

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 2019

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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 \$ 23,721,000 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 \$4,744,200 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 \$4,744,200 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 \$1,423,260 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.
9. To provide assistance to communities 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.

III. Sources and Uses of Funds:

The Department is expected to fund FY 2019 projects using a combination of interest earnings on the Fund, repayments from direct loans, and the 2019 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 2019 DWSRF program are as follows:

Projected Sources:

2019 EPA DWSRF Cap Grant:	\$23,721,000
Direct Loan Repayments, Interest Earnings and Unobligated Funds:	\$84,656,640
State Match:	\$4,744,200
	<hr/>
Total:	\$113,121,840

Projected Uses:

Project Assistance:	\$110,958,000
10% State Program Management:	\$1,100,000
15% Local Assistance:	\$115,000
Funds Reserved for Administrative Cost (4%):	\$948,840
	<hr/>
	\$113,121,840

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2019.

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

The total term financing shall not exceed 20 years. 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 recipients 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 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 2019 EPA Capitalization Grant includes a requirement for a minimum \$4,744,200 be provided as assistance with additional subsidy. In addition, America's Water Infrastructure Act of 2018 (AWIA) requires a minimum of \$1,423,260 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 exclusively to projects in communities determined to be disadvantaged with the highest ratio of annual average water bill to median household income. Up to 50% of project loan costs not to exceed \$500,000 will be provided as principal forgiveness to the highest rated communities until the requirement is met. 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 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 2019 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 (See Attachment 5).

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 \$948,840 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 \$1,190,000 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 \$25,000 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 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 2019 as follows:

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$1,511,455.99	\$0.00	\$1,511,455.99

VII: Estimated DWSRF Capitalization Grant Schedules

A. Estimated Grant Draw Schedule

Fiscal Year	Month	Draw
2020	October-19	\$1,976,750
2020	November-19	\$1,976,750
2020	December-19	\$1,976,750
2020	January-20	\$1,976,750
2020	February-20	\$1,976,750
2020	March-20	\$1,976,750

2020	April-20	\$1,976,750
2020	May-20	\$1,976,750
2020	June-20	\$1,976,750
2020	July-20	\$1,976,750
2020	August-20	\$1,976,750
2020	September-20	\$1,976,750
Total		\$23,721,000

B. Estimated Grant Disbursal Schedule

Fiscal Year	Month	Payment
2020	October-19	\$1,976,750
2020	November-19	\$1,976,750
2020	December-19	\$1,976,750
2020	January-20	\$1,976,750
2020	February-20	\$1,976,750
2020	March-20	\$1,976,750
2020	April-20	\$1,976,750
2020	May-20	\$1,976,750
2020	June-20	\$1,976,750
2020	July-20	\$1,976,750
2020	August-20	\$1,976,750
2020	September-20	\$1,976,750
Total		\$23,721,000

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:

2019 EPA DWSRF Capitalization Grant

October 1, 2019 through September 30, 2023

Attachment 1

Attachment 1 - Project Priority List

County Served	Applicant Name	Population Served	Priority Point Rank	Assistance Amount	Subsidization Amount (Principal Forgiveness)	* GPR Component Costs	* GPR Type	* GPR Categorical Project	Estimated Construction Start Date	**Fundable
Tallapoosa	Dadeville, Waterworks and Sewage Board of the City of	1,465	Supp	\$196,000					-	Yes
Mobile	Mobile, The Board of Water & Sewer Commissioners of the City of	259,800	Supp	\$20,000,000		\$19,900,000	Water/Energy Efficiency	Y	5/1/19	Yes
Tallapoosa	New Site, The Town of	773	Supp	\$85,000		\$85,000	Water/Energy Efficiency	Y	1/22/19	Yes
Franklin	Red Bay, The Water Works and Gas Board of the City of	2,075	195	\$415,000	\$207,000				1/6/20	Yes
Colbert	Colbert County Commission	13,587	150	\$1,000,000	\$500,000	\$605,000	Water/Energy Efficiency	Y	5/1/20	Yes
Madison	Owens Cross Roads Water Authority	3,162	145	\$3,607,000					3/1/20	Yes
Franklin	Hodges, The Town of	810	140	\$309,000	\$154,000				1/3/20	Yes
Marshall	North Marshall Utilities Board	4,205	130	\$1,164,000	\$500,000				3/1/20	Yes
Walker	Cordova, Water Works and Gas Board of the City of	1,300	125	\$200,000	\$100,000	\$19,000	Water/Energy Efficiency	Y	4/1/20	Yes
Mobile	Turnerville Water & Fire Protection Authority	5,970	125	\$500,000	\$250,000				1/1/20	Yes
Shelby	Alabaster Water Board	33,000	115	\$10,125,000					8/1/19	Yes
Marshall	Arab Water Works Board	12,200	110	\$3,854,000	\$500,000	\$546,000	Water/Energy Efficiency	Y	5/1/20	Yes
Shelby and Bibb	Calera, Water Works Board of the City of	7,925	110	\$5,000,000					12/1/19	Yes
Dallas	Selma, Water Works & Sewer Board of the City of	18,370	110	\$1,478,000	\$500,000				3/15/20	Yes
Walker	Curry Water Authority, Inc.	17,370	105	\$25,000,000	\$500,000				2/1/21	Yes
Morgan	West Morgan-East Lawrence Water & Sewer Authority	31,398	100	\$30,000,000	\$500,000				10/1/19	Yes
Jackson	Pisgah, Town of	500	95	\$451,000	\$225,000	\$285,000	Water/Energy Efficiency	Y	5/15/20	Yes
Tuscaloosa	Buhl Elrod Holman Water Authority	3,570	85	\$2,424,000	\$500,000				9/1/19	Yes
Crenshaw	Luverne, City of	2,800	85	\$600,000		\$600,000	Water/Energy Efficiency	Y	9/1/19	Yes
DeKalb	Collinsville, Waterworks & Sewer Board of the Town of	1,050	80	\$783,000	\$391,000				2/1/20	Yes
Sumter	York, City of	2,538	80	\$1,025,000	\$500,000				9/1/19	Yes
Tuscaloosa	Citizens' Water Service, Inc.	10,713	75	\$2,202,000					11/1/19	No
Baldwin	Robertsdale, City of	9,000	75	\$1,904,000	\$421,460	\$1,904,000	Water/Energy Efficiency	Y	8/1/20	Yes
Lee	Auburn, Water Works Board of the City of	63,000	65	\$7,100,000					5/1/19	No
Morgan	Hartselle Utilities	10,500	65	\$1,653,000					6/1/18	No
Blount	Blountsville Utilities Board	1,457	45	\$700,000	\$350,000				5/1/20	Yes
Barbour	West Barbour County Water Authority	460	30	\$138,000	\$69,000				3/1/20	Yes
Shelby	Alabaster Water Board	-	0 - DP	\$6,375,000					N/A	No
Morgan	West Morgan-East Lawrence Water & Sewer Authority	-	0 - DP	\$28,000,000					N/A	No
				Fundable: \$110,958,000	\$6,167,460	\$23,944,000				
				Total: \$156,288,000						

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

Supp - Supplemental
DP - Debt Purchase

**Fundability based on availability of funds and ability to meet program small system funding requirements (See Chapter IV.F)

Attachment 2

Attachment 2 – Project Descriptions

Alabaster Water Distribution System and Water Treatment Facilities Upgrades: The proposed project encompasses water main improvements, water storage tank rehabilitation, well and water plant rehabilitation, a new water supply well, booster pumping station capacity upgrade and rehabilitation, installation of a backup generator, SCADA and security improvements, water meter replacement with smart meters, a new office, operations and future water treatment plant facility. The proposed improvements will ensure that the system continues to provide safe reliable water to all service area customers.

Auburn Well #4 Production Facility and Transmission Main: The Auburn Water Works Board proposes construction of a new groundwater supply well (approximately 4 MGD capacity) in south Auburn along with a 20-inch water transmission Main (approx. 5 miles) to convey this water to a clearwell at the James Estes Water Treatment Plant where it will then enter Auburn's water distribution system. – Not fundable due to funding availability

Blountsville Ground Water Storage Tank and Booster Station Improvements: The Blountsville Utilities Board proposes demolition of an existing 90,000 gallon ground storage standpipe and replacement by construction of a new 300,000 gallon ground storage tank with replacement of pumps at Hwy 231 BPS with variable frequency drives (VFD's) added. The proposed facilities will meet the demands of the low-pressure portion of the service area and provide the additional capacity to serve as a pumped storage system to meet the usage needs of the John's Mountain Tank area. Completion of these improvements will increase the water system's operational reliability and supply safe reliable potable water to the service areas customers.

Calera Water Distribution System and Water Treatment Plant Upgrades: The Calera Water Works Board proposes to make upgrades and improvements to the Water Distribution System and Water Treatment Plant. Upgrades will address low-pressure areas installation of new water lines to address the aging infrastructure. The system experiences low pressures of 15 - 18 psi range during off peak times which will be corrected by installation of a 14 inch loop line and replacement of old undersized water mains. A new elevated water storage tank and a new booster pumping station are also proposed. Proposed project work will significantly improve system pressures and redundancy in insuring the continued provision of sufficient and safe drinking water to all service area customers.

Cordova Test Well and Distribution System Improvements: The Water Works & Gas Board of the City of Cordova proposes system upgrades to include drilling a test well with plans for a future production well, upgrade the SCADA system with additions and control improvements, and replace failing Class 160 PVC pipe and valves to monitor water leakage. Construction of these proposed improvements will ensure a safe and reliable water supply to all the customers of the system.

Curry Water Treatment Plant and Distribution System Improvements: The Curry Water Authority proposes to Construct a new 4 MGD Water Treatment Plant, install new a new raw water transmission main, install new water transmission mains, install a new elevated storage tank, install pressure reducing valves throughout the system. Upgrades and improvements will also include performing necessary maintenance to existing water storage tanks, replace existing undersized water lines, and replace existing water meters. Construction of the proposed new facilities along with upgrades to the existing distribution system will result in the system becoming self-sufficient and provide safe reliable water supplies to all of the system's customers.

Luverne Water Meter Replacement Project: The City of Luverne proposes improvements to its water system to provide increased efficiency and reliability. The proposed project will consist of system-wide replacement of existing water meters with AMR (Automated Meter Read) water meters, meter reading equipment, billing software, and other necessary components. Proposed project work will increase system reliability, identify and eliminate previously unaccounted for water loss, decrease associated energy, labor, and transportation costs, encourage water conservation, improve overall customer service, and increase operational revenues.

West Barbour County Water Main Replacement Project: The West Barbour County Water Authority proposes to replace of water supply mains at three creek crossings by directional bore method to prevent imminent failure due to exposure of the existing lines. Construction of the proposed projects will prevent failures of the distribution mains at these creek crossings and thus provide reliable water supplies for the systems customers.

West Morgan – East Lawrence Water Authority Reverse Osmosis Treatment Process: The West Morgan-East Lawrence Water & Sewer Authority proposes to construct water treatment plant upgrades to include replacement of the existing submerged membrane filters with new pressure membrane filters, installation of a Reverse Osmosis treatment process downstream of the new membrane filters, and installation of a waste stream treatment system to minimize the discharge of PFAS compounds back to the Tennessee River. These proposed improvements will benefit all service area customers with the provision of continued quality drinking water.

Buhl-Elrod-Holman Water System Improvements: The Buhl Elrod Holman Water Authority proposes installation of a 700 GPM water treatment package plant, new operations building, 100,000 gallon clear-well, chemical feed system, aeration tower, and service pumps; development of new Well No. 3 (400 GPM); upgrade of the Well No. 2 service pumps; new raw water transmission lines from both wells to the new WTP; and a new water distribution line from the new WTP and connecting to the existing distribution system. Proposed improvements will ensure system compliance and the continued provision of adequate and safe drinking water to all service areas customers.

Citizens' Water System Improvements: Citizens' Water Service, Inc. proposes installation of approximately 25,000 LF of new 12-inch ductile iron water main along Brookwood Parkway to connect existing mains at George Newell Road and Brookwood High School and along Paradise Lane to connect existing water mains at Brookwood Parkway and Covered Bridge Road along with the construction of a new booster station adjacent to Million Gallon Tank. Proposed project work will significantly improve system pressures and redundancy in insuring the continued provision of sufficient and safe drinking water to all service area customers. – Not fundable due to funding availability

Mobile AMI Installation (Supplemental): The Mobile Board of Water and Sewer Commissioners proposes installation of approximately 20,000 Advanced Metering Infrastructure (AMI) water meters and two new AMI system towers which will substantially reduce energy and labor costs associated with monitoring water usage, and insure the continued provision of sufficient and safe drinking water to all service area customers.

Robertsdale Water Infrastructure Improvements: The City of Robertsdale proposes replacement of approximately 3,600 manual read water meters with Advanced Metering Infrastructure (AMI) meters along with the installation of leak detection modules. These new meters will provide decreased energy and labor costs and result in greater accuracy and accountability of overall system water usage. Leak detection modules will offer rapid, reliable,

and effective discovery and identification of water loss locations. These proposed improvements will benefit all service area customers with the provision of continued quality drinking water.

Selma Water System Improvements: The Water Works and Sewer Board of the City of Selma proposes various improvements to its water production, treatment, and storage facilities. Improvements will consist of the installation of a new water production well at Robert Jack Chandler WTP; construction of a new concrete block building to house existing potassium permanganate equipment at Chandler WTP; replacement of filter building piping; repair and sealing of concrete troughs; and the rehabilitation, repair, and repainting of Chandler WTP and Johnson City elevated water storage tanks. These proposed improvements will benefit all service area customers with the provision of continued quality drinking water.

Turnerville Drinking Water Treatment Upgrades: The Turnerville Water & Fire Protection District proposes construction of additional treatment facilities at Henry Davis Road Well to address intermittent color, ammonia and associated disinfection retention, and high total dissolved solids. Project work items will consist of the installation of a new stripping/aerator unit, clear-well for detention and chlorine contact time, and new service pumps and associated piping and valves to transfer finished water to the adjacent elevated storage tank. Proposed improvements will ensure system compliance and the continued provision of adequate and safe drinking water to all service areas customers.

York Storage Tank Rehabilitation: The City of York proposes rehabilitation of the McGregor Elevated Water Storage Tank (500,000 gal.), Oswald Elevated Water Storage Tank (200,000 gal.), and Millville Standpipe (500,000 gal.). Proposed work will consist of media blasting of exteriors and application of new protective coating. Proposed improvements will insure continued provision of safe and adequate water supply to service area customers.

Colbert County Meter and Distribution Upgrades: The Colbert County Commission proposes a project to provide improved drinking water distribution reliability within its water system. The proposed project will consist of replacement of existing water meters with new AMR meters, replacement of 8,050 LF of existing water main, installation of SCADA at seven water meter locations and the rehabilitation of three pump stations. A complete water audit will be conducted to identify inaccuracies within the billing system. In addition, GIS mapping will be utilized to locate water meters associated with customer accounts in the billing system. Completion of these improvements will reduce the unaccounted for water loss and decrease overall operational cost associated with labor and transportation.

Dadeville Rice Avenue, Hillcrest, and Fulton Street Tank Rehabilitation (Supplemental): The Waterworks and Sewage Board of the City of Dadeville proposes the rehabilitation of the Rice Avenue, Hillcrest, and Fulton Street Elevated Water Tanks. Improvements include miscellaneous repairs, media blasting and applying a new protective coating system. Proposed project work will guarantee that safe water is provided to all customers, safeguard the tanks against weather and corrosion, and extend the useful life of the tanks.

New Site Water System Improvements (Supplemental): The Town of New Site proposes improvements to its water system to provide increased efficiency and reliability. The proposed project will consist of system-wide replacement of existing water meters with AMR (Automated Meter Read) water meters, installation of an auxiliary power source and constant pressure station at various system pump stations, installation of fire hydrants for cleaning and maintenance and replacement of the Town's interconnection transmission main with the City of Alexander City. Completion of these improvements will provide an increase in system reliability, identify and

eliminate previously unaccounted for water loss and decrease the current energy, labor, and transportation costs; resulting in improved overall customer service and increased operational revenues.

Hartselle Distribution Upgrades: The Hartselle Utilities (HU) proposes a project to provide adequate water pressure and reliability within the HU water system. The proposed project will consist of installation of a new booster pumping station, 2500 L.F. of new water main and associated appurtenances. Completion of this project will provide adequate water pressure in high level pressure zones within the (HU) water system, thus providing safe quality drinking water for all residents. – Not fundable due to availability of funds

Hodges AMR Meter Installation: The Town of Hodges proposes a project to provide improved drinking water distribution within its water system. The proposed project will consist of replacement of existing water meters with new AMR meters. Completion of these improvements will reduce the unaccounted water loss and decrease overall operational cost associated with labor and transportation.

Red Bay Clearwell Construction and Rehabilitation: The Red Bay Water System proposes improvements to its existing water treatment system. The project consists of the rehabilitation of the existing 30,000 gallon clearwell and construction of a new 210,000 gallon clearwell. Completion of this project will provide additional storage which will improve disinfection and contact time, thus providing safe quality drinking water for all residents.

Arab Water System Improvements: The Arab Water Works Board proposes a project to provide improved drinking water distribution reliability within its water system. The proposed project will consist of system-wide rehabilitation of multiple, drinking water storage tanks and the installation of a new, high service pump with VFD (variable frequency drive) controls at the Arab WTP (Water Treatment Plant). In addition, an existing booster pumping station will be retrofitted with VFD controls for increased operational efficiency. Completion of these improvements will extend the useful life of the water system's existing storage facilities and increase the system's ability to meet current and future water supply demands.

Collinsville Water Storage Tanks Rehabilitation, Telemetry and Generator Upgrades: The Waterworks & Sewer Board of the Town of Collinsville proposes a project to improve the drinking water distribution reliability within its water system. The proposed project will consist of system-wide rehabilitation of multiple, drinking water storage tanks with upgrades to their remote monitoring equipment as needed. Additionally, a new auxiliary generator will be installed at The Board's office to maintain electrical service during power outages. Completion of these improvements will increase the water system's operational reliability by extending the useful life of its existing storage facilities while also providing uninterrupted remote monitoring and emergency alert capabilities.

North Marshall Utilities Bishop Mountain Water Line: The North Marshall Utilities Board proposes a project to provide potable drinking water to residents in the Bishop Mountain community. The proposed project will consist of the installation of approximately 22,500 LF of new water main, construction of a 50,000 Gallon elevated water storage tank and a new booster pumping station with related appurtenances for all facilities (including installation of remote monitoring equipment). Completion of this project will address a public health concern by eliminating the use of contaminated residential wells, thus providing safe drinking water for the residents that reside on Bishop Mountain.

Owens Cross Roads Water Treatment Plant Upgrade: The Owens Cross Roads Water Authority proposes a project to upgrade its water treatment system. The capacity of the Owens Cross Roads WTP (Water Treatment Plant) will be expanded from 1.0 MGD (Million Gallons per Day) to 2.0 MGD to meet existing water supply demands. Proposed improvements include the construction of new filters and a new filter building (with energy efficient lighting) as well as the construction of a new clear well. New high service pumps (with variable frequency drive controls) will be installed, as the existing high service pumps will be converted to backwash pumps for the new filters. Additionally, a water softener system, filter backwash pond and an auxiliary generator will be installed to reduce hard water/calcium issues, eliminate monthly sewer use charges and to maintain system operation during power outages, respectively. The City successfully completed phase one of its three-phase water system master plan in 2018, with phase two currently underway. Completion of the proposed improvements (phase 3) will allow the system to meet current and future water supply demands, thus eliminating the costs of purchasing supplemental water from neighboring systems. Moreover, the proposed project will increase treatment and system reliability while reducing overall operational costs with optimized equipment and facilities.

Pisgah Water System Improvements: The Town of Pisgah proposes improvements to its water system to provide increased water supply reliability and distribution efficiency. The project consists of the rehabilitation of an existing water storage tank as well as system-wide replacement of existing analog water meters with new, AMR (automatic read) meters and related appurtenances. The proposed project will increase system reliability by identifying and eliminating previously unaccounted for water loss with a decrease in the associated energy, labor, and transportation costs. Furthermore, increases in overall customer service and operational revenues are also achieved.

Attachment 3



Form 370: Drinking Water State Revolving Fund Preapplication

The purpose of this preapplication is to gather information concerning potential projects eligible for funding from the Drinking Water State Revolving Fund (DWSRF). The DWSRF was established through amendments to the Safe Drinking Water Act (SDWA) to provide low-interest rate financing for construction of public water system improvements. This information will be used to develop a priority list of projects that will be eligible for assistance from the DWSRF. This form may be submitted at any time, but for the highest probability of funding it is recommended that it be submitted as early as possible after the start of the fiscal year (October 1). Please review the instructions, sign and date the preapplication and submit two complete copies with attachments to:

SRF Section
 Alabama Department of Environmental Management
 Post Office Box 301463
 Montgomery, Alabama 36130-1463

If by overnight mail:
 1400 Coliseum Boulevard
 Montgomery, Alabama 36110-2400
 (334) 271-913



Project Name		Assistance Amount Requested
		\$
Applicant	County	DUNS Number
Name and Title of Contact Person	Telephone	FAX
Street Address or Post Office Box	City, State, and ZIP	Email Address
Consulting Engineer	Telephone	FAX
Firm	Email	
Street Address or Post Office Box	City, State, and Zip	
Number of Connections to be Served by the Project	AL House District(s)	AL Senate District(s)
Total Number of System Connections (Current)	PWSID Number	DUNS Number

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

1. Break down the total project costs (categories should sum to 100%):

Treatment: ___% Distribution: ___% Source: ___% Storage: ___%

2. Give a brief description of the proposed project and attach a copy of the preliminary engineering report (PER).

3. Give an estimated cost outline for the entire project. If available, give line item breakdowns.

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

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

5. Provide a proposed project schedule.

Activity	Date
Plans & Specifications Submitted to ADEM	
Bid Opening	
Notice to Proceed	
Start Construction	
Complete Construction	

6. Enter the Median Household Income (MHI) for the affected community:

Source: _____

\$

7. Enter the Average Annual Household Water Bill:

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 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
Circle the point value that applies to the project and enter the total points claimed here. If none of the above criteria apply, enter zero. Note that credit can be claimed for only one of the above criteria.	

*Applicant must provide supporting documentation to receive credit.

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
Circle the point value(s) that apply to the project and enter the total points claimed here. If none of the above criteria apply, enter zero.	

*Applicant must attach supporting documentation from the local Health Department to receive credit.

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

Ranking Criteria	Point Value
1 The project significantly reduces unaccounted for water loss. The unaccounted for water loss during the last 12-month period was*:	
50% or higher	25
35% or higher	20
20% or higher	10
15% or higher	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
Circle the point value(s) that apply to the project and enter the total points claimed here. If none of the above criteria apply, enter zero.		<input type="text"/>

*Applicant must provide supporting documentation to receive credit.

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

	Ranking Criteria	Point Value
1	The system lacks adequate capacity to provide safe drinking water, as evidenced by boil water notices, and/or total lack of service to existing customers for a significant period of time. Completion of the project will provide adequate capacity for 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
Circle the point value(s) that apply to the project and enter the total points claimed here. If none of the above criteria apply, enter zero.		<input type="text"/>

*Applicant must provide supporting documentation to receive credit.

E. System Consolidation Criteria (Maximum: 100 points)

	Ranking Criteria	Point Value
1	The project will consolidate two or more systems, resulting 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
Circle the point value(s) that apply to the project and enter the total points claimed here (maximum credit 50 points). If none of the above criteria apply, enter zero.		<input type="text"/>

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* b) Water Conservation Plan, adopted by governing body*	10 5

2	The project includes one or several of the following design considerations:	
	a) LEED certified or other ADEM-approved green building techniques.	5
	b) Project envelope is located in a previously developed area.	5
	c) Use of environmentally friendly post-consumer recycled or reclaimed materials.	5
3	The project incorporates at least one of the following construction methods:	
	• Innovative erosion control practices;	5
	• Protection of onsite trees, vegetation, native habitats and urban forests; or	
	• Replanting of disturbed areas with native plant species.	
4	The project will utilize one or more of the following water conservation strategies:	
	a) Incorporates sustainable water pricing practices and rate structures.	10
	b) Completion of EPA's Water Quality Scorecard (see http://www.epa.gov/smartgrowth/water_scorecard.htm).	5
Circle the point value(s) that apply to the project and enter the total points claimed here (maximum bonus credit 50 points). If none of the above criteria apply, enter zero.		<input type="text"/>

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
Circle the point value(s) that apply to the applicant and enter the total points here.		<input type="text"/>

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
Circle the point value that applies to the project and enter the total points claimed here.		<input type="text"/>

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	5
	Circle the point value(s) that apply to the applicant and enter the total points here.	

J. Project Readiness (30 possible bonus points)

	Ranking Criteria	Point Value
	Project planning is complete and biddable plans and specifications will be submitted to ADEM within 60 days of this application for examination and/or issuance of a construction permit.	30
	Circle the point value that applies to the project and enter the total points claimed here.	

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	
Part J: Project Readiness (30 bonus points maximum)	
TOTAL POINTS CLAIMED:	

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

The following attachments must be included with this form:

1. Preliminary Engineering Report – Required for all infrastructure projects
2. Detailed project narrative with schedules, cost breakdowns, etc – May be substituted for engineering report for all non-infrastructure projects
3. Copies of last three (3) audited financial statements
4. Project maps
5. 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

Instructions

Do not use this form for Clean Water State Revolving Fund projects. Use Form 340.

The Drinking Water State Revolving Fund is only open to public bodies. This includes any county, state agency, incorporated city or town, public corporation, district, cooperative, association, authority or any instrumentality thereof created by or pursuant to state law and having jurisdiction, power or authority with respect to the transmission, sale, production or delivery of drinking water, including also a combination of two or more of the foregoing.

Unrelated projects should be submitted on separate preapplications, and will be scored independently.

Projects primarily intended to serve future growth are not eligible for DWSRF funding.

Preapplications may be submitted at any time, but it is recommended that they be submitted as soon as possible after the start of the fiscal year (October 1) for maximum available funding.

PAGE 1

Project Name: Enter a short descriptive title for the project. Example: Kashmir Road Elevated Storage Tank Security Project.

Assistance Amount Requested: Enter the total amount of DWSRF assistance sought.

Applicant: Enter the name of the public body that will be the recipient of DWSRF assistance.

County: Enter the county where the work will occur. If the project spans 2 or more counties, enter the names of all counties impacted.

DUNS Number: Enter the Data Universal Numbering System number for the applicant, provided by Dun & Bradstreet.

Contact Person: Enter contact information for the employee or official who is most familiar with the project. This is the person the Department should contact if there are any questions or additional information required.

Consulting Engineer: Enter the contact information for the consulting engineer, if any.

Connections Served by the Project: Enter the number of customer connections that will directly benefit from the project.

Alabama Legislative Districts: Enter the district numbers for all districts impacted by the project.

Current Connections: Enter the total number of customer connections served by the applicant (Do not include connections served by other systems that purchase water from the applicant).

PWSID Number: Enter the PWSID number for the applicant. For consolidation projects, also include the PWSID number for the system that will be eliminated by the project.

DUNS Number: Enter the DUNS number for the applicant. If the applicant does not have a DUNS number, please register at <http://fedgov.dnb.com/webform> and enter the number received.

PAGE 2

1. **Needs Categories:** Break down all project costs according to the needs categories shown. The total must sum 100%.
2. **Project Description:** Provide a brief description of the proposed project (one paragraph or less). For infrastructure projects a copy of the preliminary engineering report must be attached. All other projects must include either a preliminary engineering report or other report that includes information on the project scope, need for the project, any alternatives considered, cost/scheduling information, and project maps.

3. **Cost Outline:** Provide estimated costs for all project components. Give as much detail as possible.
4. **Other Funding:** If funding sources other than the DWSRF will be used to finance any portion of the project costs, provide the name(s), amount(s), and any available commitment dates.
5. **Project Schedule:** Provide an estimated project schedule (for planning purposes, you may assume that the DWSRF funding agreement will be closed in August of the following year). Note that all work must be underway within one year of the funding agreement date, and completed within 3 years.
6. **MHI:** Provide the Median Household Income for the affected community, and the source used (typically, the most recent census). This information will be used as a tie-breaker should one or more projects have identical scores.
7. **Average Water Bill:** Enter the average annual household water bill for residential customers. Do not include industrial, commercial, wholesale, or consecutive customers. If this information is not available, the minimum residential water charge for one year may be used.

PAGE 3

- A. **Enforcement and Compliance Rating Criteria:** For the maximum point value of 50, the system must presently be under a formal enforcement action including a notice of violation, consent order, administrative order, or litigation. The project must return the system to compliance as its primary purpose. For 40 points credit, the applicant must demonstrate that the proposed project will result in compliance and, therefore, avoid formal enforcement by the Department. For 25 points credit, the applicant must demonstrate that the project is necessary to keep the system in compliance. Supporting documentation must be attached to receive credit. All other projects will be awarded zero points.
- B. **Drinking Water Contaminants Criteria**
 1. To receive credit, the purpose of the project must be to eliminate primary MCL violations that are occurring at the time of application.
 2. To receive credit, the purpose of the project must be to eliminate secondary MCL violations that are occurring at the time of application.
 3. If the primary purpose of the project is to extend water service to persons (existing residences) served by documented contaminated wells, credit may be claimed.
- C. **Water/Energy Efficiency Rating**
 1. The unaccounted for water loss must equal the amount shown on the last Sanitary Survey prepared by the ADEM Drinking Water Branch or other study/investigation. Include documentation to receive credit.
 2. Be sure to include a copy of the audit or plan for credit.

PAGE 4

3. The renewable energy project must be owned by the applicant.
4. Provide supporting documentation (manufacturer's literature, energy audits, etc.) in order to receive credit. Simply replacing equipment that is at the end of its useful life, with new equipment of average efficiency, does not qualify.
- D. **Capacity and Pressure Criteria:** Documentation must be provided to receive credit. Note that the maximum point value for this section is 100.
- E. **System Consolidation Criteria**
 1. At least one public water system must be dissolved as a result of the project to claim 100 points. (Note: points may be claimed elsewhere on this form by the applicant for enforcement and violations of the system to be eliminated)
 2. Credit may be claimed if the interconnection provides an additional source to a water system or portion of a water system that is served by only one source.
- F. **Sustainability Criteria:** Use of the techniques and design considerations listed can result in significant bonus points for the project ranking. Note: Credit for completing the EPA Water Quality Scorecard will only be awarded once per community. Subsequent years' applications will receive credit only if the applicant demonstrates improvement in their score.

PAGE 5

G. Reporting Criteria (Note that these values are deductions from the total points awarded to the project)

1. If, over the past 12 months from submittal of this preapplication, the system was cited by ADEM for late reports or a monitoring/reporting violation, ten points must be deducted. "Cited" includes issuance of a warning letter, Notice of Violation, consent order, administrative order, or litigation.
2. If the applicant was asked over the past four years to complete a survey for the Drinking Water Needs Survey or the Clean Watershed Needs Survey, and failed to do so, twenty points must be deducted. Example: Two years ago the Cameron Water Works was sent a Drinking Water Needs survey, but did not participate. Twenty points would be deducted from the Cameron Water Works' score.

H. Affordability Criteria: Be sure your calculations are based on the average annual household water bill, not the monthly water bill.

PAGE 6

I. Infrastructure Improvement Criteria: For each applicable component, add the applicable points to the total. To receive credit, the component must be a significant portion of the project. Example: installation of a new water storage tank with a fence, security light, and connection to an existing SCADA system would receive credit for the tank only (10 points) since the security and SCADA portions of the work are incidental.

J. Project Readiness: To receive bonus credit, project planning must be complete and biddable plans and specifications will be submitted to ADEM within 60 days of submittal of this application.

PAGE 7

Enter the points claimed from A. through J. Be sure to note the limits on points from each category. Sum the points and enter the total as shown.

Note: The final point determination is made by the Alabama Department of Environmental Management. Any points claimed that cannot be satisfactorily justified will be deducted from the total.

Be sure to submit two (2) complete, signed copies with all attachments.

This form must be signed by an official of the public body that is authorized to sign funding applications.