



ALABAMA
DRINKING WATER STATE REVOLVING FUND
PROGRAM



FISCAL YEAR 2011 ANNUAL REPORT

PREPARED BY THE
ALABAMA DEPARTMENT OF ENVIRONMENTAL MANAGEMENT

FOR EPA REGION IV

AS OF SEPTEMBER 30, 2011



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PLEASE NOTE that this report does not constitute nor is it suitable for use as an official financial statement. This report is not prepared by an independent auditor or accountant, and is provided for informational purposes only.

ALABAMA DRINKING WATER SRF ANNUAL REPORT

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I. INTRODUCTION:

The State of Alabama herewith submits its Drinking Water State Revolving Fund (DWSRF) Annual Report for fiscal year 2011 (October 1, 2010 – September 30, 2011). This report describes how the State of Alabama has met the goals and objectives of its Drinking Water State Revolving loan program as identified in the Intended Use Plans (IUP).

II. EXECUTIVE SUMMARY:

Fiscal year 2011 was the thirteenth year of operation of the Alabama Drinking Water Finance Authority and the Drinking Water State Revolving Fund (DWSRF) Loan Program.

EPA awarded the FY 2011 DWSRF Capitalization Grant for \$11,674,000 to the Department on December 12, 2011.

No State Match funds have been appropriated (cash match) for the DWSRF program since its inception. The state match requirement of \$2,334,800 will be satisfied by carryover funds by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority.

At the close of the FY 2011 reporting period, none of the capitalization grant funds had been drawn. The FY 2011 grant funds will be committed to make direct loans, fund the bond pool subsidy account, and to fund set-aside activities as noted in Exhibit 7.

Loan Agreements

Loan agreements (binding commitments) with seven (7) borrowers totaling \$25,776,900 were executed during the fiscal year. These binding commitments are enumerated in Exhibit 1. These loans were originated from EPA DWSRF Capitalization Grant funds, ARRA Grant Funds, interest earnings, repayments, and bond proceeds. A detailed breakdown of the components of each of loan is provided in Exhibit 2. The remaining loans are expected to close by December 31, 2011.

Disbursements

DWSRF loan assistance totaling \$19,690,574.50 was disbursed to DWSRF loan recipients during the fiscal year. Exhibit 5 details these dispersals.

<u>SRF Base Cap Grants</u>	<u>ARRA Cap Grant</u>
\$9,599,560.48	\$10,091,014.02

Grant Draws

DWSRF construction grant draws totaling \$19,316,918.96 were made during the fiscal year. Exhibit 6 details this amounts. A breakdown of these draws is listed below.

<u>DWSRF Cap Grant Draws</u>	<u>ARRA Cap Grant Draws</u>
\$10,637,623.50	\$8,679,295.46

The FY 2011 DWSRF Capitalization Grant provided set-asides as shown:

DWSRF Cap Grant:	\$11,674,000
20% State Match	\$2,334,800
Administration (4% max)	\$466,960
Set-aside Totals:	\$466,960
Net Cap Grant for Loans	\$11,207,040

III. GOALS AND ACCOMPLISHMENTS:

A. Short Term Goals and Accomplishments

The FY 2011 DWSRF Intended Use Plan describes the short-term goals of the program. The goals included:

1. To provide low interest loans for the construction of public water supply facilities on the DWSRF Priority List.

Alabama's leveraging of state and federal capitalization funds provides municipalities with DWSRF loans with an interest rate approximately 1.0%-1.5% less than the most advantageous rates commonly available to local governments: 2.9 % for FY 2011 borrowers. As initially described in the FY 2011 Intended Use Plan, and later modified according to the needs of the borrowers, ten (10) loans totaling \$12.5 M are to be funded in the 2011 funding cycle. Funding will be provided by the FY 2011 EPA DWSRF capitalization grant, previous uncommitted EPA grant funds, interest earnings and direct loan repayments.

2. To provide DWSRF loans with additional subsidization in the form of principal forgiveness for not less than 30% of the 2011 DWSRF Capitalization Grant for the construction of water treatment and distribution facilities.

The Department met this goal by offering principal forgiveness primarily to projects that address green infrastructure, water or energy efficiency improvements or other environmentally innovative activities equaling 30% of the Capitalization Grant

3. To provide DWSRF loans to the extent there are sufficient eligible project applications, not less than 20% of the DWSRF Capitalization Grant for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

The Department actively solicited for green infrastructure projects for 2011. This solicitation included a notice posted on the ADEM website as well as notices sent to approximately 1,200 addresses on the departments e-mail and direct mail list. The Department identified projects that met these criteria and met this goal by funding projects for approximately 34% of the Capitalization Grant.

4. To implement the State's DWSRF in compliance with the goals of the Safe Drinking Water Act and to ensure conformance with Federal crosscutting issues.

All projects are reviewed to ensure compliance with the Safe Drinking Water Act and conformance with federal crosscutting issues. Comments regarding the environmental impact of proposed projects are solicited via a Finding of No Significant Impact (FNSI) or Categorical Exclusion (CE). Those entities solicited for comments include, but are not limited to, the EPA, the Corps of Engineers, the Fish and Wildlife Service of the U.S.

Interior Department, the State Department of Public Health, the State Department of Conservation and Natural Resources, the Alabama Department of Economic and Community Affairs and the State Historical Commission.

5. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

The method used in drafting the project priority list and the state review of planning documents submitted with DWSRF loan applications and pre-applications promote the protection of public health and the environment with the funding of cost-effective systems.

B. Long Term Goals and Accomplishments

In its Intended Use Plan for FY 2011, the State of Alabama described long-term goals for the DWSRF program.

These long-term goals included:

1. To maintain the DWSRF program and the long-term fiscal integrity of the fund.
2. To provide a self-perpetuating source of low interest loans for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.
3. To fund projects which will have a positive impact on public health and ensure compliance with the Safe Drinking Water Act.
4. To assist systems in ensuring affordable water supply.

During the reporting period, Alabama has made progress in implementing the long-term goals of the DWSRF Loan Program as follows:

1. In its administration of the DWSRF program, the State of Alabama has considered the long-term fiscal health of the DWSRF. No State Match funds have been appropriated (cash match) for the DWSRF program since its inception. The state match requirement will be satisfied by carryover funds by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority. EPA staff reviews and approves application of this process to assure compliance with regulations. Demonstration of compliance with EPA regulations relative to the use of State Match Bonds is achieved by provision of calculations that show that the loan interest repayments are sufficient to amortize the principal and interest payments for the State Match Bonds.

The DWSRF working group includes, as integral members, persons who have extensive experience in the issuance of tax-free bonds, are knowledgeable of the cash flow requirements of such issues, have technical expertise related to the planning and design reviews required by the State and EPA prior to DWSRF funding and are capable of providing assistance in the disbursements of DWSRF funds to the loan recipients. The Intended Use Plan disclosed the Authority's intention to use leveraging much in the same manner as previous years.

The Authority continues to set a loan interest rate approximately 1.0-1.5% less than the most advantageous rate commonly available to municipalities: 2.9% for the FY 2011 project list. The Department's experience with the program indicates that this is a sufficient incentive to seek DWSRF financing for eligible projects. The net bond proceeds are committed to loan applicants.

2. Alabama's DWSRF is designed to be a perpetual source of low cost financial assistance for the construction of public water supply facilities needed to meet compliance standards and public health requirements. Once ultimate capitalization has been achieved, the program may utilize the direct loan repayments, undedicated interest from the bond debt service reserve funds and construction funds and assets of the Master State Revolving Account as the source funds to support bond issues and/or to fund direct loans. Exhibit 9 details the latest projections of the DWSRF's future cash flows. As of September 30, 2011, the Master State Revolving Fund (MSRF) had a balance of approximately \$45,967,502.

The State is using its grant funds and bond proceeds in a manner that ensures the timely and expeditious use of DWSRF funds. The use of grant funds to make direct loans is emphasized. Using DWSRF assets in this manner decreases the issuance of debt (bonds), increases the credit quality of the Authority Bonds and provides for increased volumes of direct loan repayments that may be recycled into future loans.

3. Both the method used in drafting the project priority list and the state review of DWSRF loan applications promote protection of the public health and the environment by first providing financial assistance to projects that address the most critical needs. All of the FY 2011 IUP projects address deficiencies in water treatment and distribution facilities or inadequate raw water sources.
4. The nature of the DWSRF program (subsidized interest rates) ensures that applicants are receiving a cost-effective method of financing. In addition, technical staff of the Drinking Water Branch of ADEM reviews each project to determine cost-effectiveness and the general need for the project. Various set-aside activities, as detailed elsewhere in this report, support this goal as well.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

During the fiscal year, loan agreements (binding commitments) with seven (7) borrowers totaling \$25,776,900 were executed. All of these loans were from the FY 2010 IIUP list. These loans were originated from EPA DWSRF Capitalization Grant funds, interest earnings and direct loan repayments.

Exhibit 2 provides a detailed breakdown of the components of each of loan.

Execution of binding commitments (loan agreements) with these borrowers will be performed on a schedule designed to ensure that DWSRF funds are available as needed for construction. The FY 2011 program will assist a total of ten (10) municipalities for approximately \$12.5 million in low-interest loan funding from the FY 2011 IUP list. None of these loans had been executed as of the end of the fiscal year. All loans will include a portion of principal forgiveness. Final loan component breakdowns will be included in the future FY 2012 Annual Report.

2. Sources of Funds

The source of funds used to provide loans during the reporting period included federal capitalization grants, bond proceeds, interest earnings, and repayments.

No State Match funds have been appropriated (cash match) for the DWSRF program since its inception. All state matching funds have been obtained by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority. The total amount of deficit in State Match appropriations (cash) is \$28,596,540 for the FY 1997 – FY 2011 DWSRF capitalization grants. As of the close of FY 2011, \$39,725,000 in State Match Bonds had been issued and will be retired by the interest component of loan repayments. The net proceeds of the State Match Bonds have been used for project loan funding.

DWSRF loan repayments of \$22,349,797.12 were received during the reporting period. Exhibit 12e provides detailed information on loan repayments to the Alabama DWSRF.

3. Disbursements and Guarantees

DWSRF loan assistance totaling \$19,690,574.50 was disbursed to DWSRF loan recipients during the period. Exhibit 5 details these disbursements.

The table below details ADEM's DWSRF Administrative costs that were obligated from the 4% administrative set-aside from the federal capitalization grants.

DWSRF Administrative Costs: 4% Set-Aside

	DWSRF Grant	ARRA Grant
Salaries	\$10,018.96	\$450,671.92
Fringe	\$4,879.06	\$142,734.31
Travel	\$0.00	\$1,728.70
Professional Services	\$659.14	\$2,527.77
Supplies	\$0.00	\$368.52
Equipment	\$0.00	\$0.00
Total Direct Costs	\$15,557.16	\$598,031.22
Indirect Costs	\$4,502.71	\$175,880.57
Total	\$20,059.87	\$773,911.79

The following table details ADEM's costs that were obligated from the 0.75% loan administration fee assessed to DWSRF loan recipients. This fee is utilized for PWSS, source water protection, well head protection, Class V UIC, and drinking water operator certification activities.

DWSRF Costs: from 0.75% Loan Administration Fee

Salaries:	\$662,090.16
Fringes:	\$228,549.71
Travel:	\$0.00
Supplies	\$629.23
General Expense:	\$192,000.00
Equipment:	\$2,915.75
Total Direct Costs:	\$1,086,184.85
Indirect Costs:	\$256,824.78
Total	\$1,343,009.63

The 0.75% loan administration fee assessed to DWSRF loan recipients and received during the reporting period was \$1,749,753.14.

This fee is received by ADEM when semi-annual loan payments become due (February 15 and August 15). All fees collected as a result of open grants are held separately and used only for the administration of the DWSRF. The State of Alabama earmarks certain loans in an amount equal to the capitalization grant for this purpose. The following table shows the loans that originate from currently open grants:

FY	Recipient	Loan Amount	Repayment Initiation Date
2009 ARRA	Walter	\$473,947	8/15/10
2009 ARRA	Weaver	\$1,305,658	2/15/11
2009 ARRA	Troy	\$333,289	2/15/11
2009 ARRA	Dauphin Island	\$6,371,670	2/15/11
2009 ARRA	Dauphin Island Supplemental	\$611,985	NA
2009 ARRA	Dothan	\$3,131,049	8/15/11
2009 ARRA	Decatur	\$6,265,416	2/15/12
2009 ARRA	Decatur Supplemental	\$611,986	NA
2009	Albertville Supplemental	\$2,180,000	2/15/12
2009	Chattahoochee	\$2,220,000	2/15/12
2010	Warrior River	\$16,005,000	2/15/14
2010	Birmingham	\$813,716	NA
2010	Henry County	\$980,000	NA
2010	Cullman County	\$3,253,184	NA

During FY 2011, a total of \$17,204.26 in fees collected from the recipients listed above were deposited and held in a special account. As of the close of FY 2011, none of the fees from this account have been expended.

4. Financial Statements

The most recent audit of Alabama's DWSRF (through FY 2010) revealed no material weaknesses in the program. A copy of this audit was submitted to EPA. The audit contract for FY 2011 is pending. EPA will receive a copy of the audit when it is available.

5. Credit Risk of the SRF

Alabama utilizes the issuance of revenue bonds ("leveraging") to generate the funds necessary to fulfill a large portion of the drinking water infrastructure needs of its project list. Therefore, the financial status and credit quality of the loan recipients are reviewed internally and evaluated by both Authority personnel and members of the investment banking community. The credit risk assessment and rating process is crucial in determining the financial capability of the potential borrowers and the most cost-effective method of marketing the Authority bonds.

The basic procedures involved in the determination of the credit quality of the loan recipients are:

- review of the applicant's existing bond rating

- determination of outstanding debt
- verification of the presence and sufficiency of a
 - dedicated source of revenue for repayment of the loan
- demographics of the recipients' service area

Applicants are required to submit the most recent 3 years of audited financial statements, as well as other information, during the application process in order to document the ability to repay the proposed loan. The financial review is performed on all communities in order to determine whether or not they represent a significant risk of default. Assistance is provided only to communities that pass this analysis and, if necessary, agree to additional credit security pledges, including the full faith and credit of the community or specific revenue pledges.

In addition to providing assurance that an applicant is capable of repaying their loan, the credit review provides information necessary to determine whether or not a loan may be included in the bond pool. Bond pool projects are typically those that are the most creditworthy.

Funding projects in a manner that includes only the highest credit quality loans in the bond pool has been determined to be a cost-effective method of reducing bond insurance premiums. Additionally, the origination of direct loans from sources such as the capitalization grants, cash in the Master State Revolving Fund and State Match Cash (if any), rather than bond proceeds, helps assure that the program makes timely and expeditious use of SRF assets.

In order to maintain the fiscal integrity of the DWSRF, the Authority cannot loan funds to municipalities that do not have the means to repay their loan.

B. Assistance Activity

During FY 2011, loan agreements (binding commitments) with seven (7) borrowers totaling \$25,776,900 were executed. These binding commitments are enumerated in Exhibit 1. These loans were originated from EPA DWSRF Capitalization Grant funds, ARRA Grant Funds, bond proceeds, repayments, and interest earnings. A detailed breakdown of each of the loans is included in Exhibit 2.

The interest rate associated with the FY 2010 loans and FY 2011 loans was 3.0% and 2.9% respectively. The interest rates reflect the condition of the market for tax-exempt bonds and the relative credit quality of the borrowers at the time that the Authority Bonds were sold.

Exhibit 2 is a breakout of the components of DWSRF project loans. The project fund, capitalized interest cost, principal forgiveness, finance expenses and cost of local loan closing are shown for each project.

Exhibit 3 details the sources and uses of bond proceeds in the program during the reporting period. Note: No bonds were issued

Exhibit 4 is the DWSRF Flow of Funds Chart that details the movement of funds in the DWSRF.

Exhibit 5 details the disbursements from the DWSRF at the project level.

Exhibit 6 relates to cash draws from the Federal Capitalization Grants.

Exhibit 7 details draws from the Capitalization Grant for Set-aside Activities.

Exhibit 8 breaks down DWSRF assistance by population, as proof of the program meeting EPA's requirement that 15% of all assistance be directed to small communities.

Included in Exhibit 9 are the long-term cash flow projections for the Alabama DWSRF. These cash flows incorporate the loans already made by the Authority and those projected to be offered and show how the DWSRF Master Fund revolves perpetually.

Exhibit 10 details projected disbursements from the Alabama DWSRF for project construction during the reporting period.

Exhibit 11 provides data relative to achievement of EEO/MBE/WBE goals in the award of construction contracts funded by the Alabama DWSRF.

Exhibit 12 details the repayments of DWSRF loans by borrowers through the close of the fiscal year.

C. Provisions of the Operating Agreement and Grant Conditions

The State of Alabama agreed to a number of conditions in the DWSRF Operating Agreement and Grant Agreement. The following major conditions have been met as described in the operating and grant agreements:

- Biennial Report
- Binding Commitments
- Timely and Expeditious Use of Funds
- Annual Audit
- Annual Review
- National Reporting Needs
- Records and Data Management
- Attainment of MBE/WBE Goals
- Federal Crosscutting Authorities
- State Environmental Review Process
- Cash Draw Procedures

These conditions have been met as described in detail below:

1. Biennial Report: In lieu of a biennial report for the FY 2008 – FY 2011 period, ADEM has elected to provide separate annual reports for FY 2008 and FY 2011.
2. Binding Commitments: The State has entered into 124 binding commitments totaling \$346,821,900 over the life of the program; \$25,776,900 during the reporting period. The total amount of capitalization grants awarded for FY 1997 – FY 2011 is \$162,482,700. The Alabama DWSRF meets the "Binding Commitments" requirement.
3. Timely and Expeditious Use of Funds: DWSRF loan assistance totaling \$19,690,574.50 was disbursed to DWSRF loan recipients during the reporting period. Of this total \$10,091,014.02 was distributed to ARRA funded projects. The pace of

expenditure of funds is expected to increase significantly as the State proceeds with implementation of the DWSRF program. A total of 86 payment requests have been processed by ADEM. The Department is monitoring the projects to ensure timely initiation of operations in accordance with the established schedules.

In order to ensure that the loan repayment stream necessary to meet the financial obligations of the Authority's Bonds is met, the Special Conditions Loan Agreement (the legal document which commits DWSRF funds to a project) explicitly specifies the date on which loan repayments are to commence, regardless of the status of construction completion. Additionally, federal tax laws that govern the use of proceeds from the sale of tax-free bond issues encourages that 95% of such proceeds be disbursed no later than 3 years after the issuance of the bond.

4. Annual Audit: The most recent audit of Alabama's DWSRF (through FY 2010) revealed no material weaknesses in the program. EPA will receive a copy of the audit when it is available.
5. Annual Review: EPA's annual overview conducted during FY 2011 revealed no major findings. It was recommended the state should continue to make every effort to increase MBE/WBE participation and to evaluate current staffing levels. Alabama anticipates renegotiating its fair share goals and objectives.
6. National Reporting Needs: The Department annually provides EPA with project-level data in its Priority List and the Intended Use Plan. Additionally, information is provided to EPA quarterly and as requested.
7. Records and Data Management: ADEM receives and reviews project documents from loan applicants. These documents, together with the Department's review memos, summary checklists and the loan agreement documentation, are included in the official project files maintained by the State. These files are made available to EPA and the public upon request. Computer databases are maintained for all projects and are backed up regularly by both DWSRF staff and the Department's local area network administrators.
8. MBE/WBE Requirements: All DWSRF borrowers are required to comply with the Civil Rights Act of 1964 and 1990, Executive Order 11246 (Equal Employment Opportunity), and Executive Orders 11625 and 12138 (MBE/WBE). Each loan recipient must implement the six affirmative steps to attain "fair share" goals and ensure that its prime contractors also comply. The FY 2011 DWSRF capitalization grant specified that the State require loan recipients to make a good faith effort to achieve 5.0% MBE and 17.0% WBE participation for construction contracts.

MBE contracts awarded during FY 2011 totaled \$569,640 (2.5%), while WBE participation was \$122,400 (0.5%). The total MBE/WBE participation rate for the reporting period was 3.0% and was for all ARRA funded projects. MBE/WBE percentages fell short of the stated program goals. The Department continues to ensure the loan applicants and contractors and suppliers make and document a good faith effort to meet the goals.

The State of Alabama submits Standard Form 5700-20A to EPA Region IV for their review on a quarterly basis to document efforts toward achieving MBE/WBE objectives.

9. Federal Crosscutting Authorities: The State of Alabama and all recipients of DWSRF funds have complied with applicable federal authorities (federal crosscutters). Recipients of DWSRF assistance agreed to do this in the loan application as well as the loan agreement between the recipient and the Authority. Projects are required to

complete the State Environmental Review Process (SERP) in a manner consistent with the crosscutting requirements.

10. State Environmental Review Process: The Department conducts environmental reviews on all funded projects in accordance with the State Environmental Review Process (SERP). Categorical Exclusions (CEs) or Findings of No Significant Impact (FONSIs) are issued for each project.
11. Cash Draw Procedures: The State has drawn cash from the Federal Capitalization Grants in a manner consistent with the Capitalization Grant Agreements and the DWSRF ACH Guidance. Exhibit 6 details the amount and date of the draws related to project funding and program administration.

The rate of cash draws from the Federal Capitalization Grants is based on the dollar-for-dollar draws of direct loan projects and a “leveraging ratio” applied to the disbursement of bond proceeds to Bond Pool projects. A “leveraging ratio” is applied to each payment of bond proceeds to loan recipients to calculate the proportional federal share drawn from the ACH and deposited to the ARA.

Consistent with EPA policy, draws from the federal grant for the direct loan projects are required to be proportional to the disbursement of state match funds to borrowers for eligible project costs. Accordingly, the proceeds of the State Match Bonds are the first funds disbursed to members of the Bond Pool. In this manner, the State manages its disbursements to borrowers to ensure that state funds are spent first; thereby meeting the proportionality requirement.

V. Program Changes:

A. Comparison with the Intended Use Plan

The FY 2011 Intended Use Plan had a draft fundable list for thirteen (13) projects that totaled approximately \$24.7 million. Two (2) opted out of the program for various reasons including less than anticipated principal forgiveness. One applicant was unable to meet credit worthiness.

Use of a leveraged loan program maximizes the DWSRF’s ability to fund projects that apply for funds and are able to demonstrate the ability to meet the financial, technical and environmental review requirements of the program.

B. Modification of Goals and Objectives

The basic goals and objectives of the Alabama DWSRF are not expected to vary from those stated previously. The Department will seek to execute the procedures necessary to meet the program goals in an expeditious manner in subsequent programs.

C. Transfer from CWSRF to DWSRF

As outlined in the FY 2011 Intended Use Plan funds were reserved for transfer from the CWSRF to the DWSRF program. No transfer was utilized.

VI. Proposed Improvements:

A. Modification of the Program

FY 2011 was the Fourteenth year of operation of Alabama's DWSRF loan program. A much needed additional staff accountant was hired to assist with the financial aspects of the DWSRF Program. Modifications to the program are expected in FY 2012 when priority point criteria for ranking the project funding list will be modified. Any proposed modifications will be discussed in the FY 2012 Intended Use Plan.

Exhibits

Exhibit 1 - Binding Commitments

Project Name	Project #	Bind Date	Estimated Completion Date	Loan Amount	Repay Date	Interest Rate	Funds Source	IUP FY
Greenhill Water System Improvements	FS010126-01	3/1/2011	6/1/2012	\$460,000.00	8/15/2012	3.10%	DL:EPA	2010
Henry County Water System SCADA Improvements	FS010131-01	3/1/2011	5/1/2011	\$980,000.00	8/15/2011	3.10%	DL:EPA	2010
Chattahoochee Valley Water Sytem Improvements	FS010132-01	2/1/2011	10/30/2011	\$2,220,000.00	2/15/2012	3.10%	DL:EPA	2010
Warrior River Phase 1 Improvements	FS010133-01	6/1/2011	11/1/2013	\$16,005,000.00	2/15/2014	3.10%	DL:EPA	2010
Birmingham Carson Filter Plant Generator	FS010122-02	2/1/2011	3/30/2011	\$2,045,000.00	2/15/2011	3.10%	DL:EPA	2010
Birmingham Lake Purdy Solar Powered Mixing Systems	FS010122-03	2/1/2011	12/31/2010	\$813,716.00	2/15/2011	3.10%	DL:EPA	2010
Cullman County Water Accountability Improvements	FS010135-01	4/15/2011	2/1/2011	\$3,253,184.00	* NA	3.10%	DL:EPA	2010
7 Loans			Total:	\$25,776,900.00				

Note: "Funds Source" designates the source of loan funding, e.g.:

DL:EPA = Direct Loan funded by the Master State Revolving Fund and/or the EPA Grant

* Loan is 100% Principal Forgiveness

Exhibit 2 - DWSRF Loan Summary

Project Name	Fund Source	Project Amount	Principal Forgiveness	Cap Interest	Program Finance	Local Cost	Discount	Loan Amount
Greenhill Water System Improvements	DL:EPA	\$444,685.83	\$0.00	\$15,314.17	\$0.00	\$0.00	\$0.00	\$460,000.00
Henry County Water System SCADA Improvements	DL:EPA	\$980,000.00	\$980,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$980,000.00
Chattahoochee Valley Water Sytem Improvements	DL:EPA	\$2,181,017.42	\$0.00	\$38,982.58	\$0.00	\$0.00	\$0.00	\$2,220,000.00
Warrior River Phase 1 Improvements	DL:EPA	\$15,002,020.00	\$0.00	\$1,002,980.00	\$0.00	\$0.00	\$0.00	\$16,005,000.00
Birmingham Carson Filter Plant Generator	DL:EPA	\$2,037,123.91	\$0.00	\$7,876.09	\$0.00	\$0.00	\$0.00	\$2,045,000.00
Birmingham Lake Purdy Solar Powered Mixing Systems	DL:EPA	\$813,716.00	\$813,716.00	\$0.00	\$0.00	\$0.00	\$0.00	\$813,716.00
Cullman County Water Accountability Improvements	DL:EPA	\$3,253,184.00	\$3,253,184.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,253,184.00
7 Loans		\$24,711,747.16	\$5,046,900.00	\$1,065,152.84	\$0.00	\$0.00	\$0.00	\$25,776,900.00

Note: "Funds Source" designates the source of loan funding, e.g.:

DL:EPA = Direct Loan funded by the Master State Revolving Fund and the EPA Grant

None of the loans shown are considered "Title II Equivalency" projects.

Exhibit 3 - FY 2011 Loans Without Binding Commitment as of 9/30/2011

FY: 2011

Project Name	Project Amount
Abbeville Water System Improvements	\$585,000.00
Birmingham Water System Improvements	\$1,815,075.86
Blountsville Water System Improvements	\$707,672.38
Clayton Water System Improvements	\$491,017.78
Coker South Well	\$1,493,653.67
Daleville Water System Improvements	\$803,530.83
Demopolis Water System Improvements	\$3,122,876.67
Green Pond Water System Improvements	\$2,417,867.08
Level Plains Water System Improvements	\$315,000.00
Northeast Etowah Water System Improvements	\$645,961.58
Total	\$12,397,655.85

Summary for FY 2011 (10 loans)

Alabama Drinking Water State Revolving Fund (DWSRF)

Roles and Responsibilities

Municipality

- Requests placement on SRF Priority List to improve DW system.
- Retains engineer to prepare SRF Application, perform environmental review, Plans and Specifications
- Demonstrates financial capability in order to qualify for SRF loan.
- Requests SRF funds for eligible construction and engineering .

ADEM

- Prepares SRF Priority List
- Applies for EPA grant on basis of Priority List; IUP - needs justify SRF funds from EPA
- Acts as agent to Authority in administration of SRF program
- Performs technical and environmental review of projects
- Reviews pay requests and instructs Trustee Bank to disburse funds to city

Alabama Drinking Water Finance Authority

[Composed of Governor, Lt.-Governor, Speaker-of-House, State Finance Director, Director of ADEM]

- Executes issuance of bonds, supported by SRF grant and SRF loan applications approved by ADEM, to fund DW needs of SRF loan applicants. By issuing bonds SRF grant is “leveraged” to produce 3X funds normally available and to mitigate shortage/absence of State Match.
- State Finance Director selects bond attorneys, financial advisors, trustee bank etc. related to bond issuance.
- Debt of borrowers is in the form of a bond warrant with the Authority.

Legislature

- Created the Alabama Drinking Water Finance Authority in 1997
- Appropriates State Matching funds; required as a condition of EPA SRF grant.

EPA

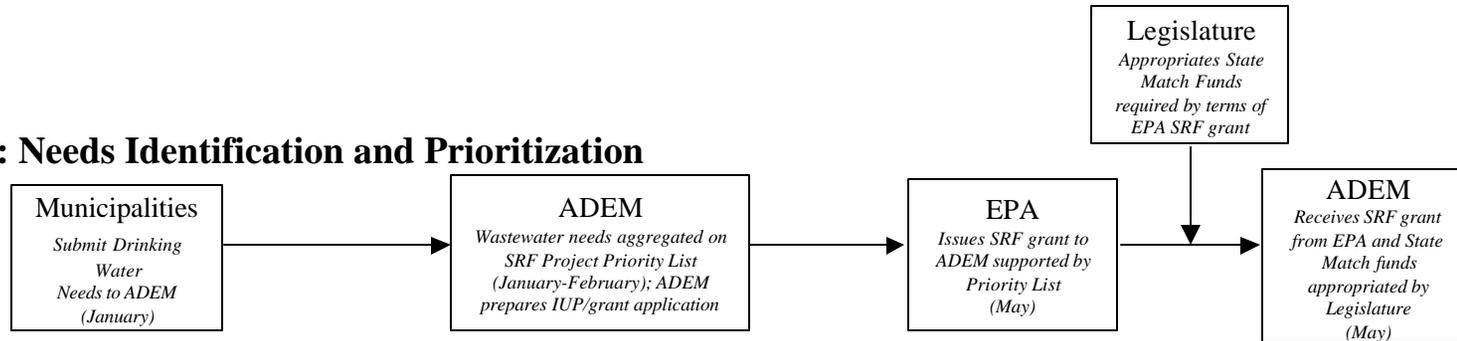
- Reviews state SRF grant application for EPA funds
- Issues SRF Capitalization Grant to ADEM
- Overviews Alabama’s SRF program and receives annual audit of SRF program by CPA.
- Provides assistance upon request.

Trustee Bank

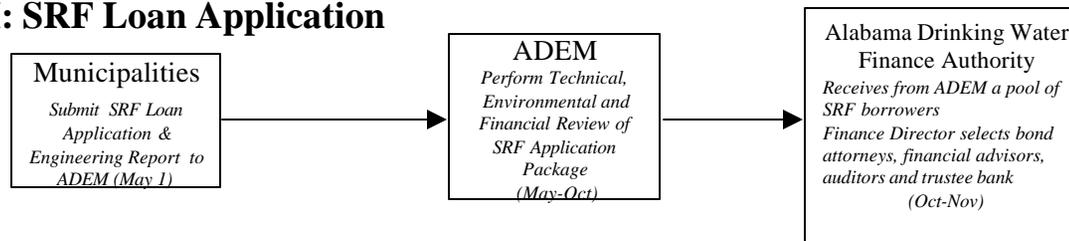
- Selected by State Finance Director
- Manages bond proceeds and loan funds under the direction of Authority and ADEM

Alabama Drinking Water State Revolving Fund (DWSRF)

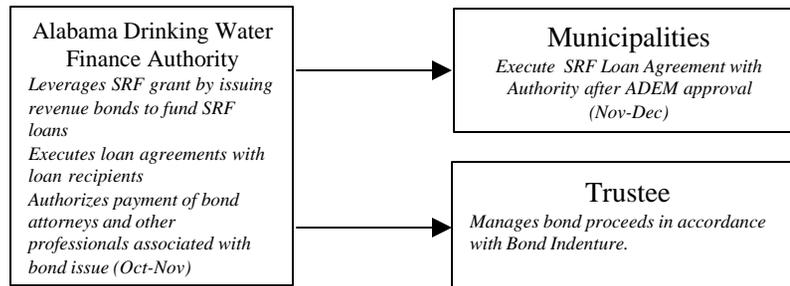
I: Needs Identification and Prioritization



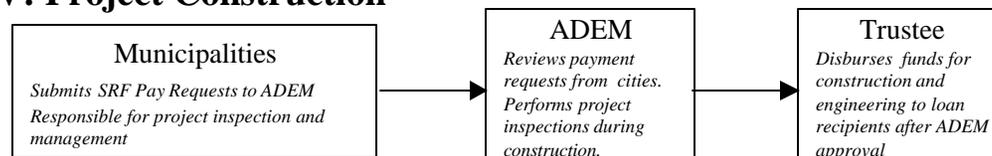
II: SRF Loan Application



III: Bond Issuance



IV: Project Construction



Alabama DWSRF Flow of Funds

The attached flowchart and following narrative is intended to illustrate the relationship between various accounts of the DWSRF and the Federal and State capitalization funds. Please note that the attached flowchart attempts to describe the functions and interrelationships between general types of accounts within and related to the State's program; the Authority Bond Indentures exactly define accounts of and related to the DWSRF. The accounts "inside the DWSRF" are within the large rectangular box on the flowchart. Other associated accounts, such as the Trustee Bank's and the State's Administrative Fee Fund accounts are derived from the loan recipient assessments are outside the DWSRF.

1: **Debt Service Reserve:** This account is funded from bond proceeds. It is used to ensure that defaults by borrowers (loan recipients) do not cause a default in the bond principal and interest payments that amortize the Authority Bonds and thus serves as security for the DWSRF bondholders.

The capitalization requirement of the collateral account is determined by an analysis of the aggregate credit quality of loan recipients funded by bond proceeds. The credit analysis of the borrowers and the determination of the level of collateralization required is performed by the Authority's Financial Advisor in conjunction with bond rating services (AMBAC, Moody's, S&P) prior to the issuance and sale of bonds.

EPA does not allow collateral required for the State Match bonds to be derived from the Federal Capitalization grant. State Match bonds may only be collateralized from interest earnings.

2: **Capitalized Interest Fund:** Holders of CWSRF bonds must begin receiving payments from the DWSRF within 6 months after the sale of the Authority's bonds. Prior to the time that repayments of the CWSRF loans typically begin, funds are required to meet this obligation. The Capitalized Interest Fund is used for this purpose and uses bond proceeds as its source.

3: **Bond Pool Project Fund:** This account contains funds derived from the sale of bonds that are disbursed to the Bond Pool SRF loan recipients for eligible project costs. The funds in the Bond Pool Project Fund may consist of bond proceeds and/or State matching funds (both appropriated and leveraged) and/or funds from the Master Revolving Fund. In the DWSRF program to-date, since no State Match has been appropriated, bond proceeds alone have capitalized this account.

Since capitalization grant funds may be pledged to the Additional Reserve Account (ARA), disbursements to Loan Recipients from the Bond Pool Project Fund can trigger draws from the Federal Capitalization Grant. In that case, draws of federal grant funds from the ACH are calculated on the basis of a "Leveraging Ratio." The Leveraging Ratio is determined by dividing the amount that will be disbursed to the Bond Pool Loan Recipients by the portion of the ACH required for security in the Additional Reserve Account. The total amount of the ACH draws incurred on behalf of the Bond Pool Loan Recipients is limited by the Federal Share of the security required for the issuance of the Bonds.

The ACH draws are proportional to the disbursements to the Loan Recipients for incurred eligible costs and the Federal Share of the security for the Bonds.

Interest earned on the Project Fund is not typically pledged to specific projects at the time that the bonds are sold; the Project Fund is not "net funded." Interest earnings on the Bond Pool Project Fund are typically used to make direct loans. Direct loans made from interest earnings on the Bond Pool Project Fund are usually pledged to the Bond Repayment Fund. In the event of non-default, the direct loans originated from these interest earnings flow to the Master State Revolving Fund where they are subsequently used to make direct loans, or to fund the ARA of a future bond issue.

In order to comply with Federal tax law relative to tax-free bond issues, the Authority is required to restrict the yield (investment rate) that is earned on the Bond Pool Project Fund to the rate that is paid to the bond holders (the arbitrage rate). A (tax) rebate calculation is performed annually on this account in order to verify how much, if any, earned interest is in excess of that allowed by federal tax law (the arbitrage limit) and any excess is rebated to the IRS via the Rebate Fund. Interest that is not "excess" may be used either to redeem bonds or to make additional direct loans.

4: **Direct Loan Project Fund**: This is the account from which direct loan projects are funded. This account may be capitalized from a variety of sources such as the Master SRF Account, the State Match Cash, interest earnings and other sources that are not pledged as security to bond indentures. Cash from the Federal Capitalization Grant flows through this account prior to disbursement to Direct Loan Recipients, as these recipients present payment requests to the Department for incurred eligible expenses.

5: **Additional Reserve Account (ARA)**: The funds in the ARA are used to buy down the borrower's loan interest rate. It is a "loan subsidy" account.

The ARA account is yield restricted to the bond arbitrage rate. Funds in the ARA (typically non-rebatable interest earnings) that are not required for deposit to the Loan Repayment fund flow to the Master SRF Fund and may be used in subsequent years as a source of capital for making direct loans and/or Additional Reserve Account (ARA) funding.

6: **ADEM Administrative Fee and Setasides from Federal Capitalization Grant**: States are allowed to retain a maximum of 4% of the Federal Capitalization Grant for administration of the State's SRF program. There is also an allowance for certain setasides. As costs for these activities are incurred, draws will be made from the Federal Capitalization Grant. This account is outside the SRF.

7: **Bond Repayment Fund**: This fund is a holding account for the payments required to amortize the DWSRF Bonds. Funds flowing into this account are normally derived from a combination of deposits from the Capitalized Interest Fund, the Additional Reserve Account and from loan repayments. Because loan repayments may be deposited prior to the date that the Authority bond holders are scheduled to pay Authority Bond Principal and Interest payments to bondholders, and interest is earned on this account, excess funding may occur. After passing through the Rebate Fund, these excess funds ultimately flow to the DWMSRF Fund. Additionally, loan repayments from borrowers funded by interest earnings flow into this fund, and if not required to meet payments to bondholders, flow to the DWMSRF.

8: **Rebate Fund**: This account is required by Federal tax laws which restrict the earnings of funds associated with tax-exempt bonds. An independent accountant examines the accounts of the SRF annually and determines whether or not excess interest has been

earned and, if so, the amount of the excess interest earnings that must be rebated to the Federal Treasury. Non-excessive interest earnings flow to the Master SRF Fund for use in funding future years' projects.

9: **Drinking Water Master SRF Fund (DWMSRF)**: The DWMSRF is an account whose primary purpose is to fund Direct Loans and Additional Reserve Accounts. It is held by the State Treasurer and accrues interest. Sources for revenue for this fund include repayments of direct loans and interest earnings.

10: **Administrative Fee Funds (Trustee & ADEM)**: Borrowers of SRF funds are charged a fee based on a percentage of the outstanding principal balance at the time a payment is due and payable by the borrower. This percentage is currently set at 0.75%. The Trustee Bank and State Treasurer process these administrative fees outside the SRF. This administrative fee fund will be "dedicated to the administrative purposes associated with the SRF program" and is not subject to the 4% cap (of the capitalization grant) for administrative fees "inside the SRF." These funds are also used to compensate a Trustee Bank for its management of SRF accounts, including the payment of bondholders, the investment of SRF funds and the disbursement of payments to loan recipients. It may also be used to pay legal fees incurred in the process of executing binding commitments as well as auditing and tax rebate calculation expenses (accounting).

Exhibit 5 - DWSRF Construction Disbursements

Project Name	IUP FY	FUNDS SOURCE	Pmt Date	Pmt Amt	Grant Draw
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	10-01-2010	\$445,542.00	445542
Decatur Water System Improvements	2009	DL:ARRA	10-04-2010	\$350,464.00	\$350,464.00
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	10-06-2010	\$277,276.00	\$277,276.00
Douglas Water Filter Plant Upgrade (Supplemental)	2008	DL:EPA	10-08-2010	\$13,543.02	\$13,543.02
Dothan West Side Tank and Connecting Main	2009	DL:ARRA	10-08-2010	\$594,008.00	\$594,008.00
South Alabama Utilities Water System Improvements - AMR System	2007	DL:EPA	10-08-2010	\$64,800.00	64800
Walter Water Authority Water Line Upgrade	2009	DL:ARRA	10-08-2010	\$108,897.00	\$108,897.00
Cullman Water System Upgrades	2004	DL:EPA/MSRF	10-08-2010	\$37,859.00	\$37,859.00
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	10-18-2010	\$1,078,052.00	1078052
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	11-04-2010	\$350,175.00	350175
Decatur Water System Improvements	2009	DL:ARRA	11-10-2010	\$1,027,290.00	\$1,027,290.00
Weaver Well and Storage Tank	2009	DL:ARRA	11-18-2010	\$75,860.00	\$75,859.00
Weaver Well and Storage Tank	2009	DL:ARRA	11-18-2010	\$260,350.00	\$260,350.00
Walter Water Authority Water Line Upgrade	2009	DL:ARRA	11-23-2010	\$23,660.00	23660
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	11-24-2010	\$951,677.00	\$951,677.00
Weaver Well and Storage Tank	2009	DL:ARRA	12-02-2010	\$69,999.00	\$69,999.00
Cullman Water Upgrades 2008	2007	DL:EPA	12-03-2010	\$41,078.00	41078
Decatur Water System Improvements	2009	DL:ARRA	12-08-2010	\$337,208.00	337208
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	12-17-2010	\$495,877.00	\$495,877.00
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	12-17-2010	\$1,218,099.00	1218099
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	01-03-2011	\$317,600.00	317600
Decatur Water System Improvements	2009	DL:ARRA	01-05-2011	\$54,289.00	\$54,289.00
Dothan West Side Tank and Connecting Main	2009	DL:ARRA	01-14-2011	\$869,195.00	\$869,195.00
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	01-21-2011	\$484,809.00	\$484,809.00
Decatur Water System Improvements	2009	DL:ARRA	01-27-2011	\$164,841.00	\$164,841.00
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	01-31-2011	\$162,391.00	\$162,391.00
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	02-01-2011	\$142,730.00	142730
South Bullock Deep Well Water Supply Improvements	2008	DL:EPA	02-01-2011	\$68,090.00	
South Alabama Utilities Water System Improvements - AMR System	2007	DL:EPA	02-07-2011	\$16,200.00	
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	02-11-2011	\$299,362.00	299362
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	02-18-2011	\$346,573.00	\$346,573.00
Weaver Well and Storage Tank	2009	DL:ARRA	02-25-2011	\$157,116.00	\$157,116.00
Weaver Well and Storage Tank	2009	DL:ARRA	02-25-2011	\$102,250.00	\$102,250.00
Decatur Water System Improvements	2009	DL:ARRA	03-03-2011	\$89,409.00	89409
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	03-09-2011	\$389,654.00	
Tuscaloosa Water System Improvements	2003	2003Ba	03-14-2011	\$845,819.00	
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	03-15-2011	\$31,583.00	\$31,583.00
Weaver Well and Storage Tank	2009	DL:ARRA	03-15-2011	\$0.00	(\$43,183.61)
Weaver Well and Storage Tank	2009	DL:ARRA	03-15-2011	\$0.00	\$43,183.61
Weaver Well and Storage Tank	2009	DL:ARRA	03-15-2011	\$94,055.00	94055
Cullman Water System Upgrades	2004	DL:EPA/MSRF	03-23-2011	\$9,000.00	
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	03-23-2011	\$328,099.00	\$328,099.00
Walter Water Authority Water Line Upgrade	2009	DL:ARRA	03-31-2011	\$9,769.07	9769.07
Decatur Water System Improvements	2009	DL:ARRA	03-31-2011	\$89,000.00	
Walter Water Authority Water Line Upgrade	2009	DL:ARRA	03-31-2011	\$638.41	638.41
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	04-07-2011	\$234,560.00	
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	05-06-2011	\$135,836.00	\$135,836.00
Albertville Water Treatment & Distribution Improvements	2008	DL:EPA	05-06-2011	\$33,710.46	33710.46
Decatur Water System Improvements	2009	DL:ARRA	05-09-2011	\$28,375.00	28375
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	05-10-2011	\$220,840.00	220840
Dothan West Side Tank and Connecting Main	2009	DL:ARRA	05-11-2011	\$203,596.00	\$203,596.00
Chattahoochee Valley Water Sytem Improvements	2010	DL:EPA	05-16-2011	\$148,650.00	148650
Cullman Water System Upgrades	2004	DL:EPA/MSRF	05-16-2011	\$73,883.00	73883
Cullman Water System Upgrades	2005	2005Ba	05-16-2011	\$30,741.00	
Birmingham Lake Purdy Solar Powered Mixing Systems	2010	DL:EPA	05-17-2011	\$813,716.00	\$813,716.00
Greenhill Water System Improvements	2010	DL:EPA	05-17-2011	\$22,000.00	22000
South Alabama Utilities Water System Improvements - AMR System	2007	DL:EPA	05-17-2011	\$77,057.00	\$77,057.00
Jackson 2001 Water System Improvements	2001	2002Ba	05-24-2011	\$12,930.00	
Cullman County Water Accountability Improvements	2010	DL:EPA	05-25-2011	\$162,077.00	\$162,077.00
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	05-26-2011	\$725,735.00	\$725,735.00
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	05-27-2011	\$7,494.00	\$7,494.00
Cullman County Water Accountability Improvements	2010	DL:EPA	06-13-2011	\$2,644.00	\$2,644.00
Decatur Water System Improvements	2009	DL:ARRA	06-14-2011	\$78,072.00	\$78,072.00
Cullman Water System Upgrades	2005	2005Ba	06-22-2011	\$150,795.00	

Project Name	IUP FY	FUNDS SOURCE	Pmt Date	Pmt Amt	Grant Draw
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	06-24-2011	\$256,148.00	\$256,148.00
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	2009	DL:ARRA	06-24-2011	\$294,991.54	\$294,991.54
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supp)	2009	DL:ARRA	06-24-2011	\$94,039.00	\$94,039.00
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	06-28-2011	\$179,711.00	\$179,711.00
Decatur Water System Improvements	2009	DL:ARRA	07-06-2011	\$218,130.17	\$218,130.17
Decatur Water System Improvements (Supplemental)	2009	DL:ARRA	07-06-2011	\$231,989.83	\$231,989.83
Weaver Well and Storage Tank	2009	DL:ARRA	07-20-2011	\$13,666.00	\$13,666.00
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supp)	2009	DL:ARRA	07-27-2011	\$121,914.00	\$121,914.00
South Alabama Utilities Water System Improvements - AMR System	2007	DL:EPA	07-27-2011	\$10,966.00	\$10,966.00
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	07-28-2011	\$249,813.00	\$249,813.00
Decatur Water System Improvements (Supplemental)	2009	DL:ARRA	08-08-2011	\$60,990.00	\$60,990.00
South Alabama Utilities Water System Improvements - AMR System	2007	DL:EPA	08-24-2011	\$284,893.00	\$284,893.00
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supp)	2009	DL:ARRA	08-24-2011	\$80,893.00	\$80,893.00
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	08-25-2011	\$90,547.00	\$90,547.00
Dothan West Side Tank and Connecting Main	2009	DL:ARRA	08-29-2011	\$196,994.00	\$196,994.00
Henry County Water System SCADA Improvements	2010	DL:EPA	08-30-2011	\$80,409.00	\$80,409.00
Cullman Water System Upgrades	2005	2005Ba	08-30-2011	\$107,280.00	
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	09-07-2011	\$73,270.00	\$56,237.16
Tuskegee Water Treatment Plant Improvements	2008	DL:EPA	09-07-2011	\$0.00	\$17,032.39
Decatur Water System Improvements (Supplemental)	2009	DL:ARRA	09-07-2011	\$50,242.00	\$50,242.00
Cullman County Water Accountability Improvements	2010	DL:EPA	09-20-2011	\$15,285.00	\$15,285.00
Warrior River Phase 1 Improvements	2010	DL:EPA	09-21-2011	\$166,000.00	\$166,000.00
Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supp)	2009	DL:ARRA	09-21-2011	\$295,782.00	\$295,782.00
Bayou La Batre Water System Improvements	2003	2003 A Interest	09-27-2011	\$77,031.00	\$77,031.00
Greenhill Water System Improvements	2010	DL:EPA	09-27-2011	\$3,143.00	\$3,143.00
Albertville Water Treatment & Distribution Improvements Supplemental	2009	DL:EPA	09-28-2011	\$190,099.00	\$190,099.00
Cullman Water System Upgrades	2005	2005Ba	09-29-2011	\$189,450.00	
Totals				\$19,690,574.50	\$17,547,054.05
DWSRF Base Grant Total				\$9,599,560.48	\$8,169,255.03
DWSRF ARRA Grant Total				\$10,091,014.02	\$9,377,799.02

Exhibit 6 - DWSRF Captilization Grant Draws for Construction

Draw #	Project Name	Draw Date	Draw Amount
* 7	Walter Water Authority Water Line Upgrade	10-20-2010	\$108,897.00
* 7	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	10-20-2010	\$445,542.00
* 7	Dothan West Side Tank and Connecting Main	10-20-2010	\$594,008.00
* 7	Decatur Water System Improvements	10-20-2010	\$350,464.00
* 8	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	11-10-2010	\$350,175.00
* 8	Decatur Water System Improvements	11-10-2010	\$1,027,290.00
* 9	Weaver Well and Storage Tank	12-15-2010	\$69,999.00
* 9	Walter Water Authority Water Line Upgrade	12-15-2010	\$23,660.00
* 9	Weaver Well and Storage Tank	12-15-2010	\$75,859.00
* 9	Weaver Well and Storage Tank	12-15-2010	\$260,350.00
* 9	Decatur Water System Improvements	12-15-2010	\$337,208.00
* 10	Decatur Water System Improvements	01-14-2011	\$54,289.00
* 10	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	01-14-2011	\$1,218,099.00
* 10	Dothan West Side Tank and Connecting Main	01-14-2011	\$869,195.00
* 11	Decatur Water System Improvements	03-04-2011	\$89,409.00
* 11	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	03-04-2011	\$484,809.00
* 11	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	03-04-2011	\$299,362.00
* 11	Weaver Well and Storage Tank	03-04-2011	\$102,250.00
* 11	Weaver Well and Storage Tank	03-04-2011	\$157,116.00
* 11	Decatur Water System Improvements	03-04-2011	\$164,841.00
* 12	Weaver Well and Storage Tank	03-25-2011	\$94,055.00
* 13	Walter Water Authority Water Line Upgrade	04-22-2011	\$9,769.07
* 14	Weaver Well and Storage Tank	08-05-2011	(\$43,183.61)
* 14	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supplemental)	08-05-2011	\$94,039.00
* 14	Decatur Water System Improvements	08-05-2011	\$28,375.00
* 14	Dothan West Side Tank and Connecting Main	08-05-2011	\$203,596.00
* 14	Decatur Water System Improvements (Supplemental)	08-05-2011	\$231,989.83
* 14	Decatur Water System Improvements	08-05-2011	\$218,130.17
* 14	Decatur Water System Improvements	08-05-2011	\$78,072.00
* 14	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supplemental)	08-05-2011	\$121,914.00
* 14	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	08-05-2011	\$220,840.00
* 15	Decatur Water System Improvements (Supplemental)	09-06-2011	\$60,990.00
* 15	Dothan West Side Tank and Connecting Main	09-06-2011	\$196,994.00
* 15	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank (Supplemental)	09-06-2011	\$80,893.00
387	Albertville Water Treatment & Distribution Improvements	03-24-2011	\$495,877.00
387	Cullman Water Upgrades 2008	03-24-2011	\$191,971.00
387	Albertville Water Treatment & Distribution Improvements	03-24-2011	\$1,078,052.00
387	South Alabama Utilities Water System Improvements - AMR System	03-24-2011	\$63,475.00
387	Cullman Water Upgrades 2008	03-24-2011	\$217,587.00
387	South Alabama Utilities Water System Improvements - AMR System	03-24-2011	\$64,800.00
387	Cullman Water System Upgrades	03-24-2011	\$87,262.00
387	Albertville Water Treatment & Distribution Improvements	03-24-2011	\$162,391.00
388	Albertville Water Treatment & Distribution Improvements	04-22-2011	\$16,186.00
388	Cullman Water System Upgrades	04-22-2011	\$37,859.00
388	Cullman Water System Upgrades	04-22-2011	\$69,866.00
388	Cullman Water System Upgrades	04-22-2011	\$11,058.00
388	Douglas Water Filter Plant Upgrade (Supplemental)	04-22-2011	\$13,543.02
388	Cullman Water System Upgrades	04-22-2011	\$38,115.31

Draw #	Project Name	Draw Date	Draw Amount
388	Cullman Water System Upgrades	04-22-2011	\$62,607.00
388	Walter Water Authority Water Line Upgrade	04-22-2011	\$638.41
388	Tuskegee Water Treatment Plant Improvements	04-22-2011	\$292,282.00
388	Tuskegee Water Treatment Plant Improvements	04-22-2011	\$142,730.00
388	Cullman Water Upgrades 2008	04-22-2011	\$61,049.00
388	Cullman Water Upgrades 2008	04-22-2011	\$41,078.00
388	Cullman Water Upgrades 2008	04-22-2011	\$155,461.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$9,686.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$279,399.00
389	Weaver Well and Storage Tank	09-02-2011	\$43,183.61
389	Albertville Water Treatment & Distribution Improvements Supplemental	09-02-2011	\$90,547.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$45,853.00
389	Cullman Water Upgrades 2008	09-02-2011	\$84,849.00
389	Cullman Water System Upgrades	09-02-2011	\$45,508.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$12,607.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$48,526.00
389	Cullman Water System Upgrades	09-02-2011	\$64,438.00
389	Albertville Water Treatment & Distribution Improvements	09-02-2011	\$408,622.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$244,793.00
389	South Alabama Utilities Water System Improvements - AMR System	09-02-2011	\$296,431.00
389	Cullman Water System Upgrades	09-02-2011	\$81,583.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$174,983.00
389	Birmingham Lake Purdy Solar Powered Mixing Systems	09-02-2011	\$813,716.00
389	Albertville Water Treatment & Distribution Improvements	09-02-2011	\$346,573.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$31,583.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$725,735.00
389	Albertville Water Treatment & Distribution Improvements	09-02-2011	\$328,099.00
389	Douglas Water Filter Plant Upgrade (Supplemental)	09-02-2011	\$165,510.00
389	Albertville Water Treatment & Distribution Improvements	09-02-2011	\$951,677.00
389	Cullman Water System Upgrades	09-02-2011	\$7,604.69
389	Albertville Water Treatment & Distribution Improvements	09-02-2011	\$33,710.46
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$280,721.00
389	Cullman Water System Upgrades	09-02-2011	\$73,883.00
389	South Alabama Utilities Water System Improvements - AMR System	09-02-2011	\$284,893.00
389	South Alabama Utilities Water System Improvements - AMR System	09-02-2011	\$77,057.00
389	Cullman County Water Accountability Improvements	09-02-2011	\$162,077.00
389	Albertville Water Treatment & Distribution Improvements Supplemental	09-02-2011	\$7,494.00
389	Cullman County Water Accountability Improvements	09-02-2011	\$2,644.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$256,148.00
389	Tuskegee Water Treatment Plant Improvements	09-02-2011	\$277,276.00
389	Albertville Water Treatment & Distribution Improvements Supplemental	09-02-2011	\$179,711.00
389	South Alabama Utilities Water System Improvements - AMR System	09-02-2011	\$10,966.00
389	Albertville Water Treatment & Distribution Improvements Supplemental	09-02-2011	\$249,813.00
389	Albertville Water Treatment & Distribution Improvements Supplemental	09-02-2011	\$135,836.00
			\$19,316,918.96
DWSRF Base Grant Total			\$10,637,623.50
* DWSRF ARRA Grant Total			\$8,679,295.46

Exhibit 7 – Set Asides

FY2011 Annual Report Reflecting Activities Funded Through Drinking Water State Revolving Fund Set Aside Funds

The Drinking Water State Revolving Fund Grant allows a portion of the grant funds to be used for activities other than loans by setting aside some of these grant funds. These funds and activities are identified as follows:

- **2% Funds** – Fund 246 has been established to track expenditures of grant funds available from EPA for small system technical assistance. There were no expenditures during FY2011 from this fund.

There were no funds reserved from the FY2011 Grant.

- **4% Funds** – Fund 245 has been established to track activities and expenditures to support the reasonable cost of administering the Drinking Water SRF Program and providing technical assistance to public water systems in understanding and applying for the SRF Program. There were no expenditures during FY2011 from this fund.

Details of this set aside are covered in Part IV., A., 3.

- **10% Funds** – Fund 247 has been established to assist with program management of the Drinking Water Supervision Program in states. This fund allows a state to cover costs for administering the PWSS Program. There were no expenditures during FY2011 from this fund.

There were no funds reserved from the FY2010 Grant.

- **15% Funds** – Fund 248 has been established to provide local assistance to water systems for promoting Wellhead Protection Program activities, establishing a capacity development strategy and implementation of capacity development, and encouraging systems to comply with Source Water Assessment Program (SWAP). There were no expenditures during FY2011 from this fund.

There were no funds reserved from the FY2011 Grant.

Exhibit 8: DWSRF Assistance to Small Systems

Small System Funding

Project Name	IUP FY	Bind Date	Loan Amount	Population
Greenhill Water System Improvements	2010	3/1/11	\$460,000.00	7,614
Henry County Water System SCADA Improvements	2010	3/1/11	\$980,000.00	8,600
			\$1,440,000.00	

Large System Funding

Project Name	IUP FY	Bind Date	Loan Amount	Population
Chattahoochee Valley Water Sytem Improvements	2010	2/1/11	\$2,220,000.00	28,200
Warrior River Phase 1 Improvements	2010	6/1/11	\$16,005,000.00	30,000
Cullman County Water Accountability Improvements	2010	4/15/11	\$3,253,184.00	48,000
Birmingham Lake Purdy Solar Powered Mixing Systems	2010	2/1/11	\$813,716.00	600,000
Birmingham Carson Filter Plant Generator	2010	2/1/11	\$2,045,000.00	600,000
			\$24,336,900.00	

Total Project Funding:	\$25,776,900.00		
Large System Funding:	\$24,336,900.00	=	94.4%
Small System Funding:	\$1,440,000.00	=	5.6%

Exhibit 9 – Long Term Cash Flows

Subpart L, Drinking Water State Revolving Funds, implements Section 1452 of the Safe Drinking Water Act, as amended, 42 USC 300j-12. Section 1452(c) Fund Management, states the “State loan fund shall be established, maintained, and credited with repayments and interest. The fund corpus shall be available in perpetuity for providing financial assistance under this section.” The EPA's program regulation, 40 CFR Section 35.3500(a) implements the SDWA directive and states the DWSRF is to operate in perpetuity.

To measure perpetuity, an attempt has been made to identify the true present worth of the program, compared to the original sum of contributed capital (corpus):

DWSRF Perpetuity of the Fund Measure

Contributed Capital					
FY	Total Grant	Net Grant (minus set asides)	20% Match	Transfer from CWSRF	Total Contributed Capital
1998	\$8,465,600	\$8,126,976	\$1,693,120	\$2,793,648	\$12,613,744
1999	\$8,872,800	\$7,810,450	\$1,774,560	\$2,928,024	\$12,513,034
2000	\$9,221,400	\$8,249,969	\$1,844,280	\$3,043,062	\$13,137,311
2001	\$9,259,500	\$7,855,865	\$1,851,900	\$3,055,635	\$12,763,400
2002	\$8,052,500	\$6,685,924	\$1,610,500	\$2,657,325	\$10,953,749
2003	\$8,004,100	\$7,523,854	\$1,600,820	\$2,641,353	\$11,766,027
2004	\$8,303,100	\$7,970,976	\$1,660,620	\$2,740,023	\$12,371,619
2005	\$8,997,600	\$8,666,180	\$1,799,520	\$2,969,208	\$13,434,908
2006	\$8,229,300	\$7,900,144	\$1,645,860	\$0	\$9,546,004
2007	\$8,229,000	\$7,899,840	\$1,645,800	\$0	\$9,545,640
2008	\$8,146,000	\$7,820,160	\$1,629,200	\$0	\$9,449,360
2009	\$8,146,000	\$7,820,160	\$1,629,200	\$0	\$9,449,360
*2009	\$19,500,000	\$18,720,000	\$0	\$0	\$18,720,000
2010	\$16,823,000	\$16,150,080	\$3,364,600	\$0	\$19,514,680
2011	\$11,674,000	\$11,207,040	\$2,334,800	\$0	\$13,541,840
					\$189,320,676

*ARRA

Net Assets of Program (as of 9/30/11)

Direct Loan Principal Outstanding:	\$114,015,000
Available Cash and Investments:	\$45,967,502
Amount Due to Borrowers:	(\$31,715,224)
<u>Federal Letter of Credit Outstanding:</u>	<u>\$9,959,959</u>
Total Net Assets:	\$138,736,564

42 USC 300j-12c requires that "[t]he fund corpus shall be available in perpetuity for providing financial assistance"

The difference between contributed capital and current net assets can be attributed to the establishment of multiple sinking funds used to retire bonds. Alabama utilizes a leveraging model that utilizes these sinking funds to make up the difference between the state-level bond debt service and the net loan repayments from bond pool borrowers.

Exhibit 10 - Projected Disbursements

Outlay Date	Outlay Amount
10/1/2011	\$1,236,225.00
10/11/2011	\$22,157.00
11/1/2011	\$1,250,225.00
11/11/2011	\$22,157.00
12/1/2011	\$1,047,211.00
12/11/2011	\$23,707.83
1/1/2012	\$1,000,742.42
2/1/2012	\$837,736.87
3/1/2012	\$829,315.00
4/1/2012	\$682,089.00
5/1/2012	\$607,047.50
6/1/2012	\$585,000.00
7/1/2012	\$573,827.92
8/1/2012	\$460,000.00
9/1/2012	\$460,000.00
Grand Total	\$9,637,441.54

Exhibit - MBE/WBE Goals/Contract Summary

Project Name	IUP FY	Loan No.	Prime Contractor	Contract Amt.	Approval Date	Cap Grant No.	DBE Sub-Contractors	MBE \$	WBE \$
Tuskegee - Contract 2: WTP Clearwell Addition	FY08	FS010031-02	Faulk Constructors, Inc.	\$ 1,504,030.00	4/19/2011	FS984472-08	Tuskegee Ready-Mix, Inc.	\$180,000.00	
Albertville - Contract 6: WTP Filter Nos. 1 - 4 Rehabilitation	FY09	FS010060-02	Lincoln Utility Contractors, Inc.	\$ 1,630,830.00	3/1/2011	FS984472-09	Akeem Construction Company, LLC	\$9,500.00	
Albertville - Contract 7: Beulah Booster Pumping Station	FY09	FS010060-02	P. F. Moon and Company, Inc.	\$ 461,500.00	7/22/2011	FS984472-09	Stepki Masonry, LLC	\$10,500.00	
Cullman - Contract 4: Golf Course Road & Vinemont Cleaning & Coating	FY05	FS010064-04	Utility Service Co., Inc.	\$ 892,000.00	12/17/2010	FS984472-05	No DBE Participation		
Bayou LaBatre - Contract 1: Installation of Hydraulic Control Structures	FY03	FS010088-01	Nordan Contracting Co., Inc	\$ 69,523.00	9/2/2011	FS984472-03	No Subcontractors Used		
South Alabama Utilities - Contract B: Calvert Water Supply Well & Treatment Facility	FY07	FS010089-03	Griner Drilling Service, Inc.	\$ 1,738,250.00	4/18/2011	FS984472-07	Water and Waste Specilaties, LLC	\$300,000.00	
South Alabama Utilities - Contract B: Calvert Water Supply Well & Treatment Facility	FY07	FS010089-03	Griner Drilling Service, Inc.	\$ 1,738,250.00	4/18/2011	FS984472-07	Moody's Electric		\$ 75,000.00
South Alabama Utilities - Contract A: Calvert 1 MG Elevated Water Storage Tank	FY07	FS010089-03	CB&I, Inc.	\$ 2,367,000.00	5/10/2011	FS984472-07	Bennett Motor Express		\$ 40,300.00
South Alabama Utilities - Contract A: Calvert 1 MG Elevated Water Storage Tank	FY07	FS010089-03	CB&I, Inc.	\$ 2,367,000.00	5/10/2011	FS984472-07	Mills Fence LLC	\$27,792.00	
Birmingham Water Works Board - Carson Filter Plant Generator Project	FY10	FS010122-02	Mastin's Inc.	\$ 1,910,407.50	4/15/2011	FS984472-10	Ram Tool & Supply Co., Inc.		\$ 1,000.00
Birmingham Water Works Board - Carson Filter Plant Generator Project	FY10	FS010122-02	Mastin's Inc.	\$ 1,910,407.50	4/15/2011	FS984472-10	Grassworks, Inc.	\$3,000.00	
Birmingham Water Works Board - Carson Filter Plant Generator Project	FY10	FS010122-02	Mastin's Inc.	\$ 1,910,407.50	4/15/2011	FS984472-10	Kari-Lane LLC		\$ 6,100.00
Henry County - SCADA Improvements	FY10	FS010131-01	WWPC, LLC	\$ 725,249.00	6/29/2011	FS984472-10	No DBE Participation		
Chattahoochee Valley Water Supply District - Contract 2: Raw Water Main	FY10	FS010132-01	Crawford Grading and Pipeline Inc.	\$ 871,080.00	7/22/2011	FS984472-10	Frank T. Loud Trucking, Inc.	\$22,800.00	
Chattahoochee Valley Water Supply District - Contract 1: Pretreatment Contact Chamber	FY10	FS010132-01	P. F. Moon and Company, Inc.	\$ 938,000.00	9/1/2011	FS984472-10	National Erectors, Inc.	\$16,048.00	
Cullman County Water System - Water Accountability Improvements	FY10	FS010135-01	HDS Supply Water Works	\$ 1,500,000.00	6/29/2011	FS984472-10	No Subcontractors Used		
Greenhill Water System - Contract 1: Water System Improvements	FY10	FS101126-01	Golden Construction Company	\$ 391,808.00	9/1/2011	FS984472-10	No Subcontractors Used		
Number of Contracts: 17				Total Contracts Amount:	\$ 22,925,742.50	Percentage %		\$ 569,640.00	\$ 122,400.00
				MBE Participation:	\$ 569,640.00	2.5%			
				WBE Participation:	\$ 122,400.00	0.5%			
				Total DBE:	\$ 692,040.00	3.0%			

Exhibit 12 - Loan Repayments 1/1/11 thru 5/15/11

Date	Project	Principal	Interest	Total Payment
01-01-2011	Butler County Water Authority Tank and Line Improvements	\$0.00	\$19,672.50	\$19,672.50
02-15-2011	Albertville Water Treatment & Distribution Improvements	\$0.00	\$224,700.00	\$224,700.00
02-15-2011	Albertville Water Treatment Plant Improvements	\$0.00	\$62,562.50	\$62,562.50
02-15-2011	Andalusia Elevated Storage Tank Project	\$0.00	\$14,612.50	\$14,612.50
02-15-2011	Asbury Water System Improvements	\$25,000.00	\$7,087.50	\$32,087.50
02-15-2011	Atmore Water System Improvements	\$40,000.00	\$11,208.75	\$51,208.75
02-15-2011	Atmore Water System Improvements (Supplemental)	\$0.00	\$20,037.50	\$20,037.50
02-15-2011	Bay Minette Water System Improvements	\$1,305,000.00	\$25,121.25	\$25,121.25
02-15-2011	Bayou La Batre Water System Improvements	\$15,000.00	\$4,041.25	\$19,041.25
02-15-2011	Belforest Line Extensions and Storage Tank	\$45,000.00	\$10,961.25	\$55,961.25
02-15-2011	Boaz Industrial Park PS & Mains (Supplemental)	\$20,000.00	\$4,637.50	\$24,637.50
02-15-2011	Boaz Industrial Park PS & Transmission Main Upgr	\$0.00	\$6,517.50	\$6,517.50
02-15-2011	Camden Water System Improvements	\$20,000.00	\$5,185.00	\$25,185.00
02-15-2011	Chilton Water System Improvements	\$0.00	\$31,303.75	\$31,303.75
02-15-2011	Clay County Water Treatment Plant Improvements	\$0.00	\$27,300.00	\$27,300.00
02-15-2011	Covington Co. Water System Improvements	\$10,000.00	\$2,370.00	\$12,370.00
02-15-2011	CREMS Etowah Co. Water Authority - Storage Tank	\$0.00	\$3,187.50	\$3,187.50
02-15-2011	CREMS Water Authority-Storage Tank (Supplemental)	\$0.00	\$1,540.00	\$1,540.00
02-15-2011	Cullman Center Hill Waterline Phase II and III	\$0.00	\$32,200.00	\$32,200.00
02-15-2011	Cullman Water System Upgrades	\$105,000.00	\$32,482.50	\$137,482.50
02-15-2011	Cullman Water System Upgrades	\$0.00	\$19,581.25	\$19,581.25
02-15-2011	Cullman Water Upgrades	\$120,000.00	\$34,617.50	\$154,617.50
02-15-2011	Cullman Water Upgrades 2008	\$45,000.00	\$19,425.00	\$64,425.00
02-15-2011	Cullman WTP Expansion	\$0.00	\$56,812.50	\$56,812.50
02-15-2011	Dale Co. 1998 Water System Improvements	\$0.00	\$22,125.00	\$22,125.00
02-15-2011	Daphne Utilities Water System Improvements	\$0.00	\$45,825.00	\$45,825.00
02-15-2011	Daphne Utilities Water System Improvements (Supplemental)	\$0.00	\$14,218.75	\$14,218.75
02-15-2011	Demopolis / Jefferson Rd & Hwy 43 Water Tanks	\$0.00	\$8,531.25	\$8,531.25
02-15-2011	Douglas Water Filter Plant Upgrade	\$0.00	\$30,712.50	\$30,712.50
02-15-2011	Douglas Water Filter Plant Upgrade (Supplemental)	\$0.00	\$7,175.00	\$7,175.00
02-15-2011	Englewood-Hulls Mains, Pump Station, and Storage Tank	\$25,000.00	\$6,212.50	\$31,212.50
02-15-2011	Eufaula Water System Improvements	\$0.00	\$11,625.00	\$11,625.00
02-15-2011	Evergreen Water Distribution System Improvements	\$0.00	\$11,357.50	\$11,357.50
02-15-2011	Five Star Water Works Improvements	\$0.00	\$74,016.25	\$74,016.25
02-15-2011	Fort Payne / Lookout Mountain Water Line Extension	\$0.00	\$10,781.25	\$10,781.25
02-15-2011	Fort Payne Water Improvements	\$0.00	\$6,300.00	\$6,300.00
02-15-2011	Franklin County Water Treatment Plant	\$0.00	\$41,843.75	\$41,843.75
02-15-2011	Franklin County Water Treatment Plant (Supplemental)	\$130,000.00	\$40,336.25	\$170,336.25
02-15-2011	Grand Bay Elevated Storage Tank and Distribution Lines	\$0.00	\$24,325.00	\$24,325.00
02-15-2011	Grant / North Marshall WTP Upgrade	\$15,000.00	\$4,048.75	\$19,048.75
02-15-2011	Hale County Water Improvements	\$70,000.00	\$20,125.00	\$90,125.00
02-15-2011	Hanceville Water Distrib. Lines and Storage Tank	\$0.00	\$16,651.25	\$16,651.25
02-15-2011	Hartselle East Loop Water Main - Phase II	\$0.00	\$41,737.50	\$41,737.50
02-15-2011	Harvest-Monrovia Water Improvements	\$0.00	\$144,471.25	\$144,471.25
02-15-2011	Harvest-Monrovia Water Improvements (Supplemental)	\$0.00	\$112,700.00	\$112,700.00
02-15-2011	Hurtsboro Water System Improvements	\$15,000.00	\$4,147.50	\$19,147.50
02-15-2011	Jackson 2001 Water System Improvements	\$0.00	\$92,137.50	\$92,137.50
02-15-2011	Jackson Co. / Hollywood-Fackler Water Project	\$15,000.00	\$3,160.00	\$18,160.00
02-15-2011	Kushla Water System Improvements	\$60,000.00	\$18,528.75	\$78,528.75
02-15-2011	Kushla Water System Improvements (Supplemental)	\$0.00	\$7,393.75	\$7,393.75
02-15-2011	Leeds Weems Spring Filtration Plant Upgrade	\$0.00	\$6,122.50	\$6,122.50
02-15-2011	Level Plains Water System Improvements	\$15,000.00	\$4,048.75	\$19,048.75
02-15-2011	Limestone South Treatment Facility	\$0.00	\$60,252.50	\$60,252.50
02-15-2011	Lowndesboro Water System Improvements	\$0.00	\$7,068.75	\$7,068.75
02-15-2011	Madison Co. WTP and Storage Tanks	\$0.00	\$128,812.50	\$128,812.50
02-15-2011	Madison Water System Improvements	\$0.00	\$132,751.25	\$132,751.25

Date	Project	Principal	Interest	Total Payment
02-15-2011	Marbury 1998 Water System Improvements	\$0.00	\$32,531.25	\$32,531.25
02-15-2011	Marion Co. PWA AL Hwy 19 & CR-25 Water Project	\$30,000.00	\$7,603.75	\$37,603.75
02-15-2011	McIntosh Well No. 3 and Tank No. 2	\$0.00	\$9,913.75	\$9,913.75
02-15-2011	Mobile Drinking Water Improvements	\$0.00	\$67,031.25	\$67,031.25
02-15-2011	Moundville Water Treatment Facility	\$0.00	\$6,656.25	\$6,656.25
02-15-2011	Munford Water Authority New Drinking Water Well	\$20,000.00	\$9,012.50	\$29,012.50
02-15-2011	Munford Wells and Line Upgrades	\$30,000.00	\$7,702.50	\$37,702.50
02-15-2011	NE AL / Waterloo Springs Water Treatment Plant	\$0.00	\$24,687.50	\$24,687.50
02-15-2011	Nectar Water System Improvements	\$0.00	\$3,000.00	\$3,000.00
02-15-2011	New Brockton Water System Improvements	\$35,000.00	\$8,887.50	\$43,887.50
02-15-2011	Northeast Etowah Co. Storage Tank	\$0.00	\$3,093.75	\$3,093.75
02-15-2011	Northport Water System Improvements	\$0.00	\$39,812.50	\$39,812.50
02-15-2011	Northport WTP Expansion	\$0.00	\$26,718.75	\$26,718.75
02-15-2011	Northport WTP Expansion (Supplemental)	\$0.00	\$12,442.50	\$12,442.50
02-15-2011	Ohatchee Water System Improvements	\$5,000.00	\$1,283.75	\$6,283.75
02-15-2011	Oneonta Straight Mountain Water Improvements	\$0.00	\$21,945.00	\$21,945.00
02-15-2011	Owens Crossroads Gravity Filtration Upgrade	\$40,000.00	\$9,776.25	\$49,776.25
02-15-2011	Ozark Water System Improvements	\$0.00	\$11,343.75	\$11,343.75
02-15-2011	Peterson Water System Storage Tank and Main	\$30,000.00	\$7,603.75	\$37,603.75
02-15-2011	Pinckard Water System Improvements	\$0.00	\$5,425.00	\$5,425.00
02-15-2011	Quint-Mar Water System Improvements	\$0.00	\$5,437.50	\$5,437.50
02-15-2011	Ragland Water System Improvements	\$0.00	\$6,093.75	\$6,093.75
02-15-2011	Russell Co. Water Works Improvements	\$0.00	\$4,048.75	\$4,048.75
02-15-2011	Russellville Cedar Creek Reservoir Raw Water Intake and Main	\$0.00	\$45,500.00	\$45,500.00
02-15-2011	Saint Elmo-Irvington Well/Water Treatment Facility #1 Upgrade	\$0.00	\$13,568.75	\$13,568.75
02-15-2011	Saint Elmo-Irvington Well/Water Treatment Facility #1 Upgrade (Supp)	\$10,000.00	\$4,987.50	\$14,987.50
02-15-2011	Shelby County South Water Treatment Plant	\$0.00	\$266,000.00	\$266,000.00
02-15-2011	Shelby County South Water Treatment Plant	\$0.00	\$318,953.75	\$318,953.75
02-15-2011	Shelby County South Water Treatment Plant (Supplemental)	\$0.00	\$431,118.00	\$431,118.00
02-15-2011	Smiths Water Line Improvements	\$35,000.00	\$8,690.00	\$43,690.00
02-15-2011	South Alabama Utilities Water System Improvements	\$175,000.00	\$53,756.25	\$228,756.25
02-15-2011	South Alabama Utilities Water System Improvements	\$0.00	\$82,273.75	\$82,273.75
02-15-2011	South Alabama Utilities Water System Improvements - AMR System	\$0.00	\$100,625.00	\$100,625.00
02-15-2011	South Bullock Deep Well Water Supply Improvements	\$25,000.00	\$11,900.00	\$36,900.00
02-15-2011	Steele Water Works Improvements	\$20,000.00	\$4,345.00	\$24,345.00
02-15-2011	Stockton Interconnection and Tank	\$60,000.00	\$17,766.25	\$77,766.25
02-15-2011	Sumiton Water System Improvements 2000	\$90,000.00	\$26,276.25	\$116,276.25
02-15-2011	Swearingin Water System Improvements	\$40,000.00	\$9,282.50	\$49,282.50
02-15-2011	Thorsby 2000 Water System Expansion Project	\$0.00	\$7,026.25	\$7,026.25
02-15-2011	Thorsby Well No. 7 Project	\$40,000.00	\$10,675.00	\$50,675.00
02-15-2011	Troy Utility Complex Elevated Storage Tank Painting	\$0.00	\$2,989.59	\$2,989.59
02-15-2011	Turnerville Water System Improvements	\$45,000.00	\$13,572.50	\$58,572.50
02-15-2011	Tuscaloosa Water System Improvements	\$0.00	\$99,353.75	\$99,353.75
02-15-2011	Tuskegee Water System Improvements	\$100,000.00	\$27,057.50	\$127,057.50
02-15-2011	Tuskegee Water Treatment Plant Improvements	\$110,000.00	\$51,712.50	\$161,712.50
02-15-2011	VAW Water System Improvements	\$0.00	\$52,041.25	\$52,041.25
02-15-2011	Wall Street / Reeltown Storage Tank	\$0.00	\$4,687.50	\$4,687.50
02-15-2011	Walter Water Authority Water Line Upgrade	\$0.00	\$4,900.00	\$4,900.00
02-15-2011	Wattsville Water System Improvements	\$0.00	\$8,531.25	\$8,531.25
02-15-2011	Weaver Well and Storage Tank	\$0.00	\$11,666.67	\$11,666.67
02-15-2011	West Morgan - East Lawrence Drinking Water Infrastructure Impro	\$0.00	\$112,545.00	\$112,545.00
02-15-2011	White House Water System Improvements	\$0.00	\$11,550.00	\$11,550.00
05-15-2011	Dauphin Island Reverse Osmosis WT Facility & 1 MG Tank	\$0.00	\$19,676.81	\$19,676.81
		\$3,035,000.00	\$4,001,787.32	\$5,731,787.32

Exhibit 12 - Loan Repayments 7/1/11 and 8/15/11

Date	Project	Principal	Interest	Total Payment
08-15-2011	Albertville Water Treatment & Distribution Improvements	\$485,000.00	\$224,700.00	\$709,700.00
08-15-2011	Albertville Water Treatment Plant Improvements	\$245,000.00	\$62,562.50	\$307,562.50
08-15-2011	Andalusia Elevated Storage Tank Project	\$55,000.00	\$14,612.50	\$69,612.50
08-15-2011	Asbury Water System Improvements	\$0.00	\$6,650.00	\$6,650.00
08-15-2011	Atmore Water System Improvements	\$0.00	\$10,598.75	\$10,598.75
08-15-2011	Atmore Water System Improvements (Supplemental)	\$45,000.00	\$20,037.50	\$65,037.50
08-15-2011	Bayou La Batre Water System Improvements	\$0.00	\$3,812.50	\$3,812.50
08-15-2011	Belforest Line Extensions and Storage Tank	\$0.00	\$10,072.50	\$10,072.50
08-15-2011	Birmingham Carson Filter Plant Generator	\$0.00	\$23,773.12	\$23,773.12
08-15-2011	Boaz Industrial Park PS & Mains (Supplemental)	\$0.00	\$4,287.50	\$4,287.50
08-15-2011	Boaz Industrial Park PS & Transmission Main Upgr	\$25,000.00	\$6,517.50	\$31,517.50
07-01-2011	Butler County Water Authority Tank and Line Improvements	\$75,000.00	\$19,672.50	\$94,672.50
08-15-2011	Camden Water System Improvements	\$0.00	\$4,880.00	\$4,880.00
08-15-2011	Chilton Water System Improvements	\$130,000.00	\$31,303.75	\$161,303.75
08-15-2011	Clay County Water Treatment Plant Improvements	\$65,000.00	\$27,300.00	\$92,300.00
08-15-2011	Covington Co. Water System Improvements	\$0.00	\$2,172.50	\$2,172.50
08-15-2011	CREMS Etowah Co. Water Authority - Storage Tank	\$15,000.00	\$3,187.50	\$18,187.50
08-15-2011	CREMS Water Authority-Storage Tank (Supplemental)	\$5,000.00	\$1,540.00	\$6,540.00
08-15-2011	Cullman Center Hill Waterline Phase II and III	\$125,000.00	\$32,200.00	\$157,200.00
08-15-2011	Cullman Water System Upgrades	\$0.00	\$30,881.25	\$30,881.25
08-15-2011	Cullman Water System Upgrades	\$60,000.00	\$19,581.25	\$79,581.25
08-15-2011	Cullman Water Upgrades	\$0.00	\$32,787.50	\$32,787.50
08-15-2011	Cullman Water Upgrades 2008	\$0.00	\$18,637.50	\$18,637.50
08-15-2011	Cullman WTP Expansion	\$3,030,000.00	\$44,187.50	\$3,074,187.50
08-15-2011	Dale Co. 1998 Water System Improvements	\$115,000.00	\$22,125.00	\$137,125.00
08-15-2011	Daphne Utilities Water System Improvements	\$150,000.00	\$45,825.00	\$195,825.00
08-15-2011	Daphne Utilities Water System Improvements (Supplemental)	\$40,000.00	\$14,218.75	\$54,218.75
08-15-2011	Demopolis / Jefferson Rd & Hwy 43 Water Tanks	\$50,000.00	\$8,531.25	\$58,531.25
08-15-2011	Dothan West Side Tank and Connecting Main	\$75,000.00	\$21,334.45	\$96,334.45
08-15-2011	Douglas Water Filter Plant Upgrade	\$85,000.00	\$30,712.50	\$115,712.50
08-15-2011	Douglas Water Filter Plant Upgrade (Supplemental)	\$15,000.00	\$7,175.00	\$22,175.00
08-15-2011	Englewood-Hulls Mains, Pump Station, and Storage Tank	\$0.00	\$5,775.00	\$5,775.00
08-15-2011	Eufaula Water System Improvements	\$65,000.00	\$11,625.00	\$76,625.00
08-15-2011	Evergreen Water Distribution System Improvements	\$50,000.00	\$11,357.50	\$61,357.50
08-15-2011	Five Star Water Works Improvements	\$320,000.00	\$74,016.25	\$394,016.25
08-15-2011	Fort Payne / Lookout Mountain Water Line Extension	\$65,000.00	\$10,781.25	\$75,781.25
08-15-2011	Fort Payne Water Improvements	\$25,000.00	\$6,300.00	\$31,300.00
08-15-2011	Franklin County Water Treatment Plant	\$135,000.00	\$41,843.75	\$176,843.75
08-15-2011	Franklin County Water Treatment Plant (Supplemental)	\$0.00	\$38,353.75	\$38,353.75
08-15-2011	Grand Bay Elevated Storage Tank and Distribution Lines	\$80,000.00	\$24,325.00	\$104,325.00
08-15-2011	Grant / North Marshall WTP Upgrade	\$0.00	\$3,752.50	\$3,752.50
08-15-2011	Hale County Water Improvements	\$0.00	\$18,900.00	\$18,900.00
08-15-2011	Hanceville Water Distrib. Lines and Storage Tank	\$65,000.00	\$16,651.25	\$81,651.25
08-15-2011	Hartselle East Loop Water Main - Phase II	\$160,000.00	\$41,737.50	\$201,737.50
08-15-2011	Harvest-Monrovia Water Improvements	\$500,000.00	\$144,471.25	\$644,471.25
08-15-2011	Harvest-Monrovia Water Improvements (Supplemental)	\$440,000.00	\$112,700.00	\$552,700.00
08-15-2011	Hurtsboro Water System Improvements	\$0.00	\$3,851.25	\$3,851.25
08-15-2011	Jackson 2001 Water System Improvements	\$325,000.00	\$92,137.50	\$417,137.50
08-15-2011	Jackson Co. / Hollywood-Fackler Water Project	\$0.00	\$2,863.75	\$2,863.75
08-15-2011	Kushla Water System Improvements	\$0.00	\$17,613.75	\$17,613.75
08-15-2011	Kushla Water System Improvements (Supplemental)	\$20,000.00	\$7,393.75	\$27,393.75
08-15-2011	Leeds Weems Spring Filtration Plant Upgrade	\$25,000.00	\$6,122.50	\$31,122.50
08-15-2011	Level Plains Water System Improvements	\$0.00	\$3,752.50	\$3,752.50
08-15-2011	Limestone South Treatment Facility	\$235,000.00	\$60,252.50	\$295,252.50
08-15-2011	Lowndesboro Water System Improvements	\$20,000.00	\$7,068.75	\$27,068.75
08-15-2011	Madison Co. WTP and Storage Tanks	\$655,000.00	\$128,812.50	\$783,812.50

Date	Project	Principal	Interest	Total Payment
08-15-2011	Madison Water System Improvements	\$505,000.00	\$132,751.25	\$637,751.25
08-15-2011	Marbury 1998 Water System Improvements	\$130,000.00	\$32,531.25	\$162,531.25
08-15-2011	Marion Co. PWA AL Hwy 19 & CR-25 Water Project	\$0.00	\$7,011.25	\$7,011.25
08-15-2011	McIntosh Well No. 3 and Tank No. 2	\$40,000.00	\$9,913.75	\$49,913.75
08-15-2011	Mobile Drinking Water Improvements	\$215,000.00	\$67,031.25	\$282,031.25
08-15-2011	Moundville Water Treatment Facility	\$40,000.00	\$6,656.25	\$46,656.25
08-15-2011	Munford Water Authority New Drinking Water Well	\$0.00	\$8,662.50	\$8,662.50
08-15-2011	Munford Wells and Line Upgrades	\$0.00	\$7,110.00	\$7,110.00
08-15-2011	NE AL / Waterloo Springs Water Treatment Plant	\$105,000.00	\$24,687.50	\$129,687.50
08-15-2011	Nectar Water System Improvements	\$15,000.00	\$3,000.00	\$18,000.00
08-15-2011	New Brockton Water System Improvements	\$0.00	\$8,196.25	\$8,196.25
08-15-2011	Northeast Etowah Co. Storage Tank	\$15,000.00	\$3,093.75	\$18,093.75
08-15-2011	Northport Water System Improvements	\$120,000.00	\$39,812.50	\$159,812.50
08-15-2011	Northport WTP Expansion	\$135,000.00	\$26,718.75	\$161,718.75
08-15-2011	Northport WTP Expansion (Supplemental)	\$60,000.00	\$12,442.50	\$72,442.50
08-15-2011	Ohatchee Water System Improvements	\$0.00	\$1,185.00	\$1,185.00
08-15-2011	Oneonta Straight Mountain Water Improvements	\$85,000.00	\$21,945.00	\$106,945.00
08-15-2011	Owens Crossroads Gravity Filtration Upgrade	\$0.00	\$8,986.25	\$8,986.25
08-15-2011	Ozark Water System Improvements	\$60,000.00	\$11,343.75	\$71,343.75
08-15-2011	Peterson Water System Storage Tank and Main	\$0.00	\$7,011.25	\$7,011.25
08-15-2011	Pinckard Water System Improvements	\$20,000.00	\$5,425.00	\$25,425.00
08-15-2011	Quint-Mar Water System Improvements	\$30,000.00	\$5,437.50	\$35,437.50
08-15-2011	Ragland Water System Improvements	\$30,000.00	\$6,093.75	\$36,093.75
08-15-2011	Russell Co. Water Works Improvements	\$20,000.00	\$4,048.75	\$24,048.75
08-15-2011	Russellville Cedar Creek Reservoir Raw Water Intake and Main	\$135,000.00	\$45,500.00	\$180,500.00
08-15-2011	Saint Elmo-Irvington Well/Water Treatment Facility #1 Upgrade	\$35,000.00	\$13,568.75	\$48,568.75
08-15-2011	Saint Elmo-Irvington Well/Water Treatment Facility #1 Upgrade (Supp)	\$0.00	\$4,812.50	\$4,812.50
08-15-2011	Shelby County South Water Treatment Plant	\$615,000.00	\$266,000.00	\$881,000.00
08-15-2011	Shelby County South Water Treatment Plant	\$230,000.00	\$318,953.75	\$548,953.75
08-15-2011	Shelby County South Water Treatment Plant (Supplemental)	\$250,000.00	\$431,118.00	\$681,118.00
08-15-2011	Smiths Water Line Improvements	\$0.00	\$7,998.75	\$7,998.75
08-15-2011	South Alabama Utilities Water System Improvements	\$0.00	\$51,087.50	\$51,087.50
08-15-2011	South Alabama Utilities Water System Improvements	\$290,000.00	\$82,273.75	\$372,273.75
08-15-2011	South Alabama Utilities Water System Improvements - AMR Sys	\$235,000.00	\$100,625.00	\$335,625.00
08-15-2011	South Bullock Deep Well Water Supply Improvements	\$0.00	\$11,462.50	\$11,462.50
08-15-2011	Steele Water Works Improvements	\$0.00	\$3,950.00	\$3,950.00
08-15-2011	Stockton Interconnection and Tank	\$0.00	\$16,851.25	\$16,851.25
08-15-2011	Sumiton Water System Improvements 2000	\$0.00	\$24,543.75	\$24,543.75
08-15-2011	Swearengin Water System Improvements	\$0.00	\$8,492.50	\$8,492.50
08-15-2011	Thorsby 2000 Water System Expansion Project	\$25,000.00	\$7,026.25	\$32,026.25
08-15-2011	Thorsby Well No. 7 Project	\$0.00	\$9,975.00	\$9,975.00
08-15-2011	Troy Utility Complex Elevated Storage Tank Painting	\$5,000.00	\$3,587.50	\$8,587.50
08-15-2011	Turnerville Water System Improvements	\$0.00	\$12,886.25	\$12,886.25
08-15-2011	Tuscaloosa Water System Improvements	\$320,000.00	\$99,353.75	\$419,353.75
08-15-2011	Tuskegee Water System Improvements	\$0.00	\$25,082.50	\$25,082.50
08-15-2011	Tuskegee Water Treatment Plant Improvements	\$0.00	\$49,787.50	\$49,787.50
08-15-2011	Tuskegee Water Treatment Plant Improvements (Supplemental)	\$60,000.00	\$10,386.73	\$70,386.73
08-15-2011	VAW Water System Improvements	\$220,000.00	\$52,041.25	\$272,041.25
08-15-2011	Wall Street / Reeltown Storage Tank	\$25,000.00	\$4,687.50	\$29,687.50
08-15-2011	Walter Water Authority Water Line Upgrade	\$10,000.00	\$4,900.00	\$14,900.00
08-15-2011	Wattsville Water System Improvements	\$45,000.00	\$8,531.25	\$53,531.25
08-15-2011	Weaver Well and Storage Tank	\$30,000.00	\$14,000.00	\$44,000.00
08-15-2011	West Morgan - East Lawrence Drinking Water Infrastructure Improv	\$365,000.00	\$112,545.00	\$477,545.00
08-15-2011	White House Water System Improvements	\$50,000.00	\$11,550.00	\$61,550.00
		\$12,645,000.00	\$3,973,009.80	\$16,618,009.80

Exhibit 12 - Loan Repayments by Fiscal Year

FY	Principal	Interest	Total Payment
1999	\$395,000.00	\$130,498.45	\$525,498.45
2000	\$1,180,000.00	\$659,149.30	\$1,839,149.30
2001	\$1,970,000.00	\$2,023,680.62	\$3,993,680.62
2002	\$2,715,000.00	\$2,694,992.54	\$5,409,992.54
2003	\$4,245,000.00	\$3,378,528.63	\$7,623,528.63
2004	\$5,320,000.00	\$4,166,652.37	\$9,486,652.37
2005	\$5,435,000.00	\$4,449,752.72	\$9,884,752.72
2006	\$6,635,000.00	\$4,832,342.99	\$11,467,342.99
2007	\$8,115,000.00	\$5,657,395.75	\$13,772,395.75
2008	\$8,600,000.00	\$6,502,917.60	\$15,102,917.60
2009	\$10,045,000.00	\$7,893,338.80	\$17,938,338.80
2010	\$12,100,000.00	\$7,879,623.23	\$19,979,623.23
2011	\$15,680,000.00	\$7,974,797.12	\$22,349,797.12
	\$82,435,000.00	\$58,243,670.12	\$139,373,670.12

Exhibit 13 - Projects by Category

Project	Treatment	Distribution	Source	Storage	Loan Amount
Birmingham Carson Filter Plant Generator	\$2,045,000.00	\$0.00	\$0.00	\$0.00	\$2,045,000.00
Birmingham Lake Purdy Solar Powered Mixing Systems	\$0.00	\$0.00	\$813,716.00	\$0.00	\$813,716.00
Chattahoochee Valley Water Sytem Improvements	\$1,110,000.00	\$0.00	\$1,110,000.00	\$0.00	\$2,220,000.00
Cullman County Water Accountability Improvements	\$0.00	\$3,253,184.00	\$0.00	\$0.00	\$3,253,184.00
Greenhill Water System Improvements	\$0.00	\$460,000.00	\$0.00	\$0.00	\$460,000.00
Henry County Water System SCADA Improvements	\$245,000.00	\$147,000.00	\$294,000.00	\$294,000.00	\$980,000.00
Warrior River Phase 1 Improvements	\$7,202,250.00	\$8,802,750.00	\$0.00	\$0.00	\$16,005,000.00
	\$10,602,250.00	\$12,662,934.00	\$2,217,716.00	\$294,000.00	\$25,776,900.00

State of Alabama
Alabama Department of Environmental Management
Drinking Water State Revolving Fund (DWSRF) Loan Program



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Alabama Department of Environmental Management
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DWSRF Intended Use Plan



Fiscal Year 2011

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I. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) for the purpose of assisting public water systems to finance the cost of potable water infrastructure. The U.S. Environmental Protection Agency (EPA) is authorized to award capitalization grants to the States, which in turn administer the DWSRF program. This Intended Use Plan (IUP) describes how the State intends to use available DWSRF program funds for the year to meet the objectives of the SDWA and further the goal of protecting public health.

The State of Alabama is projected to receive a total \$11,488,000 in EPA grant funding that will be used to provide low interest loans from the DWSRF program. A 20% State Match of \$2,297,600 for the projected EPA DWSF capitalization grant will be required and will be fulfilled by an overmatch from previous years' programs.

Alabama's DWSRF is designed to be a perpetual source of low cost financial assistance for the construction of public water supply facilities needed to meet compliance standards and public health requirements. Once ultimate capitalization has been achieved, the program may utilize the direct loan repayments, undedicated interest from the bond debt service reserve funds and construction funds and assets of the Master State Revolving Account as the source funds to fund direct loans.

II. Program Goals

A. Short-term goals

1. To provide low interest loans for the construction of public water supply facilities on the DWSRF Priority List.
2. To provide DWSRF loans with additional subsidization in the form of principal forgiveness for not less than 30% of the 2011 DWSRF Capitalization Grant for the construction of water treatment and distribution facilities.
3. To provide DWSRF loans if required to the extent there are sufficient eligible project applications, not less than 20% of the DWSRF 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 GPR.
4. To implement the State's DWSRF in compliance with the goals of the Safe Drinking Water Act and to ensure conformance with Federal crosscutting issues.
5. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

B. Long term goals

1. To maintain the DWSRF program and the long-term fiscal integrity of the fund.
2. To provide a self-perpetuating source of low interest loans for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.
3. To fund projects which will have a positive impact on public health and ensure compliance with the Safe Drinking Water Act.
4. To assist systems in ensuring affordable water supply.

The Department shall comply with all of the requirements of the Operating Agreement made with EPA dated August 8, 1998, including the assurances contained therein. The Operating Agreement is incorporated by reference.

The Department is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.

III. Sources and Uses of Funds:

The Department is expected to fund FY 2011 projects using a combination of interest earnings on the Fund, repayments from direct loans EPA Capitalization Grant and ARRA Capitalization Grant. Match for the EPA cap grant will be provided by excess match pledged in previous years. The estimated sources and uses of funds in the FY 2010 DWSRF program are as follows:

Projected Sources:

2011 EPA DWSRF Cap Grant (Estimated):	\$11,488,000
Direct Loan Repayments, Interest Earnings and Unobligated Funds:	\$13,705,770
<u>State Match Cash Appropriation (projected):</u>	<u>\$0</u>
Total:	\$25,193,770

Projected Uses:

Direct Loan Project Fund:	\$25,734,250
Green Infrastructure Assistance:	\$4,020,400
Additional Subsidization (Principal Forgiveness)	\$3,446,400
<u>4-% Administrative Set-Aside:</u>	<u>\$459,520</u>
Total:	\$25,193,770

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2011.

B. Eligible projects to be funded

Eligible projects include the planning, design, and construction of improvements to:

- Rehabilitate or develop water sources to replace contaminated sources;
- Install or upgrade treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards;
- Install or upgrade water storage tanks to prevent microbiological contaminants from entering the water system;
- Install or replace distribution pipes to prevent contamination caused by leaks or breaks in the pipe;
- Consolidate water supplies when customers have an inadequate quantity of water, the water supply is contaminated, or the system is unable to maintain compliance for financial or managerial reasons; and
- Other projects meeting the priority objectives of the program.

C. Financial terms of loans

The Fund may offer loans for up to 100 percent of allowable project costs for the construction of water treatment and distribution facilities and may offer a range of options regarding the term, interest rate and level of loan funding. Such loans must be made at or below market interest rates as determined by the Department. Loan interest rates will usually be set approximately 1.5% less than the AAA rated tax exempt municipal bonds.

The total term of the loans shall not exceed 20 years. Repayments shall commence after completion of construction or within 3 years for which such loan was made. Loan repayments shall be made in accordance with the repayment schedule indicated in the borrower's fund loan agreement. Principal and accrued interest with respect to a particular fund loan may be prepaid in accordance with the provisions of the relevant fund loan agreement. Interest shall accrue from the estimated date of the execution of the SRF loan agreement.

Fund loan payments will be disbursed to recipients at intervals as work progresses and expenses are incurred and approved.

The specific terms and conditions of the fund loan shall be incorporated in the fund loan agreement to be executed by the recipient and the Department.

D. Transfer of Funds from the CWSRF to DWSRF

In order to prioritize funding where the greatest need exists, the Department wishes to reserve the maximum amount available to transfer from the Clean Water State Revolving Fund (CWSRF) to the DWSRF. The DWSRF has an immediate need for funding FY 2011 projects. The maximum amount allowable for transfer is 33 percent of the DWSRF Capitalization Grant. The CWSRF would have sufficient funds for all eligible projects on its priority list after the transfer.

The funds used for the transfer are expected to consist of interest earnings and repayments drawn from the Master CWSRF Account. No Federal funds will be transferred. All funds transferred will be subject to the 15% set-aside for small water systems.

The transfer for the FY 2011 funding cycle would take place before September 30, 2011.

IV. Project Selection and Method for Distribution of Funds

A. Priority List

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

The State reserves the right to fund projects not on the priority list, on an emergency basis, if funds are available. Emergency projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health. Additionally, supplemental loans may be made to previous recipients as needed to complete segmented projects or to cover cost overruns.

B. Additional Subsidization:

The 2011 EPA Capitalization Grant requires that not less than 30% of assistance provided as additional subsidy. The Department will meet this requirement by offering selected borrowers principal forgiveness. The Department expects to allocate principal forgiveness exclusively to projects that 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 (GPR).

If it subsequently determined there is an insufficient amount of projects which meet the GPR requirements equal at least the specified percentage for subsidization of the Capitalization Grant the remaining principal forgiveness amount will be provided to fundable projects on the priority list that do not have a GPR component. Any subsequent revision to this project list will likewise demonstrate principal forgiveness will be provided to meet the required percentage of the Capitalization Grant.

The Department has authority to provide additional subsidization to meet the requirements by the Code of Alabama Section 22-23B-3.

C. Green Infrastructure:

The EPA capitalization grant requires that, to the extent there are sufficient eligible project applications, not less than 20% of the funds provided by the 2011 Capitalization Grant be utilized 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 accompanying priority list and project descriptions identify projects which include components of the GPR and indicate which type of GPR project it is, whether it is a categorical GPR project, and how much of the project's cost is applicable to GPR. The Department intends to provide any required principal forgiveness solely to GPR projects on the project list. Projects listed as a GPR project that are not categorical will be required by the Department to submit business case models as required by EPA guidance.

Final project component costs applicable to green infrastructure may be revised based on final project submittal, final bid amounts or change in green infrastructure determination.

If it subsequently determined there are insufficient projects that meet the GPR requirements on the fundable and non-fundable portions of the priority list, the Department will revise this Intended Use Plan after soliciting a new round of applications. The Department will identify additional qualifying projects and amend its IUP; if changes within this list fall below the required objective.

D. Prevailing Wages

The 2011 EPA Capitalization Grant may require projects include provisions in the Davis-Bacon Act. The Department's DWSRF program will require all loan recipients to include in their bidding documents "Supplemental General Conditions for SRF Assisted Public Drinking Water and Wastewater Facilities Contracts". The Supplemental Conditions include payment of wages consistent with a wage determination as described in the Davis Bacon Act. This practice fully implements that "all laborers and mechanics employed by contractors and sub contractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to this Act" shall be paid prevailing wages.

E. Distribution of Funds to Set-Aside Accounts

EPA provisions allow funds to be set aside from the State Revolving Fund Capitalization Grant for activities such as administration of the SRF Program, operator training and technical assistance, special drinking water projects, and source water assessment. These activities are discussed in "Set-Aside Activities" below.

F. Selection of Systems to Receive Assistance

To the maximum extent possible, the DWSRF gives priority for the use of funds to projects that address the most serious risk to human health and are necessary to ensure compliance with the Safe Drinking Water Act.

The criteria for ranking projects gives priority to projects that:

1. Provide the highest nature of benefit;

2. Benefit the most people per dollar expended;
3. Assist systems most in need on a per household affordability basis as required by the Safe Drinking Water Act.
4. Use consolidation with other systems to correct existing deficiencies and improve management.

These considerations are addressed by the Priority Ranking Criteria found in ADEM Administrative Code R. 335-7-13-10.

Following completion of the ranking process, the priority list will be reviewed to determine if at least 15% of amount projected to be funded is for public water systems which regularly serve fewer than 10,000 people, as required by the SDWA. If this is not the case, the priority list will be adjusted by exchanging the lowest ranking projects above the funding line that serve 10,000 or more with the highest ranking projects below the funding line that serve fewer than 10,000, until the 15% requirement is satisfied. Similarly, the priority list will be reviewed to determine if at least 30% of the amount projected to be funded is allocated to water or energy efficiency, green infrastructure, or other environmentally innovative activities. If this is not the case, the priority list will be adjusted by exchanging the highest ranking green projects below the funding line with the lowest ranking projects above the funding line until the 30% goal is met.

When two or more projects score equally under the Project Priority System a tie breaking procedure will be utilized. The project with the smallest number of existing customers served will receive the higher ranking.

A project on the fundable portion of the list may be bypassed and the next eligible project funded if it is determined that the project will not be ready to proceed during the funding year. The Department will give the applicant whose project is to be bypassed written notice. Projects that have been bypassed may be funded at a later date when the project is ready to proceed. Should a system on the funded list decline the loan, the next ranked project shall be offered access to all or a portion of these funds.

G. Project Bypass/Reallotment:

The Department may bypass any project on the DWSRF Priority List that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for DWSRF 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 DWSRF 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 DWSRF Priority List may be bypassed if the applicant fails to submit a complete DWSRF 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 DWSRF 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 DWSRF assistance.

V. Set-Aside Activities

In addition to authorizing the infrastructure fund, the SDWA Amendments also emphasize prevention of contamination problems through source water protection and enhanced water systems management. Central to this emphasis is the development of State prevention programs, including source water assessment, protection of drinking water sources through UIC program activities, capacity development and operator training. Alabama will use a portion of its capitalization grant set-aside funds for eligible activities.

The department has established specific accounts to allow tracking of expenditures for these activities. The accounts are identified as below:

1. 4-% SRF Administrative Set-Aside (fund 245)
2. 10-% State Program Management (fund 247)
3. Program Management for State Match (funds 955 & 215)
4. 2-% Small Systems Technical Assistance (fund 246)
5. 15-% Local Assistance and Other State Programs (248)

A. Administrative Set-Aside

SRF Guidelines allow states to set aside 4% of the grant for SRF administrative costs. Administrative funds estimated to be \$672,920 will be used to pay costs for personnel, travel and training, equipment, supplies, audit fees, and indirect costs associated with implementing the SRF Program.

B. 2% Small Systems Technical Assistance

The Department will not reserve additional funds from this set-aside for FY 2011.

C. 10% State Program Management

The Department will not reserve additional funds from this set-aside for FY 2011.

D. 15% Local Assistance and Other State Programs

The Department will not reserve additional funds from this set-aside for FY 2011.

VI. Program Income

The Alabama Drinking Water Finance Authority, with ADEM as its agent, assesses a 0.75% fee annually based on outstanding principal. These fees are collected twice a year, when the recipient initiates repayment of the loan. In accordance with EPA regulations, fees collected from loans sourced from outstanding grants will be used for administration of the SRF fund only. All other fees will be used for activities eligible of the DWSRF grant only. The Department expects to receive fees during FY 2010 as follows:

Date	Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
2/15/10	\$846,298.35	\$4,050.94	\$842,247.41
8/15/10	\$862,964.09	\$26,980.78	\$835,983.31
Total	\$1,709,262.44	\$31,031.72	\$1,678,230.72

Program income collected after the grant period will be used for administration of the PWSS program, small system technical assistance, Class V UIC program, development of the drinking water operator certification program, capacity development, and wellhead protection programs. The budget for the program income collected after the grant period is as follows:

Personnel	\$857,211.47
Fringe Benefits	\$333,905.95
Travel	\$18,000.00
Equipment	\$0.00
Supplies	\$0.00
Contractual	\$150,000.00
Other	\$0.00
Total Direct	\$1,359,117.42
Indirect	\$319,113.30
Total	\$1,678,230.72

VII: Estimated DWSRF Capitalization Grant Schedules

A. Estimated Grant Draw Schedule:

Fiscal Year	Quarter	Draw	
2012	1st	10/1/11 - 12/31/11	\$2,000,000
2012	2nd	1/1/12 - 3/31/12	\$2,000,000
2012	3rd	4/1/12 - 6/30/12	\$2,000,000
2012	4th	7/1/12 - 9/30/12	\$2,000,000
2013	1st	10/1/12 - 12/31/12	\$2,000,000
2013	2nd	1/1/13 - 3/31/13	\$1,488,000
Total			\$11,488,000

B. Estimated Grant Disbursal Schedule:

Fiscal Year	Quarter	Payment	
2012	1st	10/1/11 - 12/31/11	\$2,000,000
2012	2nd	1/1/12 - 3/31/12	\$2,000,000
2012	3rd	4/1/12 - 6/30/12	\$2,000,000
2012	4th	7/1/12 - 9/30/12	\$2,000,000
2013	1st	10/1/12 - 12/31/12	\$2,000,000
2013	2nd	1/1/13 - 3/31/13	\$1,488,000
Total			\$11,488,000

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. As most of the capitalization grant is expected to be used for direct loans, the disbursement schedule is essentially the same as the grant payment schedule.

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:

2011 EPA DWSRF Capitalization Grant

July 1, 2011 through June 30, 2015

VII. Project Fundable List

Community Served	Project Name	Population Served	Priority Point Rank	Assistance Amount	Subsidization Amount (Principal Forgiveness)	GPR Component Costs	GPR Type	GPR Categorical Project	Estimated Construction Start Date	Estimated Project Completion
Coker	Coker South Well	1,600	110	\$1,493,000	\$82,000	\$95,000	Energy Efficiency	N	7/1/2011	12/1/2011
Birmingham	Birmingham Distribution System Automatic Flushers	600,000	91	\$487,000	\$487,000	\$487,000	Water Efficiency	Y	2/15/2012	11/15/2012
Birmingham	**Birmingham Water Meter Replacement	600,000	83	**NA		NA	Energy Efficiency	Y	NA	NA
Hayneville	Hayneville Replacement Water Well No. 3	1,000	82	\$790,000					4/1/2011	9/1/2011
Birmingham	Birmingham Inglenook Community Water Main Replacement - Phase Three	600,000	77	\$418,638					1/15/2012	6/15/2012
Birmingham	Birmingham West Montcrest Drive Water Main Replacement	600,000	77	\$906,000					2/15/2012	7/25/2012
Green Pond	Green Pond Water System Improvements	8,190	73	\$2,414,115	\$57,400	\$65,000	Energy Efficiency	N	3/2/2012	12/31/2012
Etowah County	Northeast Etowah Water System Improvements	4,000	70	\$990,860	\$260,000	\$303,000	Water Efficiency	Y	10/1/2011	2/28/2012
Demopolis	Demopolis Water System Improvements	9,819	68	\$3,322,850	\$675,000	\$920,400	Water Efficiency	Y	11/30/2011	3/15/2012
Blountsville	Blountsville Water System Improvements	3,750	66	\$705,000	\$385,000	\$450,000	Water Efficiency	Y	4/1/2012	4/1/2013
Daleville	Daleville Water Meter Replacement	5,300	58	\$800,000	\$600,000	\$800,000	Water Efficiency	Y	5/1/2011	11/1/2011
Clayton	Clayton Water Storage Tank Rehabilitation	3,250	49	\$490,000					2/15/2012	7/30/2012
Abbeville	Abbeville Water Meter Replacement	3,300	48	\$585,000	\$585,000	\$585,000	Water Efficiency	Y	3/1/2012	8/1/2012
Dekalb County	Northeast AL WTP and Water Distribution Improvements	42,600	47	\$7,616,787					10/3/2011	10/8/2012
Arley	Arley Water Works Treatment Plant Upgrade	6,000	46	\$2,000,000					1/1/2012	1/1/2013
Grand Bay	Grand Bay Water Treatment Plant Upgrades	11,550	45	\$1,400,000					3/1/2012	6/1/2013
Level Plains	Level Plains Water Meter Replacement	1,500	42	\$315,000	\$315,000	\$315,000	Water Efficiency	Y	3/1/2012	6/1/2012
16 Projects				\$24,734,250	\$3,446,400	\$4,020,400				

** Birmingham Water Meter Replacement
Project withdrawn/not ready to proceed

*Green Project Reserve (GPR) - green infrastructure, water or energy efficiency, or environmentally innovative activities
Actual costs may differ based on Green Infrastructure (see Chapter 4)

DWSRF Unfundable Projects

Community Served	Project Name	Population Served	Priority Point Rank	Assistance Amount
Guntersville	Guntersville Sunset Water Treatment Plant Expansion	8,009	41	\$15,000,000
Madison	Madison North Elevated Water Storage Tank	40,000	41	\$4,190,000
Slocomb	Slocomb Water System Improvements	3,840	40	\$400,000
Millers Ferry	Millers Ferry Water Distribution System Enhancement	1,500	40	\$222,930
Newville	Town of Newville Elevated Water Storage Tank	525	40	\$117,430
Brundidge	Town of Brundidge Water System Improvements	2,234	38	\$1,200,000
Mobile	Mobile Water Treatment & Distribution System Improvements	200,000	36	\$26,300,000
Sand Mountain	Sand Mountain Hwy 75 Water Distribution Improvements	5,980	36	\$659,900
White House	Town of White House Source Water Project	6,000	35	\$812,000
White House	Town of White House Water Accountability Project	6,000	35	\$691,000
				\$49,593,260

VIII Project Descriptions

Coker South Well: The City of Coker proposes the installation of an additional source well and treatment plant. The proposed project will include the addition of a third ground water well, a new iron removal facility with a SCADA system, pump stations, and tanks. The proposed project will alleviate the pressure problems that the city is currently experiencing and provide the additional water needed for the system to be self reliant under normal operating conditions. As well as, reduce the need to purchase water on a regular basis and will also act as back-up source for the existing wells during service or in the event of pump failure.

Green Project Reserve Category: Water Efficiency

GPR Costs \$95,000

Birmingham Installation of 50 Automatic Flushers in the Distribution System: The Birmingham Water Works Board proposes to install 50 automatic flushing systems in areas of the distribution system that need regular flushing to improve water quality. Automatic flushing would be performed during low flow periods reducing stagnated water thus decreasing the formation of disinfection by-products. The flushing systems will include water meters to provide for water loss accountability. This project will result in improved water quality, provide more efficient system operation and reduce water loss due to distribution flushing.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$487,000

Hayneville Replacement Water Well No. 3: The Town of Hayneville proposes the construction of a new 250 GPM potable water well to replace the current non-active well. The proposed project will consist of a new test well and a permanent protection well, well housing, piping, and a generator with controls and telemetry. The new water well will increase the water capacity storage and eliminate the water shortage that is occurring in Hayneville.

Birmingham Inglebrook Community Project- Phase Three: The Birmingham Water Works Board is proposing water system improvements consisting of the replacement of approximately 2,400 L.F. of 2- inch water main with larger diameter water main and replacement of 79 service connections located in Inglebrook and surrounding area. The project will eliminate excessive water main and service connection breaks due to infrastructure age and provide for improved water flow and pressures to the service area.

Birmingham West Montcrest Drive Water Main Replacement: The Birmingham Water Works Board is proposing water system improvements consisting of the replacement of approximately 5,400 L.F. of 2- inch water main with 8- inch water main and replacement of 121 service connections located on West Montcrest Drive and surrounding area. The project will eliminate excessive water main and service connection breaks due to infrastructure age and provide for improved water flow and pressures to the service area.

Green Pond Water System Improvements: The Green Pond Water System is proposing necessary water system distribution and water storage upgrades. The proposed project includes an Interstate bore under I-59 in order to connect two parts of the water system, refurbishment of the existing 1.0 MG ground storage tank, repainting the existing Highway 5 elevated water tank, construction of a new 300,000 Gallon storage tank, replacement of pumps at the Weeks Well, Highway 12 water line upgrades, back-up generators for existing well sites and radio telemetry. The project is needed to ensure adequate service to all customers within their service area.

Green Project Reserve Category: Energy Efficiency

GPR Costs \$65,000

Clayton Water System Improvements: The Clayton Water Works and Sewer Board is proposing water system improvements consisting of repainting both existing elevated storage tanks, the Nern Street Tank and the Midway Street Tank. Also included will be the installation of a standby generator located at well No. 4 to provide backup power during emergencies. Completion of this project will eliminate major structural deficiencies and provide for an improved water system.

Northeast Etowah Water System Improvements: The Northeast Etowah County Water Cooperative is proposing water system improvements consisting of the installation of water main to connect to the Cherokee County Water Authority's water system at the county line in an effort to eliminate dead end lines in their system providing for improved water flow and pressures. Additionally, all existing water meters will be replaced with remote radio read meters which will reduce unaccounted for water loss, reduce energy costs and provide improved efficiency and operation of the system.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$303,000

Demopolis Water System Improvements: The City of Demopolis is proposing to construct a new 500,000 water tank, 8-inch and 12-inch water main connecting lines, and water meter replacement. The project will provide for adequate water pressures to meet current and future demands. The existing water meters will be replaced with remote radio read meters including ancillary software and hardware and will reduce unaccounted for water loss, reduce energy costs and provide improved efficiency and operation of the system.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$920,000

Blountsville Water System Improvements: The Blountsville Utilities Board is proposing rehabilitation of the Hog Farm and Mountain Grove water storage tanks and replacement of all water service meters. The tank rehabilitation consist of removal of lead based paint, recoating of the interior and exterior surfaces, extension of the overflow pipe, installation of 8- inch tank drain line and valve, and disposal of lead contaminant. Water meters are to be replaced with new remote radio read water meters including ancillary software and hardware. The tank improvements will eliminate a potential health hazard and extend the service life of the tanks. The new water meters will reduce unaccounted for water loss, improve efficiency along with reducing energy costs.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$450,000

Daleville Water System Improvements: The Daleville Water and Sewer Board is proposing a system wide water meter replacement program to address unaccounted for water loss. The project will consist of replacing approximately 3,167 existing water meters with a new remote radio read Automated Meter Reading (AMR) system. The new water meters will reduce unaccounted for water loss, improve system efficiency along with reducing energy costs.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$800,000

Abbeville Water Improvements: The Water Works and Sewer Board of the City of Abbeville proposes a system wide water meter replacement program to address to address unaccounted for water loss. The project will consist of replacing approximately 1,450 existing water meters with a new remote radio read Automated Meter Reading (AMR) system. The new water meters will reduce unaccounted for water loss, improve system efficiency along with reducing energy costs.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$585,000

Northeast AL WTP and Water Distribution Improvements: Northeast Alabama Water, Sewer and Fire Protection District proposes a project to improve the water flow and pressures in the water distribution system through the installation of water mains. Additionally the Monsanto WTP will be upgraded to address reduction of disinfection by-products (DPBs).

Level Plains Water System Improvements: The Town of Level Plains proposes a project to replace all existing water meters with remote radio read meters. The new water meters will reduce unaccounted for water loss, improve efficiency along with reducing energy costs.

Green Project Reserve Category: Water Efficiency – Categorical Project

GPR Costs \$315,000

Arley Water Works Treatment Plant Upgrade: The Town of Arley is proposing an upgrade to the Arley WTP. The project will include new additional water treatment plant equipment combined with essential modifications to the existing WTP to provide adequate supply of finished water. The facility upgrade will consist of added pretreatment equipment to reduce high raw water turbidity during periods of seasonal changes in the Smith Lake raw water source.

Grand Bay Water Treatment Plant #1 Upgrades: The City of Grand Bay is proposing a new water treatment facility infrastructure to replace the existing Plant No. 1 facility which is near 50 years old. The proposed project consist of demolition to the existing facility, a well and water treatment building, a clearwell, an aerator, two service pumps, water treatment equipment, a vehicle maintenance building, and generator. The new proposed facility will provide adequate water service and water throughout the area.