



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

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DWSRF Intended Use Plan



Fiscal Year 2022

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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 applying for \$15,106,000 in EPA grant funding that will be used to provide low interest financial assistance from the DWSRF program. The 20% state match requirement for the projected grant is \$3,021,200 and will be fulfilled by the overmatch of State Match Bonds.

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 financial assistance for the construction of public water supply facilities on the DWSRF Priority List.
2. To provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of \$3,021,200 for the construction of water treatment and distribution facilities.
3. To provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of \$906,360 to disadvantaged communities for the construction of water treatment and distribution facilities.
4. To provide DWSRF loans for a goal of 10% of the Capitalization Grant to projects which 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.
5. To implement the State's DWSRF in compliance with the Safe Drinking Water Act and to ensure conformance with Federal crosscutting requirements.
6. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.
7. To provide funding for the State of Alabama Public Water System Supervision (PWSS) program using the 10% State Program Management set-aside.
8. To provide assistance for educational events promoting objectives consistent with the Safe Drinking Water Act through the 15% Local Assistance and Other State Programs Activities set-aside.

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 financial assistance 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.

C. Program Changes

The Department has revised the DWSRF disadvantaged community definition to include the utilization of the Justice40 Mapping Tool, (click link for additional information: <https://screeningtool.geoplatform.gov>) to verify disadvantaged communities within large service areas.

Build America, Buy America (BABA) will be implemented for this fiscal year and be required for certain projects funded through the Drinking Water State Revolving Fund (DWSRF). BABA is considered a federal cross-cutting requirement that applies to SRF assistance equivalent to the federal capitalization grant (i.e., "equivalency" projects). EPA's SRF regulations at 40 CFR 35.3145 and 35.3575 require states and recipients of SRF funds equivalent to the amount of the federal capitalization grant to comply with federal cross-cutting requirements. Section 70914 of the IIJA, which states when a Buy America preference applies, explains that "none of the funds made available for a Federal financial assistance program for infrastructure...may be obligated for a project unless all of the iron, steel, manufactured products, and construction materials used in the project are produced in the United States." Therefore, BABA only applies to projects funded in an amount equivalent to the federal capitalization grant.

III. Sources and Uses of Funds:

The Department is expected to fund FY 2022 projects using a combination of interest earnings on the Fund, repayments from direct loans, and the 2022 EPA Capitalization Grant. Match for the EPA Grant will be fulfilled by overmatch of State Match Bonds issued in previous years' and a contribution from ADEM State Enforcement Action. The estimated sources and uses of funds in the FY 2022 DWSRF program are as follows:

Projected Sources:

2022 EPA DWSRF Cap Grant:	\$15,106,000
DWSRF State Match:	\$3,021,200
<u>Direct Loan Repayments, Interest Earnings and Unobligated Funds:</u>	<u>\$36,348,525</u>
Total:	\$54,475,725

Projected Uses:

Project Assistance:	\$53,261,485
10% State Program Management:	\$600,000
15% Local Assistance:	\$10,000
Funds Reserved for Administrative Cost (4%):	\$604,240
	<hr/>
	\$54,475,725

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2022.

B. Transfer of Funds

In accordance with 40 CFR 35.3530, the Alabama Department of Environmental Management (the Department) reserves the right to transfer funds from the Clean Water State Revolving Fund Bipartisan Law (CWSRF BIL) to the DWSRF BIL. Funds transferred from the CWSRF BIL to the DWSRF BIL are to be used to fulfill the DWSRF infrastructure financing demand as needed.

C. 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.

D. 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% - 1.5% less than the AAA rated tax exempt municipal bonds.

The total term financing shall not exceed 20 years or, under special circumstances, 30 years may be considered. Repayments shall commence after completion of construction or within 3 years for which such financial assistance was made. Financial assistance repayments shall be made in accordance with the repayment schedule indicated in the recipient's financial agreement. Principal and accrued interest with respect to a particular financial agreement may be prepaid in accordance with the provisions of the financial agreement. Interest shall accrue from the estimated date of the execution of the DWSRF financial agreement.

Project fund disbursements to recipients at intervals as work progresses and expenses are incurred and approved.

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

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 City of Dothan (\$10,528,272) loan and Mobile Area Water Sewer System (MAWSS \$6,513,925) will be used as the equivalency projects for the 2022 Capitalization Grant.

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 issued to previous recipients as needed to complete segmented projects or to cover cost overruns. See Attachment 1.

B. Additional Subsidization:

The 2022 EPA Capitalization Grant includes a requirement for a minimum \$3,021,200 be provided as assistance with additional subsidy. In addition, America’s Water Infrastructure Act of 2018 (AWIA) requires a minimum of \$906,360 be provided to disadvantaged communities in the form of additional subsidy. The Department will meet these requirements by offering selected borrowers additional subsidization in the form of principal forgiveness. The Department expects to allocate principal forgiveness to projects in communities determined to be disadvantaged based on the following criteria: small (less than 10,000) communities, assessment of financial records, ratio of annual average water bill to median household income (MHHI) and utilization of the Justice40 Mapping Tool.

The Department will utilize Table 1 to evaluate and score communities to determine principal forgiveness ranking. The highest ranked communities will receive principal forgiveness until it is exhausted (see Attachment 1). Any subsequent revision to this project list will likewise demonstrate principal forgiveness will be provided to meet the required percentage of the Capitalization Grant.

Criteria	Points
<10,000 population	1
<1.1x coverage ratio	1
Project location considered disadvantaged on Justice40 Map	1
Ratio of Water Bill/MHHI	Actual Number

Table 1.

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

C. Green Project Reserve:

Projects that address green infrastructure, water or energy efficiency or other environmentally innovative activities are the components of the Green Project Reserve (GPR) as provided by guidance from EPA. Although EPA is not requiring a minimum GPR component, ADEM will identify these projects and expects no less than 10% of Grant funds be provided for these projects.

Attachments 1 and 2 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. 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.

D. Prevailing Wages

Davis-Bacon wage requirements apply for fiscal year 2021 and each fiscal year thereafter and the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available by the DWSRF as authorized by section 1452 of that Act (42 U.S.C. 300j-12). The Department will include in all loan agreements and procurement contracts terms and conditions requiring compliance with this requirement.

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 give 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. 335-11-2-.04 and in the DWSRF Pre-Application provided in Attachment 3.

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.

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

A. Administrative Set-Aside

SRF Guidelines allow states to set aside 4% of the grant for SRF administrative costs. Administrative funds of \$604,240 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 any funding to provide small systems technical assistance.

C. 10% State Program Management

The Department will reserve \$600,000 to provide funding for the State of Alabama Public Water System Supervision (PWSS) program.

D. 15% Local Assistance and Other State Programs

The Department will reserve \$10,000 to provide assistance to communities for educational events promoting objectives consistent with the Safe Drinking Water Act.

VI. Program Income

The Alabama Drinking Water Finance Authority, with ADEM as its agent, assesses a fee annually based on outstanding principal. These fees vary based on the fiscal year to which the loan agreement was secured. 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 for the DWSRF grant only. The Department expects to receive fees during FY 2022 as follows:

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$4,425,587.95	\$0.00	\$4,425,587.95

VII: Estimated DWSRF Capitalization Grant Schedules

A. Estimated Grant Draw Schedule

Fiscal Year	Month	Draw
2023	Oct	\$1,258,833
2023	Nov	\$1,258,833
2023	Dec	\$1,258,833
2023	Jan	\$1,258,833
2023	Feb	\$1,258,833
2023	Mar	\$1,258,833
2023	Apr	\$1,258,833
2023	May	\$1,258,833
2023	Jun	\$1,258,833
2023	Jul	\$1,258,833
2023	Aug	\$1,258,833
2023	Sep	\$1,258,833
Total		\$15,106,000

B. Estimated Grant Disbursal Schedule

Payment Quarter	Payment Date	Payment Amount
FY2023/Quarter 1	10/1/2022	\$15,106,000

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

C. Capitalization Grant Budget Periods:

2022 EPA DWSRF Capitalization Grant

October 1, 2022 through September 30, 2026

IX. Public Participation

The IUP was provided for a public notice period and comments were received. All comments have been addressed and were responded to on September 28, 2022. No changes to the proposed projects or IUP were made as a result of the comments.

ATTACHMENT 1

Attachment 1 - Project Priority List

County Served	Applicant Name	Population Served	Priority Point Rank	Assistance Amount	Additional Subsidization (Principal Forgiveness)	Unfunded/Match Portion	Estimated Construction Start Date	*GPR Component Cost	*GPR Type	GPR Project	Disadvantaged Criteria	PWSID Number	Appropriation fund being used
Lauderdale	Florence, City of (Supplemental)	77,754	SUPP	\$13,500,000.00	\$500,000.00	\$1,500,000.00	N/A	N/A	N/A	N	Y	AL0000783	DWSRF/ARPA
Madison	Huntsville Utilities (Supplemental)	196,219	SUPP	\$5,620,000.00	\$0	\$0	N/A	N/A	N/A	N	N	AL0000882	DWSRF
Mobile	*Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of (Supplemental)	259,224	SUPP	\$6,513,925.00	\$0	\$0	N/A	N/A	N/A	N	Y	AL0001005	DWSRF
Tuscaloosa	Tuscaloosa, City of (Supplemental)	120,000	SUPP	\$12,000,000.00	\$0	\$0	N/A	N/A	N/A	N	N	AL0001313	DWSRF
Lowndes	Hayneville, Town of	1,185	325	\$2,899,288.00	\$2,899,288.00	\$0	1/1/2023	\$2,038,500.00	WE, GI	Y	Y	AL0000847	DWSRF
Mobile	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of	259,224	135	\$2,200,000.00	\$0	\$0	10/1/2022	N/A	N/A	N	N	AL0001005	DWSRF
Houston	*Dothan, City of	97,200	130	\$10,528,272.00	\$528,272.00	\$2,000,000.00	3/1/2023	N/A	N/A	N	Y	AL0000681	DWSRF/ARPA

*denotes equivalency projects

Totals: \$53,261,485.00 \$3,927,560.00 \$3,500,000.00 \$2,038,500.00

GI= Green Infrastructure
WE= Water Efficiency

26% min PF of Total \$3,927,560
49% max PF of Total \$7,401,940
Total Cap \$15,106,000

ATTACHMENT 2

FS010096-08 Mobile Board of Water & Sewer Commissioners (MAWSS) – Mobile DWSRF Master Plan Phase I (2019-2023) Supplemental

Project Description: The Mobile Board of Water and Sewer Commissioners (MAWSS) proposes improvements to Stickney WTP which include installation of VFD and actuator pumps, improvements to Operations Building, HVAC improvements to blower and sludge pump buildings, replacement of six (6) MCCs, new emergency generator, new main electrical and generator building, repairs and renovations to reservoirs, new finished water line to clearwells, new laboratory, security upgrades, new flammable storage building, and sludge removal; solids handling and SCADA improvements at Myers WTP; DC to AC conversion study and emergency by-pass connection at Big Creek Pump Station; development of SCADA change management processes and procedures; design and implementation support of Wide Area Network (WAN) SCADA; development of updated radio telemetry; cybersecurity program design; structural, mechanical, and electrical upgrades to various booster pump stations; and implementation of permanent spill isolation and contamination prevention BMPS at Big Creek Lake. These improvements will insure continued provision of safe drinking water to all service area customers.

FS010096-09 Mobile Board of Water & Sewer Commissioners (MAWSS) – Mobile Causeway Water Main Replacements and Rehabilitation

Project Description: Mobile Board of Water & Sewer Commissioners proposes the emergency replacement and/or rehabilitation of various existing sections of the Causeway Water Main to the Spanish Fort Water System which are experiencing significant water loss. Proposed improvements will include replacing or rehabilitating more than 9,300 LF of 20-inch HDPE main. As MAWSS currently supplies 70% of Spanish Fort's total water supply, these repairs are immediately and urgently needed to eliminate existing water loss.

FS010127-05 Town of Hayneville – Hayneville Water System Improvements

Project Description: The purpose of this project is to solidify the Town of Hayneville's potable water system by providing it with a more robust water supply and a secondary potable water source. The project consists of the construction of a municipal water supply well in the downtown area of Hayneville capable of producing up to 300 gallons per minute and system wide permanent water main point repairs. Currently, the entire western portion of their water system is fed by a single well, and construction of a new well will allow the town to have a backup water supply should the first well fail.

FS010123-02 City of Dothan – Dothan 2022 Ross Clark Circle and Red Water Main Replacement

Project Description: This project the City of Dothan is proposing includes the construction and inspection for the upgrade and replacement of certain galvanized and unlined cast iron water lines that have reached the end of their service life. These water lines are responsible for numerous leaks causing service interruptions and requiring roadway replacements. Additionally, these antiquated water lines are responsible for numerous water quality complaints due to odorous and discolored water. In addition, this project will include the replacement of failing infrastructure including larger diameter water lines along the Ross Clark Circle (SR210) loop which serves as a backbone to the City of Dothan water system. Since the pipe was installed there have been multiple failures resulting in property damage and large-scale service interruptions to critical industrial and health care institutions, thereby adversely affecting customer quality of life.

FS010168-03 City of Florence - Florence Water System Improvements (2022 Supplemental)

Project Description: The City of Florence proposes a long-range project to upgrade the existing water treatment plants and distribution system. The project will be completed in four phases and consist of replacing aerator, flocculator drives, lime feeder, upgrading the effluent troughs and installing continuous sludge removal equipment at Wilson Lake Water Treatment Plant; improving intake, rapid mixing and settling basins, install static screens, replacing raw water pumps, media, underdrains and lime feeder, upgrade treatment building, upgrade flocculators, upgrading filter pipe gallery and installing a generator at Cypress Creek Water Treatment Plant; replace and upgrade water lines throughout the distribution system; replace and upgrade booster pump stations; abandon, replace and construct water storage tanks throughout the distribution system. Completion of this proposed project will reduce leaks and unaccounted for water loss, resolve pressure issues, provide redundancy in the distribution system and increase the City of Florence ability to meet current and future demands of the water system.

FS010085-04 City of Tuscaloosa - Tuscaloosa Water System Improvements (2022 Supplemental)

Project Description: The City of Tuscaloosa is proposing to replace various sections of deteriorated water main at several locations throughout their service area; install additional water mains in order to increase system pressures; rehabilitate 3 existing water storage tanks; and replace approximately 910 LF of deteriorated 36 inch diameter steel raw water line. Proposed improvements will ensure system compliance and the continued provision of adequate and safe drinking water to all service areas customers.

FS010153-04 Huntsville Utilities - Huntsville Utilities Water System Improvements (2022 Supplemental)

Project Description: Huntsville Utilities has proposed a project for various water system improvements. The project consists of the construction of a transmission main along Bailey Cove Rd., Swancott Road and Research Park Blvd. The project also includes the construction of a water main along Swancott Road and US Highway 72. Rehabilitation improvements will also be made to the South Parkway Water Treatment Plant and the South West Water Treatment Plant. A water storage tank will also be constructed in order to provide better redundancy and storage to the US Highway 72 West area.

ATTACHMENT 3



Form 370: Drinking Water State Revolving Fund Preapplication

Project Name	
Assistance Amount Requested	\$
Date Submitted	



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

Section 1: Contact Information

Loan Applicant

Applicant Name			
Authorized Representative (Signatory of Loan Agreement)		Title of Authorized Representative	
Email Address		Telephone Number	
Contact Person (Daily SRF Communications)		Title of Contact Person	
Email Address		Telephone Number	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

Break down the total project cost (categories should sum to 100%) and list all other funding sources to be utilized to complete this project.

Treatment:	%	Other Funding Source(s)	Amount(s)	Commitment Date
Distribution:	%			
Source:	%			
Storage:	%			

Enter the Median Household Income (MHI) for the affected community:	Enter the Average Annual Household Water Bill Based on 5,000 Gal Usage:
Source:	Source:
\$	\$

Priority Ranking System

The following factors are used to rank the proposed project and will ultimately determine if the project is fundable. The applicant must provide documentation where required in order to receive credit.

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

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

	Ranking Criteria	Point Value
1	The system is under formal enforcement action by ADEM. Completion of the project will return the system to compliance.	50
2	The project is a voluntary effort to resolve noncompliance and will mitigate the issuance of a formal enforcement action.	40
3	The system is currently in compliance but will be in imminent noncompliance without the proposed project.	25

B. Drinking Water Contaminants Criteria (Maximum: 150 points)*

	Ranking Criteria	Point Value
1	The system has current primary MCL violations and completion of the project will return the system to compliance.	100
2	The system has current secondary MCL violations and completion of the project will return the system to compliance.	50
3	The primary purpose of the project is to extend service to persons presently served by contaminated wells.	50

C. Water/Energy Efficiency Rating (Maximum: 45 points)*

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was: 50% or higher 35% - 49% 20% - 34% 15% - 19%	25 20 10 5
2	The project incorporates energy efficient design considerations with established objectives and targets for energy reduction opportunities.	5
3	The project uses renewable energy such as wind, solar, geothermal, hydroelectric, micro-hydroelectric, biogas combined heat and power (CHP) systems, or biofuels production to provide power to a drinking water treatment plant.	5
4	The project implements upgrades to pumps and treatment processes which result in: a) 20% or greater reduction in energy consumption at a drinking water treatment plant. b) 10-20% reduction in energy consumption at a drinking water treatment plant, or 20% or greater reduction in energy consumption at a remote pump station.	10 5

D. Capacity and Pressure Criteria (Maximum: 100 points) *

Ranking Criteria		Point Value
1	The system lacks adequate capacity to provide safe drinking water. Completion of the project will restore capacity to existing customers.	100
2	The project will mitigate pressure readings of <20 psi at 50 or more customer meters.	50
3	The project will mitigate pressure readings of <20 psi at 10-49 customer meters.	25

E. System Consolidation Criteria (Maximum: 100 points) *

Ranking Criteria		Point Value
1	The project will result in the elimination of at least one public water system.	100
2	The project will establish a new interconnection between two water systems, where the beneficiary water system (or portion of the beneficiary water system) is served by only one source.	25

F. Sustainability Criteria (50 possible bonus points) *

Ranking Criteria		Point Value
1	The project implements one or more of the following planning methodologies: a) Asset Management Plan	10
2	The project includes one or several of the following design considerations: a) LEED certified or other ADEM-approved green building techniques. b) Project envelope is located in a previously developed area. c) Use of environmentally friendly post-consumer recycled or reclaimed materials.	5 5 5
3	The project incorporates at least one of the following construction methods: • Innovative erosion control practices; • Protection of onsite trees, vegetation, native habitats and urban forests; or • Replanting of disturbed areas with native plant species.	5
4	The project will utilize one or more of the following water conservation strategies: a) Incorporates sustainable water pricing practices and rate structures. b) Completion of EPA's Water Quality Scorecard (see http://www.epa.gov/smartgrowth/water_scorecard.htm).	10 5

G. Reporting Criteria (Maximum point reduction: 30) *

Ranking Criteria		Point Reduction
1	The system was cited during the last twelve months for late submittal of Monthly Operating Reports (MOR) or Consumer Confidence Reports (CCR), or was cited for a monitoring/reporting violation.	-10
2	The system was sent a Drinking Water Needs Survey and/or a Clean Watershed Needs Survey in the last four years and failed to return a completed survey.	-20

H. Affordability Criteria (Maximum: 60 points)

Ranking Criteria	Point Value
Divide the Average Annual Household Water Bill by the Median Household Income (from Page 2) and multiply by 100%:	
2.50% or higher	60
2.00 – 2.49%	40
1.50 – 1.99%	20
Less than 1.50%	0

I. Infrastructure Improvement Criteria*

Ranking Criteria	Point Value
1 Construction of a new water treatment plant	20
2 Level of treatment upgrade to an existing water treatment plant	15
3 Modifications to address disinfection byproduct requirements	25
4 Replacement of water lines due to age, leaks, breaks, or lead or asbestos-cement pipe	10
5 Installation of new water lines, where none existed previously	5
6 Rehabilitation or replacement of a water storage tank	15
7 Installation of a new water storage tank	10
8 New or upgraded pump station (not associated with a tank project)	5
9 Security improvements to a water system	5
10 Emergency power generators	5
11 Construction of a new well	15
12 Rehabilitation/upgrade of an existing well	10
13 Installation of green stormwater infrastructure at a water treatment plant	5
14 Installation of water meters in previously unmetered areas, or replacement of traditional water meters with AMR or smart meters	10
15 Water meter replacement with traditional meters	5
16 Installation or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals)	5
17 Replacement of (potable) landscape irrigation with more efficient landscape irrigation systems	5
18 Recycling and water reuse projects that replace potable sources with non-potable sources (grey water, wastewater effluent)	10
19 Installation or upgrade of SCADA systems	15

Sum the points from each category below.

Part A: Enforcement and Compliance (50 points maximum)	
Part B: Drinking Water Contaminants (150 points maximum)	
Part C: Water/Energy Efficiency (45 points maximum)	
Part D: Capacity and Pressure (100 points maximum)	
Part E: System Consolidation (50 points maximum)	
Part F: Sustainability (50 bonus points maximum)	
Part G: Reporting (Maximum Reduction of 30)	
Part H: Affordability (60 points maximum)	
Part I: Infrastructure Improvement	
TOTAL POINTS CLAIMED:	

This form should be signed by the official who is authorized to execute contracts on behalf of the applicant jurisdiction. **ONE SIGNED COPY (including attachments)** should be emailed to the address shown on Page 1 of this form.

Attachments to be included with this form:

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

Preliminary Engineering Report Outline:

1. **Description of Project**
 - a. Brief description and background of project
 - b. Purpose of project
 - c. Location of project
 - d. Project Scope
 - e. Average annual household water bill
 - f. Population and median household income
2. **Proposed Improvements**
 - a. System connections and connections that benefit from construction
 - b. System plan for water conservation
 - c. Proposed operation and management
 - d. Improvements to system
3. **Project Maps**
 - a. Include all affected water bodies
4. **Projected Outlay Schedule**
5. **Cost Breakdown**
 - a. Estimated cost outline for entire project
6. **Supporting Documentation*** for priority points claimed, as required above. Any points claimed that cannot be readily substantiated from the information submitted will not be counted. The Department reserves the right to make the final determination of all points awarded.

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

Signature of Authorized Representative	Print or Type Name
Title	Date