

**State of Alabama**  
**Alabama Department of Environmental Management**  
**Clean Water State Revolving Fund Program**



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## CWSRF Intended Use Plan



**Fiscal Year 2021**

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## **I. Introduction:**

As required by Title VI of the Clean Water Act, each year the Department must prepare an Intended Use Plan (IUP) identifying the projected uses of funds available in its Clean Water State Revolving Fund (CWSRF). This Intended Use Plan (IUP) serves as a basis for the development of the capitalization grant payment schedule.

The State of Alabama will receive an EPA Capitalization Grant of \$17,767,000 from EPA that will be used to provide low interest financial assistance for the CWSRF program. The 20% State matching fund requirement for the capitalization grant is \$3,553,400 and will be fulfilled by an overmatch of State Match Bonds issued in previous years' and a contribution from ADEM State Enforcement Action (see Projected Sources). The capitalization grant funds for the CWSRF and the 20% State matching funds will be distributed as outlined by this plan.

In accordance with the Clean Water Act (CWA) Amendments of 1987, the Department proposes the following plan for the intended use of the CWSRF funds for FY 2021 as required by Section 606(c) of the CWA.

## **II. Program Goals:**

### **A. Short Term Goals:**

1. To provide CWSRF assistance to the extent there are sufficient eligible project applications, not less than 10% of the CWSRF Capitalization Grant for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve.
2. To provide CWSRF loans with additional subsidization in the form of principal forgiveness for not less than 10% (\$1,776,700) of the CWSRF Capitalization Grant.
3. To implement the State's CWSRF in compliance with Title VI of the Clean Water Act and to ensure conformance with Federal crosscutting issues as required by the 1987 Clean Water Act amendments.
4. To ensure compliance with the "first use" requirements which require that CWSRF assistance be available to projects which are members of the National Municipal Policy (NMP) universe; projects which have legally enforceable compliance schedules.
5. To achieve statewide compliance with Federal and State water quality standards, particularly with the NMP as rapidly as possible.
6. To protect the public health and the environment and promote the completion of cost-effective wastewater treatment facilities.

### **B. Long Term Goals:**

1. To maintain the CWSRF program and the fiscal integrity of the fund.
2. To provide a self-perpetuating source of financial assistance for the construction of public wastewater treatment and transport facilities needed to meet water quality standards and provide capacity for future growth.
3. To assure that all Municipal NMP facilities achieve compliance as soon as possible.
4. To assure that all municipal facilities achieve compliance with final effluent limits as soon as possible.

- 5. To assist in the maintenance of water quality standards wherever such standards are adversely affected by municipal wastewater point sources.
- 6. To meet public health and environmental needs of those communities with malfunctioning on-site treatment systems that are either identified as a health hazard by the State Health Department or that adversely affect water quality.

**III. Sources and Use of the Funds:**

The Department is expected to fund FY 2021 projects using a combination of interest earnings on the Fund, repayments from direct loans and the EPA Capitalization Grant. Match for the EPA Grant will be fulfilled by overmatch of State Match Bonds issued in previous years. The estimated sources and uses of funds in the FY 2021 CWSRF program are as follows:

Sources:	
2021 EPA CWSRF Cap Grant:	\$17,767,000
Direct Loan Repayments, Interest Earnings and Unobligated Funds:	\$30,982,820
State Match	\$3,553,400
	Total: \$52,303,220
Uses:	
Project Assistance:	\$51,215,732
Administrative Costs:	\$1,087,488
	Total: \$52,303,220

Projects on the CWSRF Project List are ranked by their respective priority point rating and may be funded according to availability of funds. Projects that are not funded from the Project List may be funded in subsequent years.

The amount reserved for administrative costs is equal to 1/5 percent per year or the Total New Position (\$543,744,003.90) as of the most recent audited financial statements).

The rate of cash draws from the federal capitalization grant will be based on dollar-for-dollar draws of direct loan projects. Consistent with EPA policy, draws from the federal grant for these direct loan projects are required to be proportional to the disbursement of state match funds to borrowers for eligible project costs. The State intends to manage its disbursements to borrowers to insure that State funds are spent first in order to ensure that the proportionality requirement is met expeditiously. This technique is necessary to ensure that direct loan borrowers funded from federal capitalization grants are able to receive requisitioned funds in a timely manner. It should be noted that overmatch from previous years' programs will be used to match the grant in addition to the appropriation provided by the State Legislature.

**IV. Water Resources Reform and Development Act**

The Water Resources Reform and Development Act (WRRDA) was enacted on June 10, 2014 and brought several changes to the CWSRF program.

**A. Fiscal Sustainability Plans**

The Federal Water Pollution Control Act (FWPCA) Section 603(d)(1)(E) requires a recipient of a loan for a project that involves the repair, replacement, or expansion of a publicly owned treatment works to develop and implement a Fiscal Sustainability Plan (FSP) or certify that it has developed and implemented an FSP. This provision applies to all loans for which the loan recipient submitted an application on or after October 1, 2014.

The Alabama CWSRF program provides all assistance by purchasing outstanding debt obligations (bonds) from the borrower, thus this requirement does not apply. The Alabama CWSRF program commonly refers to these bond purchase agreements as “loans”, though they are not loans as defined by EPA.

## **B. Architectural and Engineering (A/E) Services Procurement**

For any capitalization grant awarded after October 1, 2014, the State must ensure that all A/E contracts for projects identified as using funds directly from each year’s capitalization grant (i.e. equivalency projects) comply with the elements of the procurement processes for A/E services as identified in 40 U.S.C. 1101 et seq., or an equivalent State requirement. The Alabama CWSRF requires its recipients to comply with the *September 30, 2014 Alabama CWSRF A/E Procurement Requirements* (See Attachment 3).

## **C. Cost and Effectiveness Certification**

Section 602(b)(13) requires that CWSRF recipients certify that the recipient has studied the cost and effectiveness of the project and selected the project that maximizes the potential for efficient water use, reuse, recapture and conservation, and energy conservation. The Alabama CWSRF program is requiring each recipient of CWSRF funding to provide a certification in compliance with 602(b)(13). This certification can be found on page 14 of the CWSRF Loan Application (Form 339 M-2).

## **D. Additional Subsidy and Affordability**

Additional subsidy in the form of principal forgiveness shall be made available in total of the required amount for the States 2021 Capitalization Grant Appropriation (\$1,776,700) or the cap set at 603(i)(3) of the Federal Water Pollution Control Act, whichever is less. Additional subsidy will be provided in rank order to projects as determined by the Affordability Measure for Alabama. In addition, additional subsidy would be provided to an eligible project that meets Section 603(i)(1)(B) Clean Water Act requirements at a greater than 50% project cost ratio. Each project may receive up to a maximum of 50% of the allowable cost in principal forgiveness or a maximum of \$500,000 until the amount has been allocated. The Affordability Measure Guidelines for Alabama can be found on Attachment 4.

## **E. Extended Term Financing**

Section 603(d)(1)(A) authorizes CWSRF loans to be made for a term not exceeding the lesser of 30 years or the useful life of the project. At this time, Code of Alabama 22-34-11(c) prohibits the Alabama CWSRF from providing any loan that exceeds 20 years in repayment length.

## **V. Project Selection and Methods of Distribution of Funds**

### **A. Priority List**

In order to be considered for CWSRF assistance, projects must be on or added to the Priority List and have a proposed project schedule that coincides with the availability of CWSRF funds. The CWSRF project list was developed by identifying the priority point rating for each proposed project. (See Attachment 5) The funding of such projects is also subject to the availability of funds.

### **B. Additional Subsidization:**

Additional subsidy in the form of principal forgiveness shall be made available in total of the required amount of the 2021 Capitalization Grant Appropriation or the cap set at 603(i)(3) of the Federal Water Pollution Control Act, whichever is less. The attached project list attachment includes projects that may receive principal forgiveness based the subsidy criteria. The Department has authority to provide additional subsidization by the Code of Alabama Section 22-34-3(a).

### **C. Green Project Reserve:**

The EPA capitalization grant requires that, to the extent there are sufficient eligible project applications, not less than 10% of funds provided by the 2021 Capitalization Grant for projects must be used for projects that address green infrastructure, water or energy efficiency, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve (GPR). The Department actively solicited for green infrastructure projects. This solicitation included a notice posted on the ADEM website as well as a notice sent to approximately 1,000 addresses on the Department's contact list including all incorporated towns and all county governments. The **project fundable list** identifies **three** projects that have a component for GPR totaling \$3,519,275 (**see Attachment 1**).

### **D. Prevailing Wages**

Davis-Bacon wage requirements apply for fiscal year 2021 and each fiscal year thereafter and the requirements of section 513 of the Federal Water Pollution Control Act (33 U.S.C. 1372) shall apply to the construction of treatment works carried out in whole or in part with assistance made available by the CWSRF as authorized by title VI of that Act (33 U.S.C. 1381 et seq.). The Department will include in all loan agreements and procurement contracts terms and conditions requiring compliance with this requirement.

### **E. Inadequate Allocations:**

If the actual federal CWSRF allocations are less than anticipated by the Department in the development of the CWSRF priority list, the Department may find it necessary to reduce their commitments to projects on the priority list. The Department may take formal action to reduce the number of commitments in accordance with subparagraph 3) of this paragraph.

- 1). The Department may redistribute the CWSRF funds allocated to each project.
- 2). The Department may redistribute funds from lower priority projects to higher priority projects.
- 3). The Department may bypass projects on the priority list in accordance with Section H, below.

### **F. Unanticipated and Uncommitted Funds:**

If unanticipated or uncommitted funds become available, the Department may take action to distribute them in accordance with subparagraphs 1-2 of this paragraph:

- 1). The Department may use the unanticipated or uncommitted funds to fund the highest priority project(s) from the priority list.
- 2). The Department may use the unanticipated or uncommitted funds to increase the amount of funds allocated to CWSRF fundable projects or to provide increased assistance to projects which have already received CWSRF assistance.

Additionally, supplemental loans may be made to previous recipients as needed to complete segmented projects or to cover unanticipated cost overruns.

### **G. Project Bypass/Reallotment:**

The Department may bypass any project on the CWSRF priority list that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for CWSRF assistance. Bypassed projects will be removed from the priority list. In determining whether or not a project is making satisfactory progress in satisfying the requirements for CWSRF assistance, the Department shall use

the criteria contained in subparagraphs 1-6 of this paragraph. Funds released through project bypass will be considered as uncommitted and available for redistribution in accordance with this section.

- 1). Any project on the CWSRF Priority List may be bypassed if the applicant fails to submit a complete CWSRF application.
- 2). The Department may use individual project schedules developed by the Department to determine whether or not the project is making satisfactory progress during the fiscal year.
- 3). In order to comply with EPA certification restrictions related to equivalency requirements, it may be necessary to bypass projects which have not complied with Title II requirements and other federal authorities.
- 4). Any project on the CWSRF Priority List may be bypassed if the applicant fails to demonstrate the ability to repay the loan.
- 5). To maintain the fiscal integrity of a leveraged loan program or provide funds for new construction, the Department may choose to bypass projects which involve refinancing of existing debt.
- 6): Projects may be removed from the priority list at the request of the applicant or if the Department finds that the project is ineligible for CWSRF assistance.

#### **VI. Certifications:**

1. The Department certifies that this IUP will be subject to public review and comment with a public notice period of 30 days.
2. The Department certifies that all wastewater facility projects in this IUP are on the CWSRF Priority List.
3. The Department certifies that it will enter into binding commitments for 120% of each payment under the CWSRF capitalization grant within one (1) year after receipt of each payment.
4. The Department certifies that it will expend all funds in the CWSRF in an expeditious and timely manner.
5. The Department certifies that all wastewater facilities in the state are in compliance with enforceable requirements or are making progress toward meeting those requirements except as specifically noted in the IUP.
6. The Department certifies that all facilities funded by the CWSRF shall complete a NEPA-like environmental review process.
7. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.
8. The Department certifies that it will complete a Benefits Assessment worksheet for each loan agreement executed in order to comply with EPA environmental results reporting requirements.

#### **VII. Program Income:**

The Alabama Water Pollution Control Authority, with ADEM as its agent, assesses an annual fee based on outstanding loan principal. These fees vary based on the fiscal year to which the loan agreement was secured and are collected twice a year when the recipient initiates repayment of the loan. In accordance with *Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Fund Program Assistance*, published October 20, 2005, fees collected from loans sourced from outstanding grants will be used for administration of the SRF fund only. All other fees will be used to

provide fee income for the Department's CWSRF Direct Loan Fund and assist in the implementation of the Department's Water and Field Operations Divisions.

The Department expects to receive fees during FY 2021 as follows:

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$3,628,183.79	\$0.00	3,628,183.79

**VIII. Estimated CWSRF Capitalization Grant Schedules:**

**A. Estimated Grant Draw Schedule**

Fiscal Year	Month	Draw
2021	Oct	\$1,480,583
2021	Nov	\$1,480,583
2021	Dec	\$1,480,583
2021	Jan	\$1,480,583
2021	Feb	\$1,480,583
2021	Mar	\$1,480,583
2021	Apr	\$1,480,583
2021	May	\$1,480,583
2021	Jun	\$1,480,583
2021	Jul	\$1,480,583
2021	Aug	\$1,480,583
2021	Sept	\$1,480,583
Total		\$17,767,000

**B. Estimated Grant Disbursal Schedule**

Fiscal Year	Month	Payment
2021	Oct	\$1,480,583
2021	Nov	\$1,480,583
2021	Dec	\$1,480,583
2021	Jan	\$1,480,583
2021	Feb	\$1,480,583
2021	Mar	\$1,480,583
2021	Apr	\$1,480,583
2021	May	\$1,480,583
2021	Jun	\$1,480,583
2021	Jul	\$1,480,583
2021	Aug	\$1,480,583
2021	Sept	\$1,480,583
Total		\$17,767,000

Payments are defined as increases to the amount of funds available from the federal SRF capitalization grant. This draft payment schedule is based on the State's projection of binding commitments and disbursements from the SRF to the members of the SRF project list. The disbursement schedule will essentially coincide with the grant payment schedule as ACH draw requests will be processed only upon submittal of payment requests from loan recipients for actual costs incurred. Funds from the ACH will be disbursed to the recipient immediately. The disbursement of funds will be in proportion to the amount of state and federal funds provided by the grant and state match. This will be ensured by disbursing all state match funds prior to drawing capitalization grant funds for project disbursements.

**C. Capitalization Grant Budget Periods:**

2021 EPA CWSRF Capitalization Grant

October 1, 2021 through September 30, 2025



# **Attachment 1**

**Attachment 1 - Project Priority List**

County	Applicant Name	NPDES Permit Number(s)	Priority Point Rank	Assistance Amount	Subsidization Amount (Principal Forgiveness)	*GPR Component Cost	*GPR Type	*GPR Project	Estimated Construction Start Date
Randolph	Town of Wedowee		SUPP	\$1,767,417					N/A
Mobile	Mobile	AL0023094 AL0023086 ALSI99449612	SUPP	\$36,000,000					N/A
Dallas	Selma Waterworks and Sewer Board		125	\$1,483,860	\$500,000				4/1/2022
Dallas	Dallas County		105	\$1,000,000	\$500,000				5/1/2022
Talladega	City of Childersburg	N/A	75	\$691,300	\$345,650	\$691,300	Green Infrastructure	Y	10/1/2021
Autauga	City of Prattville	AL0026654	110	\$2,415,950	\$431,050	\$1,207,975	Green Infrastructure, Water/ Energy Efficiency	Y	2/1/2022
St. Clair	City of Pell City		80	\$7,025,219		\$1,620,000	Energy Efficiency	Y	8/1/2021
Talladega	City of Lincoln		70	\$831,955					7/1/2022

**Totals: \$51,215,701 \$1,776,700 \$3,519,275**

## **Attachment 2**

## Attachment II

### **Town of Wedowee Sewer System Improvements Supplemental**

The Town of Wedowee plans to rehab existing sewer system and collection system in order to reduce I&I and get the system under regulatory limits.

### **Mobile CWSRF Master Plan Phase I (2019 – 2023) Supplemental**

The Mobile Board of Water and Sewer Commissioners (MAWSS) (CS010281-19) proposes implementation of Mobile's CWSRF Master Plan Phase I (Years 2019-2023) to include: replacement of dewatering system and construction of new chlorine building at Williams WWTP; addition to Eslava Creek Severe Weather Attenuation Tank (SWAT) storage and conveyance; installation of Williams WWTP to Eslava Creek parallel sewer main; slip-lining of Pre-stressed Concrete Cylinder Pipe (PCCP) Halls Mill Connection to South Broad Street and from South Broad Street to Williams WWTP; refurbishment of existing Three-Mile Creek SWAT Tank; replacement of Headworks, renovations to Maintenance Building, replacement of Digester Dome, and additional access driveway at Smith WWTP; and Lift Station SCADA Programming. Proposed improvements will insure continued compliance with existing regulations and demands and provide increased efficiency and dependability to the Board's overall wastewater collection and treatment system.

### **Selma Waterworks and Sewer Board Rehabilitaton and Replacmenet of Pump Stations and Sealing of Digester Tops**

The City of Selma Waterworks and Sewer Board proposes a project to replace the Franklin Street Pump Station, replace pumps, piping and valves at Pump Station No. 1 and 4, replace piping and valves at Pump Stations 5 & 6, and re-seal the sludge digester tops at the Valley Creek WWTP. Proposed improvements will ensure continued and effective wastewater collection and treatment service.

### **City of Prattville Thomas Avenue and Selma Highway Sanitary Sewer and Drainage Improvements**

The City of Prattville proposes a project to rehabilitate approximately 2,500 LF of sanitary sewer interceptor main connecting to a regional lift station, restore approximately 40,000 cubic yards of a heavily eroded drainage canal where the sewer interceptor main is exposed and could potentially be lost, and install approximately 2,000 LF of new stormwater drainage features along Thomas Avenue that will diminish continued area erosion. This project will eliminate flooding along Selma Highway and Thomas Avenue, improve erosion and sediment problems, and continue improving the water quality in Autauga Creek and its tributaries.

### **Dallas County Sanitary Sewer Lift Station Improvements**

The Dallas County Water and Sewer Board seeks to improve the sanitary sewer system with lift station upgrades. The system currently has sixteen (16) lift stations in need of improvement. Phase I for this project will cover improvements of four (4) lift stations (LS): Craig Industrial Park LS; Eisenhower Street LS; Johnson Street LS; and City View LS. The proposed replacement consists of abandonment/demolition of the existing lift stations. New wet wells including duplex submersible pumps will be installed and constructed on the previously developed area.

### **City of Pell City 2021 Eden Lift Station and Force Main and Mill Village Sewer Rehabilitation**

The City of Pell City proposes a project to provide wastewater collection system improvements. Construction of a new sanitary sewer lift station (replacing the Eden Lift Station) as well as the

## **Attachment II**

construction of 12,000-LF of 16-inch DI force main and 1,000-LF of 12-inch DI gravity sewer with related appurtenances. An odor control system will also be installed in conjunction with the abandonment of two existing lift stations and a WWTP (Wastewater Treatment Plant). In addition, approximately 14,700-LF of 8-inch gravity sewer and 4-inch sewer pipe will be constructed for sewer line rehabilitation in the Mill Village community with manholes, service laterals and requisite site restoration performed. Completion of all proposed improvements will provide for a more efficient and reliable wastewater treatment system for the Pell City service area by reducing energy and other operational costs while also maintaining regulatory compliance.

### **City of Childersburg Storm Drainage Improvements Phase 3**

The City of Childersburg proposes a project to continue comprehensive improvements to the existing stormwater drainage system in the city. Proposed improvements will consist of the construction of a storm drainage system with approximately 2,100-LF of HDPE (High-Density Polyethylene) drain pipe (18-inch to 54-inch) constructed with junction boxes, end treatments for drain lines & other related appurtenances. Completion of these improvements will allow residential properties, creeks and the Coosa River to experience reduced silt and chemical accumulations from reduced stormwater overflows and runoff.

### **City of Lincoln Sewer System Improvements**

The City of Lincoln proposes replacement of the City's main sanitary sewer lift station at US Highway 78 and Honda Drive due to extensive hydrogen sulfide corrosion with loss of original design capacity; installation of a completely new sanitary sewer lift station at US Highway 78 and Russell Road provide service to an area previously served by a large septage wet well. The new lift station will intercept the existing sewer force main, discharge to the City's primary sanitary sewer lift station, achieve system design capacity, reduce head loss, and eliminate the need of frequent pumping and hauling of existing wet well septage. Emergency power generators are also proposed at both pump station locations along with McCaig Road Lift Station. Proposed improvements are intended to ensure the continuing provision of sanitary sewer collection to all service area customers.

## **Attachment 3**

## Alabama CWSRF A/E Procurement Requirements

*Effective September 30, 2014 for all assistance agreements directly made available from the FY 15 (and later) capitalization grant.*

It is the intent of the Alabama Clean Water SRF program that all assistance recipients select architectural & engineering services based on qualifications of the selected firm, not price. This reinforces Canon IV of the Board of Engineers and Land Surveyors' Code of Ethics, contained in the Board's regulations at 330-X-14-.05 (f):

*The engineer or land surveyor shall not participate in or implement procurement practices (bid submittals) which do not first determine the qualifications of the engineer or land surveyor prior to entering into fee negotiations for services being sought. An engineer or land surveyor having submitted a statement of qualification and performance data, and having first been judged as the qualified individual or firm to provide the services required for the proposed project, may proceed to negotiate a contract with a client and establish compensation or fees for the required services.*

*Should the engineer or land surveyor be unable to negotiate a satisfactory contract with the client for any reason, the engineer or land surveyor shall withdraw from further consideration for the engineering or land surveying services. Another engineer or land surveyor may then be selected for negotiations of a contract for the services on the stated project.*

*Examples include but are not limited to, simultaneous negotiations or solicitation of fee proposals by the client from two or more engineers or land surveyors constitutes "bidding" and participation by a licensee is prohibited.*

Use of a qualifications-based selection is also required by the Alabama Board for Registration of Architects, at 100-X-5-.10:

*Architects are encouraged to seek professional employment on the basis of qualifications and competence for proper accomplishment of the work. This procedure restricts the architect from submitting a price for services until the prospective client has selected, on the basis of qualifications and competence, one architect or firm for negotiations.*

CWSRF assistance applicants are required to certify the following:

1. That the applicant sought the most-qualified firm for professional services, by issuing a Request for Proposals (RFP) or a Request for Qualifications (RFQ).
2. That the applicant made a good faith effort to seek proposals or qualifications from at least 3 firms, as evidenced by a public notice, advertisement, or other appropriate means.
3. That the applicant evaluated the proposals or qualifications and selected a firm based on professional competency, past performance, specialized experience, and other factors deemed critical for success of the project.

4. That only upon making a selection based on qualifications did the applicant negotiate a contract and determine compensation. (If the applicant was unable to negotiate a contract with the most qualified firm, the applicant may then negotiate with the next-most-qualified firm)



## **Attachment 4**

Alabama Clean Water State Revolving Fund  
Additional Subsidization and Affordability Criteria

Effective September 30, 2015

**Purpose:**

This document establishes the additional subsidization and affordability criteria for the Alabama Clean Water State Revolving Fund. The criteria is effective September 30, 2015, and may be modified from time-to-time upon notice.

**Background:**

Section 603(i) of the Federal Water Pollution Control Act states the following:

*Additional Subsidization-*

*(1) IN GENERAL- In any case in which a State provides assistance to a municipality or intermunicipal, interstate, or State agency under subsection (d), the State may provide additional subsidization, including forgiveness of principal and negative interest loans--*

*(A) to benefit a municipality that--*

*(i) meets the affordability criteria of the State established under paragraph (2);  
or*

*(ii) does not meet the affordability criteria of the State if the recipient--*

*(I) seeks additional subsidization to benefit individual ratepayers in the residential user rate class;*

*(II) demonstrates to the State that such ratepayers will experience a significant hardship from the increase in rates necessary to finance the project or activity for which assistance is sought; and*

*(III) ensures, as part of an assistance agreement between the State and the recipient, that the additional subsidization provided under this paragraph is directed through a user charge rate system (or other appropriate method) to such ratepayers; or*

*(B) to implement a process, material, technique, or technology--*

*(i) to address water-efficiency goals;*

*(ii) to address energy-efficiency goals;*

*(iii) to mitigate stormwater runoff; or*

*(iv) to encourage sustainable project planning, design, and construction.*

**(2) AFFORDABILITY CRITERIA-**

**(A) ESTABLISHMENT-**

*(i) IN GENERAL- Not later than September 30, 2015, and after providing notice and an opportunity for public comment, a State shall establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project or activity eligible for assistance under subsection (c)(1) if additional subsidization is not provided.*

*(ii) CONTENTS- The criteria under clause (i) shall be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area, as described in section 301 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161).*

**(B) EXISTING CRITERIA-** *If a State has previously established, after providing notice and an opportunity for public comment, affordability criteria that meet the requirements of subparagraph (A)--*

*(i) the State may use the criteria for the purposes of this subsection; and*

*(ii) those criteria shall be treated as affordability criteria established under this paragraph.*

**(C) INFORMATION TO ASSIST STATES-** *The Administrator may publish information to assist States in establishing affordability criteria under subparagraph (A).*

**(3) LIMITATIONS-**

**(A) IN GENERAL-** *A State may provide additional subsidization in a fiscal year under this subsection only if the total amount appropriated for making capitalization grants to all States under this title for the fiscal year exceeds \$1,000,000,000.*

**(B) ADDITIONAL LIMITATION-**

*(i) GENERAL RULE- Subject to clause (ii), a State may use not more than 30 percent of the total amount received by the State in capitalization grants under this title for a fiscal year for providing additional subsidization under this subsection.*

*(ii) EXCEPTION- If, in a fiscal year, the amount appropriated for making capitalization grants to all States under this title exceeds \$1,000,000,000 by a percentage that is less than 30 percent, clause (i) shall be applied by substituting that percentage for 30 percent.*

**(C) APPLICABILITY-** *The authority of a State to provide additional subsidization under this subsection shall apply to amounts received by the State in capitalization grants under this title for fiscal years beginning after September 30, 2014.*

*(D) CONSIDERATION- If the State provides additional subsidization to a municipality or intermunicipal, interstate, or State agency under this subsection that meets the criteria under paragraph (1)(A), the State shall take the criteria set forth in section 602(b)(5) into consideration.*

**Discussion:**

On June 10, 2014, the Water Resources Reform and Development Act of 2014 was signed into law. Among the provisions of the Act is the new Section 603(i), which details how a state Clean Water State Revolving Fund (CWSRF) program may provide additional subsidization. It also requires that each program establish an affordability requirement that can be a consideration in granting additional subsidization.

The American Recovery and Reinvestment Act of 2009 was the first time that Congress applied the principle of principal forgiveness to the CWSRF. In response, the Alabama CWSRF program utilized additional subsidization in the form of principal forgiveness as way to construct green infrastructure.

In Alabama, green infrastructure (stormwater) projects are constructed very infrequently, even though stormwater runoff is a major source of pollutants. Many local communities lack a dedicated revenue stream to pay for stormwater projects; thus, the CWSRF program has applied principal forgiveness to these projects in order for them to be economically viable. It is hoped that in time, the success of these projects will encourage the construction of more improvements without the need for additional subsidy. The Alabama CWSRF intends to continue this practice to ensure nonpoint source projects are constructed along with the traditional point source projects.

In previous years, the amount of additional subsidization was set by Congress through the annual appropriations process. The amount available varied from year to year and may have been subject to a minimum or maximum. Under the new 603(i)(3), a state may provide up to a maximum of 30% of its capitalization grant, if the total appropriations equal or exceed \$1.3 billion. The Alabama program elects to provide a maximum of \$1 million per year in principal forgiveness, subject to the 603(i)(3) maximum.

Individual assistance agreements will be subject to a project maximum of 50% principal forgiveness. The project priority list will be used to determine which projects are provided principal forgiveness, starting with the highest-ranked green infrastructure (stormwater) project.

603(i)(2) also requires state CWSRF programs to establish affordability criteria. The criteria *“shall be based on income and unemployment data, population trends, and other data determined relevant by the State”*. Traditionally, affordability has been determined by the CWSRF through a comparison of median household income and annual sewer use charges. The new requirements take a broader approach, focusing more on income and employment of the affected population. In response, the Alabama CWSRF program will utilize the county poverty rate (a measure that compares household income to the number of persons in the household), county unemployment rate, and statewide population trend to determine if a project is affordable. Although this measure will not be used for additional subsidy, it will be tracked and it is hoped that as green infrastructure projects build momentum it may be possible to transition to applying subsidy to projects deemed unaffordable.

**Final Criteria for Additional Subsidy and Affordability:**

Additional subsidy in the form of principal forgiveness shall be made available in a total amount per year not to exceed \$1 million, or the cap set at 603(i)(3), whichever is less. To be eligible for additional

subsidy, the primary purpose of the project must be to construct green infrastructure intended to mitigate or prevent stormwater pollution. Each project may receive a maximum of 50% of the allowable cost in principal forgiveness. Funding will be provided in rank order on the project priority list, until the maximum amount has been allocated.

The Affordability Measure for Alabama will be calculated as the sum of the following:

1. Poverty Rate Value: The poverty rate of the county served by the project minus the statewide poverty rate;
2. Unemployment Rate Value: The unemployment rate of the county minus the statewide unemployment rate; and
3. If the statewide population has increased over the two most recent 10-year census estimates, the population trend value shall be 1; if it has decreased the population trend value shall be 2.

Projects with an Affordability Measure of more than 10.0 are considered unaffordable according to the criteria.

## **Attachment 5**



# Form 340: Clean Water State Revolving Fund Preapplication

Project Name	
Assistance Amount Requested	\$
Date Submitted	



Submit Complete Preapplication to:	
Preferred method <b>By email:</b>	srf@adem.alabama.gov
By overnight mail:	1400 Coliseum Boulevard Montgomery, Alabama 36110-2400 (334) 271-7714
By mail:	SRF Section Alabama Department of Environmental Management Post Office Box 301463 Montgomery, Alabama 36130-1463

## Section 1: Contact Information

### Loan Applicant

Applicant Name			
Authorized Representative <small>(Signatory of Loan Agreement)</small>		Title of Authorized Representative	
Email Address		Telephone Number	
Contact Person <small>(Daily SRF Communications)</small>		Title of Contact Person	
Email Address		Telephone Number	
Physical Address		Mailing Address	
County		DUNS Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
NPDES Permit Number of Facility (if applicable)		Population of System	
Names and 12-digit HUC Codes of Watersheds Impacted			

### Project Engineer:

Firm Name	
Address	
City, State, Zip code	
Engineer Name	
Telephone Number	
Email Address	
Fax Number	

**Section 2: Project Information**

For the following questions, please attach additional pages if adequate space is not provided on this form:

**1. List all other funding sources to be utilized to complete this project.**

Other Funding Source(s)	Amount(s)	Commitment Date

**2. Provide demographic information about the affected community**

Community is defined as the township or county that best represents the system. Please identify what community is being used.

Median Household Income		Source/Date:	
Unemployment Rate		Source/Date:	
Population Trend Over 10 Years (+%)		Source/Date:	
Community			

**Priority Ranking System**

The following factors are used to rank the proposed project, and will ultimately determine if it falls in the fundable portion of the priority list. The applicant must provide documentation where required in order to receive credit.

\*Any ranking criteria that cannot be verified through supporting documentation by the Department will be awarded zero points.

**A. Enforcement and Compliance Rating Criteria (Maximum: 50 points) \***

	Ranking Criteria	Point Value
1	Facility is under formal enforcement action by ADEM and is currently in significant non-compliance. The project will bring the facility into compliance. (A copy of the enforcement order must be attached)	50
2	Project is a voluntary effort to resolve violations and will mitigate the issuance of a formal enforcement action.	40
3	The facility is currently in compliance with permit limits, but will fall out of compliance without the proposed project.	25



**B. Water Quality Improvement Criteria (Maximum: 135 points) \***

Ranking Criteria		Point Value
1	Project will significantly address water quality standards in a water body that: <ul style="list-style-type: none"> <li>a) Has an approved TMDL</li> <li>b) Is subject to a draft TMDL, dated 0-2 years from present</li> <li>c) Is subject to a draft TMDL, dated 3-5 years from present</li> <li>d) Is subject to a draft TMDL, dated 6-10 years from present</li> </ul>	25 15 10 5
2	Project will implement TMDL(s) for: <ul style="list-style-type: none"> <li>a) Pathogens (i.e., fecal coliform/E. coli)</li> <li>b) Mercury</li> <li>c) Nutrients (i.e., phosphorous, nitrogen)</li> <li>d) Organic Enrichment/Dissolved Oxygen</li> <li>e) Ammonia (toxicity)</li> <li>f) Siltation (sediment)</li> </ul>	5 15 10 5 5 15
3	<ul style="list-style-type: none"> <li>a) Project will benefit a Category 5 or Category 4 listed water body.</li> <li>a) Project takes place in an EPA-identified priority watershed and reduces/eliminates one or more sources of impairments (point and nonpoint source).</li> <li>b) Project will improve water quality in an Outstanding Alabama Water (OAW).</li> <li>c) Project will improve water quality in an Outstanding National Resource Water (ONRW).</li> </ul>	5 5 5 5
4	Project will upgrade or replace existing failing or inadequate decentralized wastewater treatment systems, or construct septage treatment facilities that are crucial to the proper operation of decentralized wastewater treatment systems.	10
5	Project will protect a public drinking water source from contamination that will negatively impact public health.	15
6	Project will implement a National Estuary Program Comprehensive Conservation Management Plan	10

**C. Water/Energy Efficiency Rating (Maximum: 65 points) \***

Ranking Criteria		Point Value
1	Project incorporates energy efficient design considerations with established objectives and targets for energy reduction opportunities, performed energy audits or developed energy conservation plans.	5
2	Project uses renewable energy to provide power to a POTW.	10
3	Project implements upgrades to pumps and treatment processes which result in: <ul style="list-style-type: none"> <li>a) 20 percent or greater reduction in energy consumption at a POTW.</li> <li>b) Less than a 20 percent reduction in energy consumption at a POTW.</li> </ul>	10 5
4	Infiltration/Inflow correction projects that save energy from pumping and result in reduced treatment costs, and I/I projects in cases where excessive groundwater infiltration is contaminating the influent.	10
5	Projects that incorporate recycling and/or reuse of gray water or wastewater.	20
6	Production of treated effluent for groundwater recharge, industrial operations, or agricultural purposes.	5

**D. Stormwater Management Criteria (Maximum: 50 points)**

Ranking Criteria		Point Value
1	Project will implement stormwater harvesting and reuse.	10
2	Project incorporates wet weather management systems including: permeable pavement, bioretention, tree plantings, green roofs, rain gardens and other practices that can be designed to mimic natural hydrology and reduce effective imperviousness.	10
3	Project will create riparian buffers, floodplains, vegetated buffers and additional streambank restoration methods.	10
4	Project supports wetland protection or restoration, including constructed wetlands.	10
5	Downspout disconnection to remove stormwater from sanitary sewers and manage runoff onsite.	5
6	Project incorporates green streets for new development, redevelopment or retrofits.	5

**E. Agricultural and Nonpoint Source Pollution Criteria (Maximum: 35 points)**

Ranking Criteria		Point Value
1	Project addresses water quality impacts associated with farming operations by: <ul style="list-style-type: none"> <li>a) Implementing water-saving irrigation systems in farms currently using inefficient watering systems.</li> <li>b) Implementing methods to reduce soil and stream bank erosion.</li> <li>c) Utilizing BMPs including no-till farming practices, rotational grazing, cropland conversion and winter cover crops.</li> <li>d) Utilizing alternative watering sources including effluent or grey water reuse.</li> </ul>	5 10 10 10
2	Project addresses water quality impacts associated with animal feeding operations by: <ul style="list-style-type: none"> <li>a) Developing a Nutrient Management Plan.</li> <li>b) Establishing heavy –use protection areas.</li> <li>c) Implementing onsite waste management systems for manure and poultry litter; including recycling, spreading, and storage systems, and digester gas technologies.</li> <li>d) Utilizing dead bird composters and/or incinerators.</li> <li>e) Implementing BMPs (including exclusion fencing and stream crossings).</li> </ul>	10 5 10 5 5

**F. Sustainability Criteria (90 possible bonus points) \***

Ranking Criteria		Point Value
1	Project incorporates one or more of the following planning methodologies: <ul style="list-style-type: none"> <li>a) Comprehensive Land Use Plan (must designate areas where public infrastructure will and will not be supported)</li> <li>b) Asset Management Plan</li> <li>c) Watershed Management Plan</li> <li>d) Nutrient Management Plan</li> <li>e) Nutrient Trading</li> <li>f) Open Space Preservation</li> <li>g) Integrated Water Resource Plan that stresses water efficiency, reuse and conservation</li> </ul>	5 10 5 5 5 5 5
2	Project includes one or several of the following design considerations: <ul style="list-style-type: none"> <li>a) Site fingerprinting for minimized landscape disturbance and sustainable landscape design.</li> <li>b) LEED certified or other ADEM-approved green building techniques for POTWs.</li> <li>c) Minimizes the environmental and water quality impact of construction through the use of clean fuel construction vehicles, construction waste reduction and other innovative methodologies.</li> <li>d) Project envelope is located in a previously developed area.</li> <li>e) Use of environmentally friendly post-consumer recycled or reclaimed materials.</li> </ul>	5 5 5 5 5
3	Project implements at least one of the following construction methods: <ul style="list-style-type: none"> <li>• Innovative erosion control practices;</li> <li>• Protection of onsite trees, vegetation, native habitats and urban forests; or</li> <li>• Replanting of disturbed areas with native plant species.</li> </ul>	5
4	Project will utilize one or more of the following water conservation strategies: <ul style="list-style-type: none"> <li>a) Development of a water conservation program.</li> <li>b) Incorporates sustainable water pricing practices and rate structures.</li> <li>c) Completion of EPA’s Water Quality Scorecard (see <a href="http://www.epa.gov/smartgrowth/water_scorecard.htm">http://www.epa.gov/smartgrowth/water_scorecard.htm</a>).</li> </ul>	5 10 5

**G. Growth Criteria (50 possible bonus points)**

Ranking Criteria		Point Value
1	Project includes a significant growth component. (See PER instructions)	0
2	Project does not include a significant growth component. (See PER instructions)	50

**Sum the points from each category below.**

Part A: Enforcement and Compliance (50 points maximum)	
Part B: Water Quality (135 points maximum)	
Part C: Water/Energy Efficiency (65 points maximum)	
Part D: Stormwater Management (50 points maximum)	
Part E: Agricultural/Non-Point Source (35 points maximum)	
Part F: Sustainability (90 bonus points maximum)	
Part G: Growth (50 bonus points maximum)	
TOTAL POINTS CLAIMED:	

This form should be signed by the official who is authorized to execute contracts on behalf of the applicant jurisdiction.

**ONE SIGNED COPY (including attachments)** should be emailed to the address shown on Page 1 of this form.

Attachments to be included with this form:

- 1. Preliminary Engineering Report (PER Outline PER Format Below (Preferred))**
- 2. Copies of last three (3) years of audited financial statements (if available)**

Preliminary Engineering Report Outline:

- 1. Description of Project**
  - a. Brief description and background of project
  - b. Purpose of project
  - c. Location of project
  - d. Project Scope
  - e. Average annual household water bill
  - f. Population and median household income
- 2. Proposed Improvements**
  - a. System connections and connections that benefit from construction
  - b. System plan for water conservation
  - c. Proposed operation and management
  - d. Improvements to system
- 3. Project Maps**
  - a. Include all affected water bodies
- 4. Projected Outlay Schedule**
- 5. Cost Breakdown**
  - a. Estimated cost outline for entire project
- 6. Supporting Documentation\*** for priority points claimed, as required above. Any points claimed that cannot be readily substantiated from the information submitted will not be counted. The Department reserves the right to make the final determination of all points awarded.
- 7. Growth Criteria:** If the project includes any of the following components, enter a point value of 0:
  - a. New (not a replacement) wastewater treatment plant (excluding decentralized systems).
  - b. Upgraded/expanded/replacement wastewater treatment plant where the purpose of the project is to increase the design flow or projects where the design flow of the facility incidentally increases by more than 20%.
  - c. Collection system improvements that increase design flow (excluding rehabilitation projects where the original design flow is restored).
  - d. New or expanded collection systems.
  - e. Any POTW project that serves future growth.

If none of the criteria above apply, the project will be awarded points as shown.

The undersigned representative of the applicant certifies that the information in the application and in the attached statements and exhibits is true, correct and complete to the best of the applicant's knowledge, information and belief.

Signature of Authorized Representative	Print or Type Name
Title	Date