidies may be referenced on page 9 under Part I of the IUP, and actual subsidy for a project may be increased upon final determination of an eligible "green" work component.
² The "maximum" \$2,000,000 subsidy cap for projects has been reached for the community under the ARRA grant, unless the project is for combining two separate utility systems into one, the "maximum" is then \$4,000,000. Also, any projects with a "0" amount of loan subsidy due to a community already meeting that "maximum cap" subsidy, or exceeding their \$2,500,000 (\$5,000,000 for a combined system project) maximum ARRA funding total cap (subsidy and financed amounts), will only be funded with funds coming from Part II (non-ARRA funds) of the IUP. In addition, if a project is funded by Part II funds only, affected projects will be funded in order of ranking under projects listed in Group 3.

³ An additional subsidy may be offered if a project has an eligible "Green" component. The amount of subsidy determined decreases the amount financed for a project based on the overall percentage of the eligible "Green" component. Further explanation of a "Green" project may be referenced on page 9 under Part I of the IUP.

⁴ The "Green" Available Subsidy Amount column represents an estimated percentage that may be available as principle forgiveness that reduces an equivalent portion that is financed for the project.

⁵ This total represents the total of "green" projected program utilization. The required 20% minimal reserve under the ARRA grant for projects is \$3,900,000.

⁶ Funding for the project is dependent upon utilization of a \$3,900,000 reserve for Green project infrastructure funding. If the project includes a Green eligible component, that portion of the project will receive funding.

⁷ Funding of the Homer - PRV Replacement project will be dependent upon remaining available ARRA funds. If remaining total available funds of \$17,515,400 are insufficient to fully fund the project, the project may receive funding under Part II (non-ARRA funds) of the IUP.

ALASKA DRINKING WATER FUND Funding Priority Planning List

GROUP 2 - ARRA Eligible Projects Commitment and Construction Contract Signed by January 18, 2010 (Project Funding Under PART I of the IUP)

Fiscal Year 2010

System Owner	Project Title	Project Number	Score	Commitment Date	Construction Date	Amount Requested	ARRA Principle Forgiveness Subsidy ¹	ARRA Amount - Subsidy & Financial	Cumulative Amount Group 1 & 2 (Sub-Fin.)	Financed Non-ARRA Amount (IUP-Part II)	Cumulative Non-ARRA Amount (IUP-Part II)	GREEN Project Eligibility (%)	GREEN Available Subsidy Amount ⁴	GREEN Projected Program Amount
Seward	North Seward Water Storage Tank & Pumping Facility ⁴	769061	50	9/1/2009	1/18/2010	4,060,000	2,000,000	2,500,000	20,015,400	1,560,000	8,212,934	0%	0	-
Golden Heart Utilities - Fairbanks	Sherwood Forest, Phase IIa	338141	50	1/4/2010	1/18/2010	1,032,339	928,105	1,032,339	21,047,739	0	8,212,934	0%	0	-
North Pole	Water Meter Replacement for Water Conservation	633271	50	8/17/2009	8/18/2009	100,000	100,000	100,000	21,147,739	0	8,212,934	100%	10,000	100,000
Sitka	Oja Street Drinking Water System Rehabilitation	783351	48	1/4/2010	1/18/2010	285,000	256,500	285,000	21,432,739	0	8,212,934	0%	0	-
Sitka	Treated Water Storage Tank-Coating & Cat. Protect.	783341	48	1/4/2010	1/18/2010	350,000	315,000	350,000	21,782,739	0	8,212,934	0%	0	-
Sitka	Waterline Loop System to Jeponaki Island	783361	48	1/4/2010	1/18/2010	640,000	578,000	640,000	22,422,739	0	8,212,934	0%	0	-
Wasilla	Reservoir Insulation Improvements	905131	48	7/1/2009	7/1/2009	305,000	274,500	305,000	22,727,739	0	8,212,934	0%	0	-
Wrangell	Cassiar Street Water Rehabilitation	917151	46	7/1/2009	1/15/2010	462,541	416,287	462,541	23,190,280	0	8,212,934	0%	0	-
North Pole	Water Utility Security System	633231	45	6/17/2009	6/17/2009	150,000	135,000	150,000	23,340,280	0	8,212,934	0%	0	-
Crystal Cathedrals Water - Haines	Storage Tank	965091	45	7/1/2009	1/18/2010	150,000	135,000	150,000	23,490,280	0	8,212,934	0%	0	-
Sitka	Mills Street Water Main Loop Installation	783321	43	8/1/2009	8/1/2009	214,000	127,061	141,201	23,631,481	72,769	8,285,733	0%	0	-
Wrangell	Drinking Water System Upgrades	917161	41	10/30/2009	1/15/2010	1,500,000	1,271,391	1,412,657	25,044,138	87,343	8,373,076	0%	0	-
Soldotna	Robin Street Water Installations	791221	38	9/1/2009	10/1/2009	199,000	178,200	199,000	25,242,138	0	8,373,076	0%	0	-
Soldotna	Water System Improvements	791231	38	9/1/2009	10/1/2009	815,000	815,000	815,000	26,057,138	0	8,373,076	100%	81,500	815,000
Alaska H2O - Wasilla	Water System Upgrade	905121	36	7/1/2009	7/15/2009	25,000	22,500	25,000	26,082,138	0	8,373,076	0%	0	-
North Pole	Water Main Upgrades	633251	20	10/6/2009	1/15/2010	5,200,000	1,865,000	2,072,222	28,154,360	3,127,778	11,500,854	0%	0	-
Kotzebue	Vortac Dam Remediation	515061	20	10/15/2009	1/15/2010	1,158,000	1,042,200	1,158,000	29,312,360	0	11,500,854	0%	0	-
Kotzebue	Equipment Upgrades	515071	15	7/15/2009	7/15/2010	1,436,000	957,800	1,342,000	30,654,360	84,000	11,594,854	0%	0	-
Soldotna	Soldotna Avenue Water Mainline Installation	791241	13	10/1/2009	11/1/2009	372,500	335,250	372,500	31,026,860	0	11,594,854	0%	0	-
Soldotna	Centennial Park Road Water Improvements	791251	8	10/1/2009	11/1/2009	720,000	648,000	720,000	31,746,860	0	11,594,854	0%	0	-

⁵ GREEN PROGRAM TOTAL-GROUP 2: \$915,000

¹ Criteria for loan subsidies may be referenced on page 9 under Part I of the IUP, and actual subsidy for a project may be increased upon final determination of an eligible "green" work component.
² The "maximum" \$2,000,000 subsidy cap for projects has been reached for the community under the ARRA grant, unless the project is for combining two separate utility systems into one, the "maximum" is then \$4,000,000. Also, any projects with a "0" amount of loan subsidy due to a community already meeting their "maximum cap" subsidy, or exceeding their \$2,500,000 (\$5,000,000 for a combined system project) maximum ARRA funding total cap (subsidy and financed amounts), will only be funded with funds coming from Part II (non-ARRA funds) of the IUP. In addition, if a project is funded by Part I funds only, affected projects will be funded in order of ranking under projects listed in Group 3.
³ An additional subsidy may be offered if a project has an eligible "Green" component. The amount of subsidy determined decreases the amount financed for a project based on the overall percentage of the eligible "Green" component. Further explanation of a "Green" project may be referenced on page 9 under Part I of the IUP.
⁴ The "Green" Available Subsidy Amount column represents an estimated percentage that may be available as principle forgiveness that reduces an equivalent portion that is financed for the project.
⁵ This total represents an estimate of eligible "green" project funds being utilized to meet program requirements. The required 20% minimal reserve under the ARRA grant for projects is \$3,900,000.

APPENDIX IVb

ALASKA DRINKING WATER FUND

GROUP 3

Project Priority & Planning Lists

Funding Under Part II

ALASKA DRINKING WATER FUND

Funding Priority List

GROUP 3 - ARRA & Other Eligible Projects ARRA Eligible Projects With No Loan Subsidy* (Project Funding Under PART II of the IUP)

((Group 3 Project Funding Available When IUP Is Finalized))

Fiscal Year 2010

System Owner	Project Title	Project Number	Score	Amount Requested	Cumulative Amount Requested	ARRA Funding Eligible (Yes/No)
Unalaska	Water Treatment Plant LT2 Rule - Design & Constr.	879091	118	\$6,800,000	\$6,800,000	N***
Sitka	UV Disinfection Facility - Phase 2	783381	118	\$825,000	\$7,625,000	N***
Juneau	Salmon CK Secondary Disinfection Improvements	445321	113	\$740,000	\$8,365,000	Y
ALPAT Water Utility LLC - MOA	Alternate Source Connection and Hydrant Rehabilitation	130771	103	\$250,000	\$8,615,000	Y
North Slope Borough	Wainwright Water Upgrades	635161	90	\$5,000,000	\$13,615,000	Y
Anchorage	San Ernesto Water Upgrade	130781	81	\$1,200,000	\$14,815,000	Y
Anchorage	South Addition Phase 4	130791	81	\$900,000	\$15,715,000	Y
Anchorage	Norm Newt Drive Water Upgrade	130801	81	\$1,100,000	\$16,815,000	Y
Anchorage	Downtown CLPP Water Improvements	130811	76	\$810,000	\$17,625,000	Y
Anchorage	Island-Kodiak-Kaigjn Water	130821	76	\$200,000	\$17,825,000	Y
Petersburg	Cabin Creek Waterline Rehabilitation	685201	76	\$750,000	\$18,575,000	N***
Golden Heart Utilities - Fairbanks	Sherwood Forest, Phase IIb	338141	75	\$2,884,930	\$21,459,930	N***
Anchorage	Eagle River Heights Water Upgrade	130831	71	\$2,400,000	\$23,859,930	Y
Haines	Lily Lake Transmission Line	395091	71	\$1,473,500	\$25,333,430	N***
Kodiak	Aleutian Homes Water Replacement Phase III	503191	70	\$750,000	\$26,083,430	Y
Wrangell	Water Treatment Plant Rehabilitation Pilot Study	917171	66	\$150,000	\$26,233,430	N***
Anchorage	Girdwood Water Improvements, Ph. IIb	130841	61	\$2,000,000	\$28,233,430	Y
Anchorage	Hiland Road Water Intertie	130851	61	\$7,000,000	\$35,233,430	Y
Anchorage	DeBarr-Klevin-Hoyt Water Upgrade	130861	61	\$570,000	\$35,803,430	Y
Anchorage	Christensen Drive Water Upgrade	130871	61	\$700,000	\$36,503,430	Y
Anchorage	68th Avenue Redhawk Intertie	130881	61	\$430,000	\$36,933,430	Y
Sitka	Main Rehab/Replace @ HPR/SMC Intersection	783311	58	\$660,500	\$37,593,930	N***
Anchorage	Well 7 Upgrades	130891	56	\$1,000,000	\$38,593,930	Y
Anchorage **	Hillside Transmission Main	130901	56	\$12,600,000	\$51,193,930	Y

* Criteria for eligible ARRA loan projects may be referenced on page 9 under Part I of the IUP

** Funding of the Anchorage - Hillside Transmission Main project will be dependent upon remaining available Part II funds reserved (\$6,652,954) for Group I and Group 2 projects that are insufficient to completely fund a project with ARRA funds. In addition, other funding above the current total \$50,457,841 available for Part II funded projects may be needed to fully fund this project. The Department will negotiate with Anchorage to provide additional funds as they become available later in the year.

*** Did not meet ARRA eligibility criteria dates for commitment and/or construction/land purchase, or is a planning/study/design project, or is for refinancing costs prior to October 1, 2008, or the project was moved to the Group 3 list from a Group 1 or 2 list due to other community/system higher ranked projects receiving maximum ARRA funding (note - these moved projects could potentially still receive ARRA funding if the community/system ARRA maximum funding is not reached.)

ALASKA DRINKING WATER FUND

Funding Priority Planning List

GROUP 3 - ARRA Eligible & Non-Eligible Projects ARRA Eligible Projects With No Loan Subsidy* (Project Funding Under PART II of the IUP)

Fiscal Year 2010

System Owner	Project Title	Project Number	Score	Amount Requested	Cumulative Amount Requested	ARRA Funding Eligible (Yes/No)	
						Requested	Eligible
Palmer	Southwest Utility Expansion	677231	55	\$7,000,000	\$58,193,930	N**	N**
Homer	Kachernak Drive Phase II Construction - Water	409241	55	\$1,300,000	\$59,493,930	N**	N**
Anchorage	South Anchorage Water Extension	130911	51	\$9,000,000	\$68,493,930	Y	Y
Anchorage	Reservoir Goldenview-172nd	130921	51	\$5,000,000	\$73,493,930	Y	Y
Anchorage	Ship Creek Water Treatment Facility Upgrade	130941	51	\$1,273,000	\$74,766,930	Y	Y
Anchorage	Tudor Reservoir 4 Interior Paint - Water	130951	51	\$2,300,000	\$77,066,930	Y	Y
Anchorage	Ship Creek Water Treatment Facility Heat Exchanger	131071	51	\$4,349,812	\$81,416,742	Y	Y
Anchorage	North Bragaw - McPhee Water Upgrade	130961	46	\$2,861,600	\$84,278,342	Y	Y
Anchorage	Tidewater Gull Water Upgrade	130971	46	\$1,785,000	\$86,063,342	Y	Y
McKinley Utilities Inc. - MOA	Stand by Power Generation and Remote Monitoring	130981	46	\$24,000	\$86,087,342	Y	Y
North Pole	Water Treatment Plan Engineering Study and Design	633261	45	\$500,000	\$86,587,342	N**	N**
Juneau	LCB Mill Tunnel Reservoir Improvements	445331	43	\$555,000	\$87,142,342	Y	Y
Sitka	Wortman Loop Pump Station Upgrade	783371	43	\$640,000	\$87,782,342	N**	N**
Dawn Development Corp. - MOA	Standby Power and Security Fencing	130991	41	\$90,000	\$87,872,342	Y	Y
Valdez	Additional Well for City Main System	891021	38	\$1,432,700	\$89,305,042	N**	N**
King Cove	Delta Creek Water Project	487061	31	\$1,248,000	\$90,553,042	N**	N**
Anchorage	Thunderbird Reservoir 51 Paint	131011	21	\$420,000	\$90,973,042	Y	Y
Anchorage	G Street 6th-7th Water Main	131021	21	\$525,000	\$91,498,042	Y	Y
Homer	Water Source Development	409251	20	\$13,650,000	\$105,148,042	N**	N**
Midtown Estates Water - Palmer	MEWU to MEPOA	677241	20	\$500,000	\$105,648,042	N**	N**
Juneau	Areawide Water Facility Energy Upgrades	445351	18	\$292,800	\$105,940,842	Y	Y
Anchorage	EWTF Roof-Window Upgrade	131031	16	\$2,000,000	\$107,940,842	Y	Y
Anchorage	Barrow 10-11 Water Upgrade	131041	16	\$292,600	\$108,233,442	Y	Y
Anchorage	Oklahoma-Muldoon Water Upgrade	131051	16	\$765,800	\$108,999,242	Y	Y
ALPAT Water Utility LLC - MOA	Distribution System Rehabilitation	131061	13	\$250,000	\$109,249,242	Y	Y
Juneau	LCB Well Field Reservoir	445341	13	\$2,275,000	\$111,524,242	Y	Y

* Criteria for eligible ARRA loan projects may be referenced on page 9 under Part I of the IUP.

** Did not meet ARRA eligibility criteria dates for commitment and/or construction/land purchase, or is a planning/study/design project, or is a refinancing costs prior to October 1, 2008, or the project was moved to the Group 3 list from a Group 1 or 2 list due to other community/system higher ranked projects receiving maximum ARRA funding (note - these moved projects could potentially still receive ARRA funding if the community/system ARRA maximum funding is not reached.)

APPENDIX V

Project Descriptions

ALASKA DRINKING WATER FUND

Project Descriptions
Fiscal Year 2010

ALASKA H2O

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Water System Upgrade	905121	NE	30	0	6	0	0	0	0	0	36

The project will consist of upgrading pumps, heating system, security, and treatment facility.

ALPAT WATER UTILITY

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Alternate Source Connection and Hydrant Rehabilitation	130771	NE	50	25	3	5	5	0	5	5	103

This project consists of connecting the Alpat Water System to the Anchorage Municipal water supply to replace the existing source which has measured arsenic levels over twice the MCL. Construction will include an 8-inch metered connection with backflow prevention assemblies, associated mechanical equipment, a small scale arsenic treatment system, and rehabilitation of eight fire hydrants.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Distribution System Rehabilitation	131061	NE	0	0	3	5	0	0	0	0	13

This project will enhance system operations by returning all key boxes to full function, and provide utility easements necessary to maintain distribution system components.

ANCHORAGE

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refine.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
68th Avenue Red Hawk Intertie	130881	NE	30	0	6	5	5	5	0	5	61

This project will intertie the 16-inch main located in 68th Avenue with the 8-inch main located in 72nd Avenue. Once the 68th Ave PRV station is installed, this intertie will extend the 430 pressure zone north to 68th Avenue. This low pressure/low flow (<200 gpm) area was discovered during the Loop IV project.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refine.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Barrow 10-11 Water Upgrade	131041	NE	0	0	6	5	0	0	0	0	16

This project will construct approximately 160 feet of new water main within the Barrow Street ROW and install twenty-one new water services to eight properties.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refine.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Christensen Drive Water Upgrade	130871	NE	30	0	6	5	5	5	0	5	61

To improve reliability, the proposed upgrade will install approximately 225 feet of 6-inch ductile iron pipe, 1,174 feet of 8-inch ductile iron pipe water main and other related appurtenances to replace approximately 50-year old pipe that is susceptible to external corrosion.

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Restre.	Constr. Doc.	Eng. Feas. Study	Regional or Consecidate	
DeBarr-Kleivin-Hoyt Water Upgrade	130861	NE	30	0	6	5	5	5	0	5	61

This project, located in the Anchorage Bowl, will replace 750 LF of existing water main with 16" DIP on DeBarr between Kleivin & Hoyt with associated appurtenances. Construction of this project will replace a portion of a transmission main that has corroded significantly and ensure safe, reliable, and uninterrupted potable water service to public facilities and residential neighborhoods.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Restre.	Constr. Doc.	Eng. Feas. Study	Regional or Consecidate	
Downtown CIPP Water Improvements	130811	NE	50	0	6	5	0	5	0	5	76

This project combines two projects on the previous IUP entitled Juneau-21st Water Upgrade and H-K Street 5th-6th Avenue Water Upgrade under a new title: Downtown CIPP Water Improvements. The project will be completed under two schedules. Schedule A - Juneau Drive is located between 17th and 20th Avenues on Juneau Drive. The project will rehabilitate this section of main which has a significant break history. It consists of upgrading 1060 feet of existing 8" water main with a cured in place pipe lining system, two fire hydrants, temporary water system, reinstatement of water services, dewatering, valves, A.C. pavement and all related appurtenances and the restoration of the affected streets and improvements. Schedule B - H-K, 5-6 Alley - is located in the alley between 5th and 6th Avenues running from H Street to K Street. It consists of rehabilitating approx. 1050 L.F. of existing transmission main with a cured in place pipe lining system. This project will repair older cast iron pipes with a significant break history and reduce the operating costs by reducing maintenance needs for these pipes. The schedule serves approximately 26 parcels. There is a significant break history documented by Operations and Maintenance. The existing pipes will be lined with a cure-in-place pipe to minimize the potential for future water main breaks and the resulting disruption to water service and loss of fire protection during outages.

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Eagle River Heights Water Upgrade	130831	NE	50	0	6	5	5	0	5	0	0	71

This project consists of design and construction for the replacement of approximately 2,847 L.F. of existing 2-inch water distribution main with 8-inch main near the intersection of Colville Stet and Baranoff Avenue in Eagle River. The intent of the project is to increase the quality and quantity of flow to existing and new customers.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
EWTF Roof-Window Upgrade	131031	NE	0	0	6	5	0	0	0	0	16

This project will replace and upgrade the roof and windows at the Eklutna Water Treatment Facility. Project. The roof and windows were originally installed in 1986 and according to AWWU Operations and Maintenance have a 12 to 15 year life.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
G Street 6th-7th Water Main	131021	NE	0	0	6	5	0	5	0	0	21

This project will provide water system redundancy to Anchorage's Central Business District. New development in the central business district, including the new convention center and a proposed office tower on 6th Avenue will increase water demands. Existing water distribution infrastructure in the area is approaching its design life and there is little loop redundancy in this area.

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Consist. Doc.	Eng. Feas. Study	Regional or Consolidate	
Girdwood Water Improvements, Ph. 2B	130841	NE	30	0	6	5	5	0	5	5	61

This project will complete a looped water system on the west side of Glacier Creek and provide redundancy for the water distribution system in the New Girdwood Town site. The new 16-inch water main will also provide for part of the water requirements within the area identified in the Crow Creek Land use Plan. This is part of a multi-phase project. Phases I and IIA provided potable water to the community and Phase 2B completes the loop.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Consist. Doc.	Eng. Feas. Study	Regional or Consolidate	
Hiland Road Water Intertie	130851	NO	30	0	6	5	5	5	0	5	61

This project will extend public water to areas of the Municipality presently in need of safe, reliable, potable water, and provide increased public safety and needed reliability with a looped system. Phases of this project include extending a waterline from the Eklutna Transmission main to the Hiland Landfill and crossing the Glen Highway to complete the water supply loop to Eagle River. This project was identified in the Water Master Plan as a necessary secondary connection to the south side of Eagle River where rapid development is occurring. In the event of a failure of the primary feed that goes through the Dawn Booster Station, this new line will provide needed water supply to maintain public health and sanitation. Construction is recommended to supplement transmission and distribution facilities to boost and sustain water pressure to all the areas needing domestic water service and fire flow capacity, especially during peak demands.

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Capt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Hillside Transmission Main	130901	NE	30	0	6	5	0	5	0	5	56
<p>The Hillside Water Transmission Main (WTM) project consists of the design and construction of a new 24 inch ductile iron pipe WTM from the intersection of Elmore Street and Abbott Road south to an existing water booster station (135th Booster) located on the corner of Elmore Road and 136th Avenue, (southeast of the South Anchorage High School). The WTM alignment is situated at an elevation where water would flow by gravity and eliminate or mitigate mechanical pumping to the 135th Booster; water would be delivered at a head of 480 feet or greater. This will reduce overall operational costs in lieu of mechanical pumping, mitigate the historical seasonal (3 months) water pressure reductions seen in this area of South Anchorage, as well as provide for system redundancy and more reliable water supply. WTM will deliver flows at volume several times greater as well as provide for consistent water pressure to the areas.</p>											
Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Capt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Island-Kodiak-Kalgin Water	130821	NE	50	0	6	5	0	5	0	5	76

The project will include a study, design, and construction of necessary water upgrades to protect the project area water lines (mains and services) from the high rate of corrosion failure exhibited in the past. The work will include development of new design standards for the utility when working in corrosive soils, in addition to conducting corrosion and stray current analysis to determine the cause of water service line failures. It may also include upgrade of non-standard water distribution mains. This project includes the area between 17th Avenue to the north, 20th Avenue to the South, Muldoon Road on the East, and Patterson Street on the West.

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Retire.	Constr. Dec.	Eng. Fees. Study	Regional or Consolidate		Env. Review
Norm Newt Drive Water Upgrade	130801	NE	50	0	6	5	5	5	0	5	5	81

This project consists of the removal of 8-inch ductile iron pipe that has experienced eight corrosion related failures in recent years, and replacing it with 8-inch C900 PVC pipe. The project consists of three individual segments: approximately 947 linear feet on Newt Drive and Norm Circle, 590 feet on Cobble creek Circle, and 477 feet on Norm Drive. Associated water services, gate valves, and fire hydrants along these sections of mainline will be replaced. A total of 91 residential properties are served directly from these mains.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Retire.	Constr. Dec.	Eng. Fees. Study	Regional or Consolidate		Env. Review
North Bragaw - McPhee Water Upgrade	130961	NE	30	0	6	5	0	0	0	0	0	46

This project consists of upgrading 2,950 ft of existing transmission main with 8-inch pipe located in the Anchorage Bowl on N. Bragaw Road and McPhee Avenue. This work will repair older pipes with a significant break history and reduce the operating costs by reducing maintenance needs for these pipes. The project serves 54 parcels on N. Bragaw Rd. and McPhee Ave. and adjacent properties in the area.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Retire.	Constr. Dec.	Eng. Fees. Study	Regional or Consolidate		Env. Review
Oklahoma-Muldoon Water Upgrade	131051	NE	0	0	6	5	0	0	0	0	0	16

This project is located in the Anchorage Bowl near Oklahoma St. off Muldoon Rd. and involves upgrading existing transmission mains with 8-inch pipe and associate appurtenances in three different locations: Oklahoma St. between Dubin Ave. and 4th Ave., Patsy St., and Idaho St..

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refine.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Reservoir Goldenview-172nd	130921	NO	30	0	6	5	5	0	5	0	51
<p>Project intent is to design and construct a new 2 million gallon (MG) reservoir off of Goldenview Drive, south of Rabbit Creek Road, to serve the elevations of 930 feet and below. The AWWU 2005 Water Master Plan (WMP) identifies the need for adding an additional 17 MG of reservoir capacity to the Anchorage Bowl system by 2025 to meet emergency storage, operational flexibility and fire water supply requirements. Specifically, the WMP identified increasing the water storage capacity in the Goldenview area with an additional 2 MG as one of the highest priorities and to be completed by 2010. However, due to the economic uncertainty, AWWU has chosen to accomplish this in two phases with an immediate 1 MG increase as noted in the foregoing. The existing 0.5 MG of storage that AWWU will barely meet current requirements by the end of 2009.</p>											
Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refine.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
San Ernesto Water Upgrade	130781	NE	50	0	6	5	5	5	5	0	81
<p>This project will upgrade approximately 2,106 LF of cast iron pipe with HDPE thru pipe-bursting. System integrity and ability to transport water efficiently are core concepts to the operation of a first-class water system. These are the two main focuses of this project, as the area currently experiences mainline breaks. This area is served by a 6-inch cast iron watermain, which is today considered substandard pipe sizing. The pipe is constructed in an area of poor soils and AWWU has experienced many mainline breaks as the result of corrosion.</p>											

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Year/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consecutive	
Ship Creek Water Treatment Facility Upgrade	130941	NE	30	0	6	5	0	5	0	0	51

This project arose from a desire to heat water entering the Anchorage Loop line that supplies water from the Eklutna Water Treatment Facility to Anchorage. Currently, half of the AWWU water from EWTF is warmed from waste heat generated from the Municipal Light and Power Plant No. 2 at Ship Creek. The other half of the water supply from EWTF that leaves the Ship Creek Booster Station is not heated when it enters the Anchorage Loop Line. The water temperature in the lower HGL transmission main is raised approximately 10 degrees to 45 degrees Fahrenheit. There is a threefold benefit to warming the water. First, there are less water main breaks due to freezing, secondly, energy costs to households are reduced, and finally, ML&P is able to reduce operating costs by providing low-value waste heat to AWWU.

Project Name	Project Number	Green Project Eligible (Year/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consecutive	
South Addition Phase 4	130791	NE	50	0	6	5	5	5	0	5	81

This project will replace wood stave pipe at the end of its useful life with ductile iron pipe along 15th Avenue to meet MASS Standards and AWWU tariff requirements and eliminate potential for leaks and water supply contamination.

Project Name	Project Number	Green Project Eligible (Year/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consecutive	
South Anchorage Water Extension	130911	NE	30	0	6	5	0	5	0	0	51

This project provides for the siting, design and construction of a new 5 million gallon water reservoir to serve the immediate areas of South Anchorage as well as the Anchorage Bowl as a whole. It will be located at an elevation of approximately 450 feet, and will be capable of being filled under a gravity head. The reservoir will work in concert with the other large reservoirs located at Service High School and near Kincaid Park. The intent is to locate this reservoir in close proximity to the Hillside Water Transmission Main to be constructed in Elmore Road south from Abbott Road to 135th Ave. Booster station.

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Thunderbird Reservoir 51 Paint	131011	NE	0	0	6	5	0	5	0	0	21
The project will complete abrasive blasting and painting of the interior and exterior of 0.14 MG Thunderbird Reservoir located in Eklutna, Alaska as identified in the 2005 Water Master Plan.											
Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
Tidewater Gull Water Upgrade	130971	NE	30	0	6	5	0	0	0	0	46
This project is located in the Anchorage Bowl on Tidewater Rd. and Gull Ave. and consists of upgrading approximately 2,275 lf of existing transmission main with 16-inch pipe. It will repair older pipes with a significant break history and reduce the operating costs by reducing maintenance needs for these pipes.											
Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
Tudor Reservoir 4 Interior Paint - Water	130951	NE	30	0	6	5	0	5	0	0	51
This project will paint the interior of the 10 MG Tudor Reservoir 4 which is located near the Ship Creek Water Treatment Facility. AWWU repaired the exterior in 1999 and must maintain the integrity of the reservoir in order to improve its serviceability.											

ANCHORAGE (continued)

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Well 7 Upgrades	130891	NE	30	0	6	5	5	0	5	0	5	56

The upgrade of Well 7 will bring the facility up to current codes and standards, and increase water production capacity. This will include mechanical, electrical, structural and landscaping upgrades. In addition, the facility has an on site power generator and fuel tank will be installed. The fuel tank is out of compliance with SPCC and needs to be replaced.

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Ship Creek Water Treatment Facility Heat Exchanger	130941	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, and water efficiency via reduction of steam exhaust. The project will double or even triple the amount of energy currently recycled in the system. This energy will come from reclaimed 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.

CRAIG

Project Name	Project Number	Green Project Eligible (Yes/No or Not Eval.)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Water Distribution Improvements	265051	Yes	50	10	6	5	5	5	0	0	5	91

This project will interconnect and loop dead end water lines eliminating stagnant water within the water distribution system. The presence of dead end water lines results in problems with stagnated water and long chlorine contact time forming disinfection by-products that exceed drinking water standards. Over a longer period of time, the stagnated water accumulates sediment. If sudden pressure loss occurs within the distribution system upstream of a dead end water main, the stagnated water mixes with otherwise potable water, and can contaminate (and has contaminated) water in customer service lines.

CRYSTAL CATHEDRALS WATER

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Storage Tank	395091	Yes	30	0	10	5	0	0	0	0	45

This project will construct a water storage tank that will enhance maintaining system wide chlorine residuals at required levels on a more consistent basis.

DAWN DEVELOPMENT CORP.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Standby Power and Security Fencing	130991	NE	30	0	6	5	0	0	0	0	41

This project will install stand-by power generation and security fencing at the well house site. The work will eliminate the acute public health risk associated with negative pressure events during power outages, and the accompanying cross connection contamination. The system is comprised of aging galvanized piping, and as such is prone to contamination during negative pressure events.

DILLINGHAM

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Water System Improvements Phase 1.3	283041	Yes	50	10	10	5	0	0	0	0	80

This project will develop a new water source in the Neqleq Subdivision about two miles from downtown. Project components include a new well, storage tank, water treatment plant and then connect this facility to the existing water system. The new well will be drilled about 350 ft. deep with 10" steel casing. The project includes installation of a well pump, power, protection; well supply line 4" HDPE at 800 lineal feet; 1.0 MG steel tank, insulated; new water treatment plant; and site work improvements such as roads and fencing.

GOLDEN HEART UTILITIES, INC.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Fees. Study	Regional or Consecutive	
23rd Avenue Water Main Replacement	338121	Yes	50	0	10	5	0	5	0	0	75

This project will replace an old and failing water main along 23rd Avenue that experiences frequent corrosion leaks.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Fees. Study	Regional or Consecutive	
Sherwood Forest Water Main Extension, PH. IIa	338131	Yes	30	0	10	5	0	0	0	0	50

Initial expansion of an existing water distribution main to provide potable water to 168 residential lots. Water quality in the area ranges from average to poor which requires property owners to haul water in portable tanks. The job requires 10,525 of 10" water main, 17,140 of 8" water main, 2,565 of 6" water main and 71 fire hydrants. Also, 300' of 24" bored casing and new water circulation station with pumps.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Fees. Study	Regional or Consecutive	
Sherwood Forest Water Main Extension, PH. IIb	338141	Yes	50	0	10	5	0	5	0	0	75

Continuing expansion of an existing water distribution main to provide potable water to 168 residential lots. Water quality in the area ranges from average to very poor which requires property owners to haul water in portable tanks. The job requires 10,525 of 10" water main, 17,140 of 8" water main, 2,565 of 6" water main and 71 fire hydrants. Also, 300' of 24" bored casing and new water circulation station with pumps.

HAINES

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Fees. Study	Regional or Consecutive	
Replace A/C Pipe on Ocean View	395081	Yes	50	0	6	5	0	5	0	0	71

This project will replace 1960's era asbestos cement pipe on Ocean View with 8-inch mains to provide less head loss under high flow conditions. Older asbestos pipe is brittle and a small amount of settlement or point loads can cause the pipe to crack and leak. Several leaks have recently been detected in this stretch of pipe. The new larger pipe will provide adequate flows and address the multiple leak issues.

HAINES (Continued)

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Replace A/C Pipe Willard & First	395071	Yes	50	0	6	5	0	5	0	0	71
Older asbestos cement pipe is brittle and a small amount of settlement or point loads can cause the pipe to crack and leak. The new larger pipe will provide adequate flows and address the multiple leak issues. This project will replace this outdated pipe material with modern, more efficient pipe.											
Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
Lily Lake Transmission Line	395091	No	71	0	6	5	0	5	0	0	71
Severe corrosion has occurred in sections of this water transmission line, resulting in multiple line breaks. The project consists of replacing the deteriorated 1972 ductile iron transmission pipe with a high density polyethylene pipe.											

HOMER

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Midhill PRV Vault Stairway	409211	N	0	0	10	5	5	5	0	0	30
This project provides access to an important PRV station (serving the hospital and surrounding area) located on a steep bluff face above Homer. A stairway was designed and bid in 2005 as an alternative bid item. The work was not awarded due to budgetary limitations. Without these stairs, access to this station is dangerous and unsafe. Failure of this PRV station would create a potential health hazard.											
Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
Water Source Development	409251	NO	0	0	10	5	0	0	0	0	20
This project will establish a new water source for the City of Homer. The Homer 2006 Water/Sewer Master Plan has recommended that, based on population growth, an additional water source be developed by 2016.											

HOMER (Continued)

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Kachemak Drive Phase II Construction-Water	409241	NE	30	0	10	5	0	5	0	0	55

This project will extend City water service to approximately 250 residents by installing approximately 8,100 linear feet of 12 inch waterline and related appurtenances.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
PRV Replacement	409221	Yes	30	0	10	5	0	0	0	0	50

This project consists of replacing three existing pressure reducing vaults (PRV) known as Lakeside, Lucky Shot, and A-Frame. The City has recently replaced two of the most needed replacements (and rehabilitated one other); this project would replace the other PRV stations that are in poor condition. Failure of these important water system distribution facilities would interrupt the delivery of drinking water and improve fire protection to areas of the City. These facilities control and establish adequate pressure to users within the pressure zones created by the PRV vaults.

JUNEAU

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
LCB Mill Tunnel Reservoir Improvements	445331	NE	30	0	3	5	0	0	0	0	43

This project will rehabilitate and structurally reinforce one of the major reservoirs in the distribution system in order to provide the water volumes needed to assure adequate flow to downtown Juneau during the summer tourist season.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
LCB Well Field Reservoir	445341	NE	0	0	3	5	0	0	0	0	13

This project will provide the additional water volumes needed to assure adequate flow to downtown Juneau during the summer tourist season.

JUNEAU (Continued)

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Salmon CK Secondary Disinfection Improvements	445321	NE	75	25	3	5	5	0	0	0	0	113

This project will allow Juneau to comply with the Long Term 2 Enhanced Surface Water Treatment Rule and the Disinfection By Products Rule for secondary disinfection treatment for inactivation of cryptosporidium bacteria in potable water systems using surface water sources such as Salmon Creek Reservoir.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Areawide Water Facility Energy Upgrades	445351	Yes	0	0	3	5	5	0	5	0	0	18

This project consists of an energy audit on areawide water treatment and distribution systems to evaluate the energy performance of the water sources and pump stations and preparation of a summary of Energy Conservation Opportunities (EOC) for both behavioral changes and high and medium priority upgrades to community water facilities. The summaries for the High and Medium Priority ECO's each include a life cycle cost analysis which evaluates their construction, maintenance, and energy costs and compared overall life cycle costs to determine savings.

KENAI

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL	
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
16" Water Main, Bridge Access Road	475061	Yes	50	10	3	5	0	5	0	0	0	73

This project will construct approximately 7,000 lineal feet of new 16-inch water transmission main along Bridge Access Road between the Kenai Spur Highway and Beaver Loop Road. The Kenai River water front and City Dock area is growing and there is significant interest in high density development. The area is presently served with on-site wells and septic systems. The private wells in the area produce poor quality water not meeting the EPA water quality standards with measured arsenic levels over 200 ppb.

KENAI PENINSULA BOROUGH

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Nikiski North Star Elementary School Point of Use	477011	N	50	10	10	5	0	5	0	0	80

This project will construct a new point of entry (POE) arsenic treatment at KPBSD North Star Elementary School. The POE system includes a treatment system and a distribution system that will be completely separate from the public water system's distribution system. Based on historical data, the raw arsenic level in the school averages around 25 +/- 1 ppm, with pilot study results at the school showing treated water averaged less than 3 ppb of total arsenic.

KETCHIKAN

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Baranof Reservoir Replacement Site Development	481091	N	50	25	6	5	5	5	0	5	106

This project represents the site preparation phase for the replacement of Ketchikan Public Utilities' Baranof Water Reservoir. The reservoir serves all the residences and many other important facilities throughout the City. The 200,000-gallon wooden reservoir is undersized and at the end of its useful life. The structure is in poor physical condition, cannot be retrofitted for seismic protection, and would most certainly fail in the event of a severe earthquake. In 2007, Ketchikan Public Utilities acquired property at a cost of \$290,000 and authorized design of the 750,000 gallon reservoir. The reservoir design is now completed and is being reviewed by ADEC. Funding is requested to strip the overburden, drill and blast rock down to the correct elevation, and complete the site preparation for the future reservoir.

KING COVE

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Delta Creek Water Project	487061	NE	0	0	6	5	5	5	0	5	31

Starting in 1992, the city of King Cove was under a Compliance Order by Consent from ADEC because it was providing unfiltered surface drinking water to the community. The order mandated that the City abandon its existing water source (Ram Creek) for all the community potable water needs and develop a new water source. The City obtained a loan from USDA to fund a portion of a new water treatment plant and distribution system (which has now been constructed). The City is now interested in refinancing the USDA loan through the ADWF program in order to decrease their interest rate. The lower interest rate available through the ADWF program would decrease the cost of the project by \$20-30,000 per year. If this loan is awarded the City would save 10-15% of their water revenue fund on an annual basis.

KODIAK

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Aleutian Homes Water Replacement, Phase III	503191	NE	50	0	10	5	0	0	0	0	70

This project will replace a 12-inch Asbestos Cement (AC) water line with a new 20-inch ductile iron pipe main, along with the existing cmp storm drainage system and other related appurtenances.

KOTZEBUE

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Equipment Upgrades	515071	N	0	0	10	5	0	0	0	0	15

This project will procure various water system equipment including a Front-End loader, 12 & 18 foot Utility Flat bed Trucks, Spray Foam Machine, Telescopic Boom Forklift (3 ton capacity, Water Tanker Truck (5000 gal capacity), and 3 Heavy Duty PU Trucks.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Vortac Dam Remediation	515061	N	0	0	10	5	0	5	0	0	20

This project will remediate the secondary water source for the community and be ready to provide raw water in the case that Devils' Lake is closed for contamination and/or maintenance issues. The City of Kotzebue is presently finalizing the bid/construction documents for the Vortac Dam Remediation Project which will be developed in coordination with the Raw Water Pipeline Replacement Project scheduled for construction in 2009.

MAT-SU BOROUGH

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Refire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Talkeetna Community Water Upgrade	561211	Y	50	35	10	5	0	0	0	0	105

Due to the change in allowable arsenic levels, the Talkeetna water system is now exceeding arsenic levels and will be receiving a Compliance Order by Consent (COBC) shortly. This project will install arsenic treatment and provide the needed upgrades to the facility building, pumps, and pressure tanks.

MAT-SU BOROUGH (Continued)

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Garden Terrace Estates Water Service Replacements	561201	Y	50	0	3	5	5	5	0	5	78

The Garden Terrace Water System, maintained by the Borough, has been plagued with poor quality, highly corrosive and difficult to treat groundwater. As part of a multi-phased project, this work will provide new water mains in the subdivision to replace existing wells with safe and reliable water from the City of Wasilla's water system. Two phases of the project have been designed, one phase constructed, with an additional phase awarded for construction early in 2009. The next three phases will use the same design standards and details used previously.

MCKINLEY UTILITIES INC.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Stand by Power Generation and Remote Monitoring	130981	NE	30	0	6	5	0	5	0	0	46

This project will provide and install a stand by power generator and remote monitoring system to eliminate the potential health risks associated with negative pressure events during power outages. Remote monitoring will allow system operators to increase service reliability by proactively addressing problems within the system.

MIDTOWN ESTATES WATER UTILITY

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
MEWU to MEPOA	677241	NE	0	0	10	5	0	5	0	0	20

This project will assist with the transition from the Aleut Corp who was the original owner of the Midtown Estates Water Utility (MEWU) to the Midtown Estates Property Owners Association (MEPOA). The re-organization will improve oversight and management of the system and allow for proper maintenance, needed repairs, reasonable tariffs and possibly prepare for future consolidation with the Palmer water system.

NIKISHKA BAY UTILITIES

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cont. Op.	Additional Consideration				TOTAL	
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Reservoir, Pumping and Distribution System Upgrade	475081	Y	30	0	10	5	0	0	5	0	0	50

To provide sufficient storage to meet peak demand requirements of the current system, this project will install an 80,000 gallon storage tank, booster pumps, standby power, a security fence and other related appurtenances. It will also construct approximately a 12-inch transmission main, complete a leak detection survey, and repair and rehabilitate approximately 47 service connections.

NORTH POLE

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cont. Op.	Additional Consideration				TOTAL	
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Water Utility Security System	633231	N	30	0	10	5	0	0	0	0	0	45

This project would provide a comprehensive security system for the City's drinking water facilities to protect against vandalism and potential terrorist activities.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cont. Op.	Additional Consideration				TOTAL	
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate		Env. Review
Water Main Upgrades	633251	Y	0	0	10	5	0	0	5	0	0	20

This is a multi-phased project that will replace deteriorating steel water mains in the core of North Pole that are essential to protect public health and safety. These mains are over 20 years old and a 2005 city-wide utility analysis recommended that the mains be rehabilitated or replaced out of concerns about their long-term integrity.

NORTH POLE (Continued)

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Dos.	Eng. Fees, Study	Regional or Consolidate	
Water Treatment Plant Engineering Study and Design	633261	N	30	0	10	5	0	0	0	0	45

The utility needs to conduct a thorough engineering study and assessment of the water treatment plant, wells, reservoirs, pumps, treatment regimes, and other related appurtenances in order to develop a preliminary design for the plant's rehabilitation and upgrade. The City of North Pole has two water treatment facilities. The oldest was built in 1979, is 37 years old, and has been decommissioned except for its reservoir. The newer facility, which treats and pumps city water, was built in 1984 and is 25 years old. The technology in the treatment plant is energy inefficient, prone to failure, and expensive to maintain and repair with the potential to cause system-wide pressure loss that could result in ground water infiltration and system contamination.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Dos.	Eng. Fees, Study	Regional or Consolidate	
Water Pump Efficiency Improvement Project	633281	Y	50	0	10	5	0	0	0	0	70

This project will replace existing pressure and circulation pumps with higher energy efficient, variable frequency drive (VFD) pumps. The VFD pumps can be ramped up or down to meet demand and with the ability to install smaller pumps allow the installation of a constant pressure tank that will reduce the need for fast start ups and achieve additional energy savings. In addition, pump controls will be replaced with new Multismart electronic controls that can be integrated into the Utility's Supervisory Control and Data Acquisition system that is currently under construction.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Dos.	Eng. Fees, Study	Regional or Consolidate	
Water Meter Replacement	633271	Y	30	0	10	5	0	0	0	0	50

This project will replace all water meters throughout the City. Replacement will have two primary conservation benefits, first all meters will be based upon a single vendor platform permitting more efficient meter reading, and a better battery life up with a guaranteed 20 years of service. The second primary benefit will be the ability of customers to read their own meters at an accessible location. It's anticipated with this better accessibility, customers will check their water usage more often and encourage water conservation.

NORTH SLOPE BOROUGH

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Wainwright Water Upgrades	635161	NE	50	10	10	5	5	5	0	0	90

As part of a multi-phased project, this phase will repair and replace portions of the Wainwright Water System. Work will include replacement of damaged water mains with approximately 2,670 LF of new pipe, installation of associated residential and commercial services and other related appurtenances. The existing water distribution system has settled significantly causing multiple breaks in the system, with significant losses of stored potable water which poses a threat to the basic sanitation and health needs of the community.

PALMER

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Southwest Utility Expansion	677231	NO	30	0	10	5	0	5	0	0	55

This project will provide a new production well, a one million gallon storage reservoir, and a water distribution system to serve the Matanuska-Susitna College which has high levels of Arsenic in their water well system, and the rapidly developing area around the new Mat-Su Regional Medical Center.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Cert. Op.	Additional Consideration				TOTAL
							Debt Retire.	Const. Doc.	Eng. Feas. Study	Regional or Consolidate	
Steel Water Main Replacement	677221	NO	50	0	10	5	5	0	0	0	80

This is a multi-phased project that will replace approximately 25,000 lineal feet of water mains within the City of Palmer Water Utility system which was constructed of thin-walled steel pipe. Over time, the steel pipe develops pinhole-sized leaks due to corrosion and abrasion. Leaks that develop in the piping system can allow debris and contaminants to be introduced into the public water distribution system, or leak water to the surrounding area. Currently the system has a 46% loss which increases the energy use and costs associated with treating, pumping and storing unused water.

PETERSBURG

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Curt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Fees Study	Regional or Consolidate	
Gauffin Street Water Upgrades	685161	Y	50	0	6	5	0	0	0	0	66

The Gauffin Street water system is "floating" on muskeg and therefore very susceptible to breakage due to the old, brittle transite pipe material used, road settlement issues and the fact that the pipes do not have adequate foundation support to hardpan soils. The City of Petersburg has had to repair many instances of water leaks in this area and it would better serve the public to replace this pipe with a ductile iron main that is supported by hardpan and bedded properly to prevent future damage.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Curt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Fees Study	Regional or Consolidate	
Noseeum Street Water Upgrades	685121	Y	50	0	6	5	0	0	0	0	66

The existing water lines are susceptible to freezing, and settling damage poses a risk of cross contamination due to the close proximity of sewer mains. The City of Petersburg has made numerous repairs to the water lines in this area. By replacing these lines with permanent mains that meet City standards, public health will be protected for the long term.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Curt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Fees Study	Regional or Consolidate	
Odin Street Water Upgrades	685191	Y	50	0	6	5	0	0	0	0	66

Although there are no documented disease events in this area, the City has repaired many leaks related to the old and failing transite utilities. Replacement of the transite mains will aid the utility in its operation by limiting water losses and eliminating the potentials for disease events caused by uncontrolled transite failures.

PETERSBURG (Continued)

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Curt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Second Street Water Upgrades	685181	Y	50	0	6	5	0	0	0	0	66

Existing transit water mains in Second Street must be replaced prior to a paving project scheduled for FY2010 or FY2011. The current condition of the water lines is questionable and a large construction project will surely compromise their integrity. The City has been working to replace all transit mains in the distribution system as they are unreliable and have failed often. This work will be in keeping with the City's program of replacements and will eliminate future concerns of leaks and the potential contamination that can occur if a leak develops.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Curt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Valkrie Street Water Upgrades	685171	Y	50	0	6	5	0	0	0	0	66

Existing transit (asbestos-cement) water lines have become compromised as a result of settled roadways and inadequate bedding of the water mains. Water loss from cracks and separated joints create the potential for contamination of the water system during negative pressure development, such as a fire flows needed from a Valkrie St. hydrant. Upgrading the materials and installation methods will ensure the integrity of the water mains and eliminate future concerns with ground water contamination.

Project Name	Project Number	Green Project Eligible (Yes/No)	Public Health	Comply Criteria	Affordability	Curt. Op.	Additional Consideration				TOTAL
							Debt Retire.	Constr. Doc.	Eng. Feas. Study	Regional or Consolidate	
Cabin Creek Waterline Rehabilitation	685201	N	50	0	6	5	0	5	0	5	76

Existing transit (asbestos-cement) water lines have become compromised as a result of settled roadways and inadequate bedding of the water mains. Water loss from cracks and separated joints create the potential for contamination of the water system during negative pressure development, such as a fire flows needed from a Valkrie St. hydrant. Upgrading the materials and installation methods will ensure the integrity of the water mains and eliminate future concerns with ground water contamination.

APPENDIX VI

Public Comments

During the 1st public comment period, four communities notified ADEC on the need to either add additional projects, swap out an existing project for another more ready to proceed, or have existing project amounts reduced. In addition, two other communities provided more general comments on the IUP specifically addressing issues with ARRA funding. These comments are summarized as follows:

- Utility Services of Alaska, Inc. requested to swap out their Illinois Street Reconstruction project with Sherwood Forest Water Main Extension project, which was similar in criteria rank scoring. The primary reason for this request was that the Illinois Street project could not be complete within the timeframe necessary to obtain ARRA funding. The Sherwood Forest project was more ready to proceed with design work already complete.
- Haines Borough requested to add a new project titled, "Lily Lake Transmission Line." The new project arose due to the discovery of a severely corroded water line that supplies most of the community.
- Petersburg requested to add a new project titled, "Cabin Creek Repairs." The new project similar to the situation of the Haines water main, will upgrade a failing water line that supplies most of the community.
- Sitka requested to reduce the amount asked for on both the UV Disinfection Facility Phase I and Phase II projects, to \$175,000 and \$825,000, respectively.
- Craig provided comments in regards to Green project justification in which they concur with DEC's initial proposed percentage of Green project component on their Water Distribution Improvements project. In addition, the City confirmed their ability to start project work within the 2009 construction season.
- Anchorage provided general comments in regards to the IUP that expressed some dissatisfaction with the ARRA subsidy that excluded them from receiving any of these types of funds. However, they were also pleased that DEC did allow much greater funding request amounts than what was done in past IUP's. More information regarding increased funding amounts may be referenced in DEC's SFY10 Alaska Clean Water Fund draft IUP.

During the 2nd public comment period, two communities notified ADEC on the need to either change an equally scored project listing for another more ready to proceed, have existing project amounts increased or reduced based on an acceptable justification, and assurance that regular program funds would be available if ARRA were not. Comments are summarized as follows:

- Anchorage requested the reduction of three project amounts listed on the Group 3 Priority Project List. This was done based on the need to only add increased funding for existing loans.
- Sitka requested that their Oja Street Drinking Water System Rehabilitation project be placed as high as possible in the Group 2 funding list. Also, if ARRA funding was not available for the project, assurance that regular program funds would be available. In addition, the community requested similar assurances on other projects if ARRA funding were not available.

During the 3rd public comment period, no comments were received.

During the 4th public comment period, no comments were received.