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October 1, 2021

**Re: Clean Water and Drinking Water SRF Program Update**

To Whom it May Concern:

The Alabama Department of Environmental Management (ADEM) is pleased to announce the solicitation of Fiscal Year (FY) 2022 State Revolving Fund (SRF) projects. The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs are currently accepting pre-applications for the FY2022 priority ranking list. All pre-applications should be submitted on or before February 1, 2022. The SRF program is offering a **20-year fixed rate loan with a below market interest rate (to be determined in October 2021)**. Eligible projects are those that show benefit to water quality in the State of Alabama or enhanced compliance with the Safe Drinking Water Act of the Clean Water Act. Please see the included SRF brochure for an overview of the SRF program including project eligibilities.

The SRF will hold a short virtual workshop on Wednesday, **November 3, 2021** on Microsoft Teams, which will cover the pre-application process and any updates for the current fiscal year, including the determined interest rate for FY2022. If you would be interested in attending, please respond by email to [srf@adem.alabama.gov](mailto:srf@adem.alabama.gov) prior to **October 31, 2021**.

Since 1989, the SRF program has provided over two billion dollars of infrastructure funding through loans, grants, and principal forgiveness. The program is very interested in supporting your system and providing funding for any of your eligible infrastructure needs. Updates and additional information specific to the FY2021 SRF program is attached. Please contact the SRF Section at (334) 271-7714 or by email at [SRF@adem.alabama.gov](mailto:SRF@adem.alabama.gov) for questions or inquiries.

Sincerely,



Eric Reidy, Chief  
State Revolving Fund Section  
Permits & Services Division



### **Pre-Application and Application Solicitation**

Beginning in the fall of 2021 the CWSRF and DWSRF programs will be accepting pre-applications for the FY 2022 project list. All pre-applications should be submitted on or before February 1, 2022. The SRF program is offering a **20 Year Fixed Rate loan (interest rate to be determined in October)**. These programs work under the Clean Water Act and the Safe Drinking Water Act; eligible projects are those that show benefit to water quality in the State of Alabama or enhanced compliance with either act of legislation. The eligible applicant list is exclusive to publicly owned bodies. Please see the included SRF brochure for an overview of the SRF program including project eligibilities.

### **Green Project Reserve**

As in years past, one of the goals of the SRF program is to aid in the development of green infrastructure in Alabama. In an effort to facilitate this goal, the SRF program is offering **principal forgiveness incentives** to CWSRF applicants with projects made up of **at least 51%** of one of the following four categories: green infrastructure, water efficiency improvements, energy efficiency improvements, or environmentally innovative activities. Please note that in order to be considered as an energy efficient improvement, the project must show a 20% reduction in energy consumption. Furthermore, principal forgiveness amounts and availability are subject to EPA Capitalization Grant approval as well as FY 2022 project application demand.

### **Drinking Water Needs Survey**

The 1996 Safe Drinking Water Act amendments mandate that the EPA conduct an assessment of the nation's public water system infrastructure needs every four years. The EPA will be selecting a certain number of systems across Alabama in 2020 and 2021 to be surveyed in an effort to evaluate existing and 20-year projected infrastructure needs for systems in Alabama. Needs including the installation of new drinking water infrastructure and the rehabilitation, expansion, or replacement of existing infrastructure will be covered on the survey. The results of this survey will be used for the assignment of future grant allocations to the national DWSRF program. Be on the lookout for a survey notice if your system is selected.

### **Additional Subsidization – Principal Forgiveness**

Additional subsidization will be available to eligible applicants that rank high enough on the CWSRF affordability criteria scale and the DWSRF disadvantaged communities list. There was \$1,776,700 (CWSRF) and \$4,906,125 (DWSRF) available as additional subsidization for applicants in 2021. Similar amounts are expected to be available for FY 2022 projects. Eligible applicants will receive up to 50% of project loan costs not to exceed \$500,000 of additional subsidization in the form of principal forgiveness.

### **Debt Purchase Loans**

In 2019, the SRF began offering debt purchase as a package to assist local governments that have been limited in financing utility improvements due to existing indebtedness. It is the intent of the SRF to first provide financing for new infrastructure. Eligible debt purchase loans will be paired with new construction loans with a ratio of no less than 51% new construction to 49% refinance and/or purchase. Debt purchase funding will not be made available until funding for **ALL** new construction projects has been determined available by the SRF accounting staff. Once funding for debt refinance and/or purchase has been determined, a ranking order beginning with lowest debt to new construction ratio will be created and funding will be made available until funds for the year have been exhausted.