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April 22, 2024

Ms. Victoria Miller, Director of Advocacy Research
Alabama Rivers Alliance
2014 6th Ave N #200
Birmingham, AL 35203

Dear Ms. Miller,

On March 4, 2024, the Department received comments from the Alabama Rivers Alliance pertaining to the fiscal year 2023 Intended Use Plans (IUPs). The comments are attached. Below are the Department's responses addressing the comments received. No major programmatic changes to the IUPs were necessary; however, minimal changes to the format and substance of the IUPs were made and the modified IUPs are attached.

Response to Comments

Section 1: Our objectives for SRF advocacy

- a. Our coalition of water advocates is committed to actively participating in SRF education, outreach, and engagement initiatives, extending beyond the IUP comment period. Leveraging our established relationships with communities and organizations throughout Alabama, our aim is to connect underserved communities with the resources and funding offered by the SRF program. We seek to enhance SRF program awareness and accessibility among marginalized and underrepresented communities, empowering them to navigate the complex SRF funding process for their water infrastructure needs effectively. We commend ADEM for its efforts thus far to provide utilities with information about the historic funding opportunity, but we believe that ADEM can, and should, be doing more to reach communities that have not traditionally participated in the SRF program. We are interested in hosting public engagement meetings between ADEM and community-based organizations where we can continue to work on SRF program accessibility and equity beyond the IUP comment period.

Response: Noted, the Department is continually interested in additional ways to solicit communities to the program and will continue to work with outside entities to improve the process.

- b. We urge ADEM to offer more support and technical assistance to SRF applicants and awardees throughout the SRF project implementation process. This support is particularly crucial for communities with limited resources or that meet additional subsidization criteria, ensuring equitable access to SRF funding opportunities. We have heard that even



after the initial offer of SRF assistance, communities may still struggle to mount the necessary resources to submit a full SRF application and be able to proceed with construction. This underscores the need for ADEM to enhance its support mechanisms and technical assistance provisions to address these barriers effectively.

Response: The complete scope of a project, in general, is eligible for reimbursement including preliminary work such as pre-applications, applications, and engineering design. Since fiscal year 2022, the Alabama State Revolving Fund has had more demand than funds available. Additionally, the Department is required to expend 120% of the funds available (capitalization grant and state match combined) within one year of award of funds. In order to meet these requirements, the program intends to prioritize construction “shovel ready” projects over preliminary and/or design only projects when ranking projects.

The Department also supports communities and develops guidance and general information provided for each fundable project. Additionally, EPA has provided resources specifically for technical assistance to small and/or disadvantaged communities. The Alabama SRF has provided information to EPA on potential eligible communities to target and intends to continue to support EPA’s technical assistance effort. Communities can apply for technical assistance through EPA’s website (<https://www.epa.gov/water-infrastructure/forms/water-technical-assistance-request-form>) or by contacting ADEM.

- i. One specific case that exemplifies the need for additional support is the Town of Camp Hill, which has expressed difficulties navigating the SRF process even after the initial distribution of funds. The town would greatly benefit from further technical assistance and guidance to overcome these challenges and successfully advance its water infrastructure improvements.

Response: The Town of Camp Hill was funded through the America Rescue Plan Act (ARPA) program for both clean water and drinking water projects. No SRF nor BIL dollars were allocated to Camp Hill. Please note that the Town of Camp Hill declined drinking water funding in the amount of \$10,000,000 due to requirements of the funding such as the fiscal sustainability plan (FSP) associated with ARPA. The Department agrees with the FSP requirements as they set communities up for future success and a better overall long-term outcome.

- c. Our coalition also wants to emphasize the importance of the SRF programs in Alabama not only in addressing immediate infrastructure needs but also in cultivating a skilled and resilient clean water workforce for the future. We advocate for the establishment of robust partnerships between the SRF program and community organizations, as well as the implementation of dedicated set-aside programs for technical assistance. ADEM should leverage its existing resources and expertise to offer comprehensive training programs and apprenticeships tailored to the specific needs of the water industry by collaborating with community organizations.

Response: ADEM works closely with communities and organizations such as Rural Water, Rivers Alliance, ADEM operator certification and compliance staff, WFX, universities, etc. Currently, the Department has an interagency agreement with Public Health to provide ARPA funding to

entities for septic tank replacement/identification. Furthermore, the Alabama SRF has included set-aside funding on the clean water fund in order to assist small communities with identifying wastewater needs, including decentralized. ADEM will continue this effort in future years.

Section 2: Commenting on areas of improvement noted with AL's SRF

- a. We are pleased to note that ADEM is taking strides in advancing SRF projects and commend the agency for effectively securing and utilizing federal funding.
- b. It is helpful to see the SRF loan interest rate and project fee percentage outlined in the IUPs. However, it would be beneficial to see the information listed in consistent locations across the IUPs. Additionally, ADEM should offer alternative financing options for communities meeting disadvantaged or affordability criteria.

Observed on the IUP: The FY2023 IUPs include information about the anticipated SRF loan interest rate of 0.1% and project fee percentage of 2.1% specified for all loans, except 100% forgiven loans. However, this same information can be found at differing locations across the IUPs (on page 6 of the CWSRF base IUP, page 9 of the CWSRF BIL IUP, page 6 of the DWSRF base IUP, and page 10 of the DWSRF BIL IUP). In order to increase IUP accessibility 3 it would be helpful to include this information consistently in the section about financial terms of loans.

Response: The Alabama SRF has made significant changes to the format and substance of the Intended Use Plans as a result of the Bipartisan Infrastructure Legislation (BIL). The Department intends to standardize the IUPs across each program as much as possible. While certain requirements apply to both programs, each program has unique requirements such as the Water Resources Reform and Development Act (WRRDA) in Clean Water. This will inherently result in small differences between the CWSRF and DWSRF programs; however, the Department will attempt to make each IUP as consistent as possible in the future.

The FY2023 IUPs state that ADEM may offer a range of options regarding the term, interest rate, and level of loan funding and may offer up to 100% of allowable project costs. Despite recognizing the ability to issue loan terms up to 30 years or the useful life of the project, the IUPs state that total term financing will not exceed 20 years, or under special circumstances 30 years may be considered. More information is needed to explain whether ADEM offers alternative financing options to communities that qualify for additional principal forgiveness, and to clarify what are the special circumstances that allow projects to receive 30-year financing.

Importance: While the fee information on the IUPs is valuable, stakeholders would benefit from having the yearly interest rate and project fees listed consistently across the IUPs. This would help clarify if these terms are consistent across all projects. For transparency, stakeholders and community advocates need to be able to understand the financial impact an SRF loan will have on their community. Access to consistent and detailed information on loan terms on all IUPs facilitates this decision-making process for communities. Additionally, beyond the IUPs, we urge ADEM to do more to provide alternative financing

terms and options for communities meeting disadvantaged or affordability criteria. While the SRF program has the flexibility to offer lower interest rates and longer loan terms (up to 30 years), these options are not always utilized by ADEM. Even for communities receiving principal forgiveness, it often does not cover the full award, leaving a loan component that can burden economically disadvantaged areas.

Response: The SRF has multiple options to provide additional subsidization to disadvantaged communities. As indicated in 40 CFR 35.3525(b), additional subsidization can be provided through low interest loans, no interest loans, or principal forgiveness. In the Department's estimation, principal forgiveness provides the most efficient way for disadvantaged communities to complete projects. A 30-year amortization would be appropriate for no interest loans. Additionally, in general, 30-year loan terms may lead to concerns about equipment approaching the useful life for the majority of projects. With low interest loans, the Department intends to provide "low cost" financing. Adding additional time to the amortization period would result in additional costs. When appropriate, based on analysis of financials, the Department will give up to 100% principal forgiveness to ensure that a disadvantaged community can complete a project.

- c. We support ADEM's practice of awarding principal forgiveness appropriately to project applicants within the federally required proportions of the capitalization funds under the BIL, SWDA, and CWA. However, we also encourage ADEM to maximize principal forgiveness offers as much as possible.

Response: See comment above. The Department evaluates each project financially and determines the appropriate amount of loan and principal forgiveness in order to maximize the use of the funds throughout the State.

Observed on the IUP: The DWSRF BIL IUP correctly allocates 49% of the capitalization grant as additional subsidization, awarded as principal forgiveness to qualifying applicants. However, the CWSRF BIL IUP allocates approximately 51% of the capitalization grant as principal forgiveness, surpassing the 49% minimum requirement under the BIL. The base CWSRF IUP issues approximately 37% of funds as principal forgiveness. The base DWSRF IUP is less clear about whether the additional subsidy funds are issued according to requirements of the capitalization grant or the America's Water Infrastructure Act, but it also seems to align with the minimum requirements. Importance: We are pleased to see that ADEM intends to award FY2023 funds to communities meeting disadvantaged criteria in at least the federally-required minimum 4 portions. Under current law, the minimum amount of the SRFs that must be provided as additional subsidization each year is 10% for the CWSRF and 12% for the DWSRF, and the maximum amounts are no more than 30% for the CWSRF and 35% for the DWSRF. This year's appropriations bill required an additional 10% to be provided as additional subsidy for each program. We commend ADEM for using 37% of CWSRF base funds as subsidy, and we want to encourage ADEM to direct more of the DWSRF base fund as subsidy. Additionally, ADEM should clarify how they are directing 49% of CWSRF BIL funds for principal forgiveness as required by the BIL, as the IUP currently directs approximately 51% of the capitalization grant as principal forgiveness.

Response: The Department included additional principal forgiveness in order to meet the Capitalization grant requirements for previous years. Due to withdrawal of projects from past fiscal years, additional subsidization is required to meet at least the minimum requirements. EPA allows allocation of these funds in future fiscal years, but when reported, the appropriate fiscal year must be determined. The detail of allocation of the principal forgiveness by fiscal year was erroneously omitted.

Additional subsidization was included in the CWSRF BIL IUP due to the compartmentalized nature of the BIL funds. Instead of including an additional line on the CWSRF base IUP to only include additional subsidization, while having the rest of the project on BIL and overlapping, additional subsidization was included with projects on the CWSRF BIL. However, that principal forgiveness is not allocated to fiscal year 2023's appropriation. The IUP has been updated to reflect the following for allocation of additional subsidization:

IUP Fiscal Year	Current Principal Forgiveness Allocated ¹	Principal Forgiveness Allocated ²	Principal Forgiveness Total ³	Percentage of Additional Subsidization ⁴	Required Principal Forgiveness
2017 CWSRF	\$1,350,000	\$132,500	\$1,482,500	10%	10%
2019 CWSRF	\$1,601,700	\$175,000	\$1,776,700	10%	10%
2020 CWSRF	\$1,277,000	\$486,400	\$1,777,000	10%	10%
2021 CWSRF	\$931,050	\$845,650	\$1,776,700	10%	10%
2023 CWSRF BIL	N/A	\$11,420,920	\$11,420,920	49%	49%
2023 CWSRF	N/A	\$2,136,710	\$2,136,710	25%	20%
Total	N/A	\$15,064,680 ⁵	N/A	N/A	N/A

Note 1: Amount allocated based on actual loans closed from previous fiscal years.

Note 2: Amount allocated on current fiscal year 2023 IUP to meet requirements of past Capitalization grants.

Note 3: Total amount allocated including the amount in the FY2023 IUP.

Note 4: Capitalization grant requirements for that specific fiscal year. Withdrawn projects will be noted in future IUPs.

Note 5: \$11,420,920 for 2023 CWSRF BIL and \$3,643,760 for 2023 CWSRF and rollover funds from previous fiscal years.

d. We appreciate the additional information about disadvantaged criteria categories on the DWSRF IUPs and the inclusion of additional columns on the Project Priority List (PPL) across all IUPs.

Observed on the IUP: Compared to previous IUPs, the DWSRF IUPs offer more comprehensive information in section IV, B, describing each category determining

eligibility for additional subsidization, but similar detailed information is lacking from the CWSRF IUPs. We support the inclusion of additional columns of information on all four IUP PPLs, providing further insight into how applicants scored in additional subsidization categories.

Importance: As our group of advocates highlighted in FY2022, understanding how each applicant scores in each category for additional subsidization was previously unclear. The enhanced PPLs in FY2023 offer valuable information about these categories, assisting future applicants in determining their eligibility for additional subsidization. Section IV, B of the DWSRF IUPs gives further details about how each category is determined, but this information and clarity is lacking for the CWSRF IUPs. Despite our previous comments, the CWSRF IUPs still present confusing and lengthy explanations for how additional subsidization is determined that has not been significantly adjusted.

Response: The information on principal forgiveness for the Clean Water program is given in Attachment 4 of the IUP. This describes in detail the breakdown of each category similarly to how it is detailed on the DWSRF IUP. The Department intended to clarify the DWSRF by wording each category similar to the CWSRF. The categories utilized in the clean water program are similar to the drinking water categories, especially with respect to census data and median household income.

e. We commend the Alabama legislature for providing the 10% state match to access the BIL supplemental funds, and we encourage the legislature to continue supporting and growing the SRF.

Observed on the IUP: In 2023, the Alabama legislature allocated funds to cover ADEM's 10% federally required match portion for the BIL supplemental funds. The 20% state match on the FY2023 base CWSRF and DWSRF was provided by overmatch of State Match Bonds in prior years, and ADEM mentions not planning to issue new bonds in FY2023.

Importance: While states are typically required to provide a 20% match, the BIL/IIJA funds offer a reduced state match of 10% for FY2022 and FY2023. Alabama's legislature has provided the 10% state match for BIL funds during the past two years. It is vital that Alabama continue supporting the federal investments in water infrastructure by making additional state investments, enhancing more SRF financial capacity and more projects. Alabama can support the SRF by bonding, or by providing appropriations, perhaps even exceeding the minimally required 20% match amount.

As a reminder, BIL supplemental funds designated for lead service line replacement, or emerging contaminants require no state match and must also be awarded as 100% forgivable loans. It is essential to prioritize emerging contaminants and lead service line replacement projects for addressing critical environmental and public health concerns. While the FY2023 IUPs for EC funds have not been released yet, we hope ADEM continues to administer these programs despite their inability to bring revolving funds back in.

Response: Please note the lead service line is required to allocate 49% of all funds as principal forgiveness. The BIL EC does allow 100% principal forgiveness including at least 25% to disadvantaged or small communities. The Alabama SRF will continue to administer the BIL and specifically, emerging contaminants and lead service line allocations.

f. We commend ADEM for continuing to utilize the BIL-supplemental funds for lead service line replacement and for distributing funds to 23 projects. However, we want to ensure that the limited amount of funds available for lead service line replacement are able to be maximized and benefit as many Alabama communities as possible.

Observed on the IUP: The FY2023 DWSRF BIL IUP for lead service line replacement was issued on February 20, 2024. Of the 23 projects being funded, over half (13) were for lead inventory projects. No funds were reserved for set-aside activities.

Importance: We are glad to see ADEM continue to use the BIL-supplemental fund for lead service line replacement. However, ADEM should consider reserving a portion of the LSLR to fund lead inventories as a set-aside activity. Once a community is awarded project funds for a lead service line inventory, it is unclear if that community is still eligible to apply for the DWSRF again to fund the replacement of lead lines. Additionally, ADEM should consider adding additional project ranking criteria for lead service line projects that allow funding to be prioritized in communities with the most lead piping.

Response: Since inventories have a specific timeline, the Department solicited inventory projects for the fiscal year 2023 lead service line fund. Lead Service Line replacement projects in general are eligible for funding. If a community finds lead service lines as a result of conducting the inventory, the Department expects and encourages communities to apply for replacement of the lines in future years. Please note that all lead service line projects that applied were funded in fiscal year 2023. Additionally, the existing ranking system does capture projects which have lead contamination as a concern. Water quality and compliance with the lead and copper rule are captured in the existing ranking process within the pre-application forms.

Section 3: SRF issues identified & recommendations for improvement.

a. There is no longer any indication that ADEM prioritizes the funding of green infrastructure solutions for drinking water systems in Alabama. ADEM should revisit the use of Green Projects Reserve funding in future DWSRF IUPs.

Observed on the IUP: In the FY2022 DWSRF IUPs, ADEM elected to prioritize green infrastructure projects for drinking water systems by directing 10% of the DWSRF as a Green Project Reserve. However, the FY2023 DWSRF IUPs no longer include any mentions of green infrastructure, does not reserve 10% of the DWSRF for green projects, and no explanation is offered. We support the continuation of GPR and prioritization of green infrastructure projects on the CWSRF IUPs.

Why this should be changed: ADEM should continue supporting the development of green infrastructure solutions for drinking water systems in Alabama. Such projects offer

numerous benefits, including environmental sustainability, climate resiliency, and improved public health outcomes. For Alabama to withstand the impending impacts of climate change, ADEM should wholeheartedly support green infrastructure solutions with the Green Projects Reserve.

Recommendation: To continue the advancement of climate-resilient infrastructure solutions, ADEM should revisit the use of the green project reserve in future DWSRF IUPs to direct funds and incentives toward green infrastructure drinking water systems. If ADEM does not intend to incorporate green infrastructure into drinking water projects in the future, then an explanation is certainly needed.

Response: Unlike CWSRF, there is no statutory requirement for green projects on the DWSRF side. Alabama does incentivize/encourage green projects such as energy efficiency and water efficiency. These categories give applicants an additional score for ranking on the pre-application form.

b. ADEM should consider revising its priority point ranking system and updating it to align with the goals of the program and funding priorities outlined in the BIL/IIJA to prioritize more “nontraditional” projects like green infrastructure, disadvantaged communities, and communities lacking centralized services.

Observed on the IUP: ADEM’s current priority points ranking system, as found in the SRF pre-application document, lacks sufficient points to prioritize projects serving communities meeting affordability/disadvantaged criteria or providing connections to those lacking centralized services. The CWSRF priority ranking system offers about 18% of possible points for projects seeking to include sustainable components, and no points are available for communities meeting affordability criteria that might not be able to support infrastructure projects without being prioritized for funding. The DWSRF priority ranking system only offers about 8% of possible points for projects in communities with a high-water bill burden, and only about 7% of possible points for projects with sustainability components.

Why this should be changed: ADEM should consider adjusting the priority point ranking system to closer align with SRF goals and priorities of the BIL/IIJA. These goals include prioritizing disadvantaged, small, and rural communities, promoting climate resilience, and supporting green infrastructure projects. Editing the SRF priority points ranking system to reflect more priority for green infrastructure projects, disadvantaged communities, workforce development, and waterway restoration would be beneficial and allow these projects more prioritization.

Recommendation: We recommend that ADEM adjust the CWSRF and DWSRF project priority ranking system to provide more priority points for “nontraditional” SRF projects, such as those seeking to relieve disadvantaged communities, provide services to communities without them, build climate resilience, and promote sustainability. It is especially critical that projects providing decentralized wastewater treatment in rural and underserved areas receive significantly more than 10 points. A community’s financial

capacity should also be incorporated into the CWSRF project ranking system, as it is on the DWSRF side.

Response: As stated in ADEM Admin Code r. 335-11-1-.05 (for CWSRF), the priority list shall be developed using the criteria establish in 33 USC 1296. The general categories are listed below:

- (a) whether the project promotes compliance with the Clean Water Act;
- (b) the financial capability of the applicant;
- (c) improvement to water quality;
- (d) energy and water efficiency; and,
- (e) sustainability of the project.

While not required under Section 216 of the Clean Water Act (and referenced by 40 CFR 35.3150), the Department does include the financial capability of the applicant as a metric for developing the priority list for CWSRF. The financial capability of the applicant is an overarching requirement. The Department ensures that any community proposed on the project priority list would have the ability to show the financial capability of repayment on a loan. This is accomplished by reviewing financial audits and determining the ability to afford the loan and/or raise rates to ensure repayment. Additionally, the financial capability is evaluated further once the PPL is determined to allocate principal forgiveness based on the ability of the community to finance the project (i.e., the disadvantaged criteria).

The Department does agree that inclusion of the financial metric on the pre-application form would provide more clarity and uniformity between the programs. The SRF will propose a change in the CWSRF pre-application form to include an appropriate metric for financial capability within the ranking procedure.

As stated in ADEM 335-11-2-.05 (for DWSRF), the priority list shall be developed using the criteria established in 40 CFR Parts 9 and 35. The general categories are listed below:

- (a) whether the project addresses the most serious risks to human health;
- (b) whether the project addresses compliance with the Safe Drinking Water Act (SDWA);
- (c) the financial capability of the applicant/affordability of the project;
- (d) energy and water efficiency; and,
- (e) sustainability of the project.

The Alabama SRF addresses each of these categories including affordability, with the possibility of up to 60 points based on the affordability criteria (ratio of median household income and average water bill). This is the third most points possible within the ranking categories. Only Water Quality (category B) and Capacity and Pressure (category D) have a possible maximum score of 150 and 100 points, respectively. The pre-application ranking inherently prioritizes projects addressing water quality over water quantity.

The Department utilized other funding for stormwater projects through ARPA. This includes over 8,000 individual stormwater projects (approximately \$15,000,000 total funding). The Department also funds inflow and infiltration (I&I) correction projects as well as sanitary sewer overflow (SSO) correction projects among other types of projects within the CWSRF eligibility guidelines.

c. ADEM should offer more guidance for how communities can obtain technical assistance during the pre-application, full application, and implementation phases of SRF projects.

Observed on the IUP: The FY2023 IUPs contain no information or guidance on how communities can obtain technical assistance from ADEM, despite ADEM electing to set-aside more of the CWSRF for small systems technical assistance.

Why this should be changed: Communities without existing grant-writing or engineering experience may struggle to fulfill the SRF pre-application requirements without technical or financial support. If ADEM offers technical assistance to communities during the pre-application process and beyond, then this information would be helpful to include in the IUPs. If ADEM does not directly offer support to SRF applicants, we recommend collaborating with known technical assistance providers to craft an offer of support on the SRF pre-application and beyond would be very helpful for communities applying.

Recommendation: ADEM should consider creating guidance with more information on how communities can access the technical assistance from ADEM. This information should be advertised widely beyond the IUPs on ADEM's websites, and ADEM should even consider issuing a press release describing the availability of technical assistance and how to apply. There are existing technical assistance providers outside of ADEM working in Alabama to assist communities with SRF application, design, and implementation. The EPA provides some direct technical assistance as well as funded Environmental Finance Centers that are tasked with assisting communities access funding for infrastructure projects. ADEM should do more to proactively communicate the availability of outside assistance to SRF applicants and communities in Alabama.

Response: See Comment 2 above. Communities can contact the ADEM SRF or EPA through the above link for further information on how to obtain technical assistance through EPA's technical assistance program.

d. Despite choosing to undertake more set-aside activities than in previous years, ADEM can still further capitalize on assisting communities through set-aside funds. Additionally, ADEM needs to provide more details about their set-aside activity plans, including the goals and metrics they consider and the process by which communities can access additional SRF support through set-asides.

Observed on the IUP: Across all four IUPs, ADEM only fully utilized the set-aside for administrative costs (up to 4% of each capitalization grant). In the DWSRF IUPs, ADEM also fully utilized the 10% set-aside for program management but significantly underutilized the up to 15% set-aside for local assistance and set-aside no funds for small

systems assistance. In the CWSRF IUPs, we commend ADEM for electing to use the 2% small systems technical assistance set-aside for the first time; however, the CWSRF did not set-aside funds for local assistance or state program management, as federally allowed. No set-aside work plans or detailed information about the activities anticipated for those set-asides were provided on the FY2023 IUPs.

Why this should be changed: Set-aside activities and technical assistance play a crucial role in supporting communities throughout the SRF process. Up to 31% of each capitalization grant, including the BIL supplemental funds for emerging contaminants and lead service lines, can be allocated for non-project activities that support SRF projects. These activities can assist with ADEM in enhancing its SRF capacity, such as salary or equipment procurement, building system inventories or maps, providing engineering services and financial assessments, and more.

Recommendation: Maximizing set-aside usage is critical for supporting SRF activities not directly covered by project expenses, and ADEM should consider supporting even more set-aside activities on future IUPs. Additionally, ADEM needs to circulate more information publicly about their set-aside activity plans and generally do more to advertise its set-aside programs and available assistance to communities. ADEM should consider involving the public and other stakeholders in the creation of their set-aside work plans in the future.

Response: The set-aside workplan is included as an Attachment to the comments. This describes further the proposed use of the set-aside funds. The Department will include the set-aside workplan on all future IUPs. In general, the SRF intends to maximize the amount of funds available for projects.

e. ADEM should revise the CWSRF Affordability Criteria to offer more accessibility for communities applying and provide applicants with greater clarity and predictability regarding their eligibility for additional subsidization.

Observed on the IUP: The CWSRF criteria for additional subsidy and affordability are outlined across three pages on Attachment 4 of the IUPs. The lengthy and confusing explanation culminates in the calculation of the Affordability Measure for Alabama. This measure involves various factors, including county-level statistics such as the poverty and unemployment rates as well as statewide population change data. However, the reliance on county and state-level data poses challenges, particularly for projects serving disadvantaged communities where county or state-wide data will obscure information on the area benefitting from the project. Furthermore, there is ambiguity regarding how ADEM determines the percentage of principal forgiveness awarded once an applicant qualifies.

Why this should be changed: Three of the four categories used to determine principal forgiveness under the CWSRF are calculated using county-level statistics. It is problematic for ADEM to continue using county-level statistics for projects that do not seek to serve an entire county. Given that this data is likely gathered from the US Census Bureau, it is unclear why ADEM has chosen to use the less specific county-level data

when census-level data is available. Additionally, more explanation is needed for how ADEM decides how much principal forgiveness to issue to qualifying applicants. Clarifying how ADEM determines affordability criteria and the percentage granted those that qualify can expect to receive would enhance transparency and facilitate informed decision-making for applicants and advocates involved with the SRF process.

Recommendation: ADEM should consider updating the CWSRF Affordability Criteria to offer more accessibility and transparency about what metrics are considered when communities seek additional subsidy. County level data does not accurately reflect the financial capacity of a particular community, and thus the criteria should be more specific to the community being served by a project. Providing more specific criteria for CWSRF affordability enables greater fairness and accuracy for the specific communities seeking relief through a project, allowing them to better gauge their eligibility for additional subsidization.

Additionally, ADEM should clarify how it determines the percentage of principal forgiveness that will be awarded to qualified applicants. ADEM should consider instituting a tiered approach for where communities that have 1 affordability point get partial subsidy, communities that have 2 affordability points get a higher portion of subsidy, and communities that have 3 or more affordability points get total principal forgiveness.

Communities need to be able to understand just how much additional subsidy they can expect to receive once they know their eligibility.

Response: Attachment 4 of the CWSRF IUP outlines the ranking criteria for CWSRF projects. City level data is not always available, especially for small and/or disadvantaged towns. The Department utilizes both County level and City level data, when available. In order to be consistent, when City level data is not available for a large number of projects on the priority list, the Department defaults to County level data. As more data becomes available, the Department will continually improve the ranking system.

Principal forgiveness amount (up to 100%) is determined based on financial analysis. Once the Department determines which projects are considered disadvantaged based on the rank, the amount of principal forgiveness allocated is based on how much is necessary to complete the project and how much debt capacity the community has. The communities can estimate how much principal forgiveness to expect based on the current financial analysis of the community.

f. We want to ensure that the BIL/IIJA funds are strategically directed toward fortifying Alabama's water infrastructure against the escalating impacts of climate change and building our state's resilience to natural disasters, including flooding, drought, and power shortages.

Observed on the IUP: The FY2023 CWSRF IUPs direct funding to a total of 11 projects with green infrastructure components. Of these 11 projects, each included energy efficiency as the green component and only 2 projects intend to incorporate

environmentally innovative components. Thus far, none of Alabama's SRF loans awarded in FY2022 and FY2023 have been primarily for stormwater management projects, despite the need for managing stormwater and floodwaters statewide and existing pre-applications for these projects.

Furthermore, the DWSRF IUPs no longer include any information about green infrastructure or award loans to projects with green infrastructure components.

Why this should be changed: Stormwater infrastructure plays a critical role in managing rainfall runoff, reducing flooding, and protecting downstream water quality. Neglecting to use the funding availability afforded by the BIL/IIJA to fund stormwater infrastructure could leave Alabama's communities vulnerable and exacerbate existing infrastructure vulnerabilities. We must prioritize the management of stormwater and build stormwater infrastructure amid the growing impacts of climate change on Alabama's infrastructure.

Recommendation: We urge ADEM to prioritize the issuance of SRF loans for stormwater projects, create technical assistance programs that provide green infrastructure education, and assist applicants to incorporate green designs. ADEM should also provide comprehensive guidance for SRF applicants seeking to develop stormwater infrastructure projects. This guidance should give tips on navigating the application process to be prioritized and developing a revenue stream for loan repayment. Additionally, providing more priority points in the project ranking system for projects that have green infrastructure components could encourage more green projects.

Response: See Comment 3.a and 3.b above. The pre-application does give additional ranking points to projects which address green infrastructure such as environmentally innovative projects, green infrastructure (such as permeable pavements, etc.), energy efficiency, etc. The Department routinely solicits for and incentivizes application for green projects.

g. ADEM should clarify its practice of assisting with the purchases of bonds issued by SRF applicants in lieu of providing loans.

Observed on the IUP: The FY2023 CWSRF IUPs include language that has been repeated for several years under section IV, A (Fiscal sustainability plans) about how ADEM provides CWSRF assistance by purchasing outstanding debt obligations (as bonds) and thus does not have to comply with the federal requirement for borrowers to develop and implement a Fiscal Sustainability Plan.

Why this should be changed: It is unclear if ADEM issues SRF assistance in the form of loans or bonds. If ADEM does issue SRF assistance as loans, then the federal requirement for borrowers to have fiscal sustainability plans would apply.

Recommendation: As we commented on in FY2022, ADEM needs to clarify when, and for what reason, they provide assistance through the purchase of bonds issued by SRF applicants and when ADEM provides assistance through a traditional loan agreement.

Projects that are supported through bond purchases should be identified as such. Projects that are supported through loan agreements should be required to submit Fiscal Sustainability Plans, and ADEM should provide information on where such plans can be accessed by the public.

Response: The reason the CWSRF and DWSRF program receives a warrant, bond or other debt instrument when making a loan to a municipal or public corporation borrower is due to the requirements of Alabama law. Local governments in Alabama do not possess “home rule;” meaning their powers come only from those expressly given or necessarily implied under the Alabama constitution and the Alabama Code (hereinafter defined). Section 11-47-2 of the Code of Alabama 1975, as amended (the “Alabama Code”), contains the main permissive authority for Alabama cities and towns to borrow money. That section authorizes any city or town in Alabama to borrow money for any lawful purpose, and as evidence of such a loan to *“issue evidences of indebtedness in the form of interest-bearing warrants, notes or bills payable, maturing at such times as such governing body may determine, not exceeding 30 years from the date of issue...”* Thus, when an Alabama city or town borrows money it issues a debt instrument – typically a warrant - to evidence its obligation to pay principal and interest on the same. This requirement of Alabama law is why lenders (including the CWSRF program) desiring to have an enforceable obligation from a city or a town to repay a loan require a debt instrument versus relying solely on a loan agreement.

The same holds true for utility boards, authorities, and other similar borrowers from the CWSRF program. The enabling laws for such entities permit the borrowing of funds and evidence of the same through the issuance of interest-bearing evidence of indebtedness – typically a bond. For example, many utility boards in Alabama are organized under Section 11-50-310 of the Alabama Code (commonly known as “Act 175”). Such entities are empowered under that act to *“borrow money for any corporate function, use, or purpose and issue in evidence of the borrowing interest-bearing bonds payable solely from the revenues derived from the operation of any one or more of its systems (regardless of the system or systems for the benefit of or with respect to which such borrowing may be made).”* See Section 11-50-314(5) of the Alabama Code. Once again, this is why the CWSRF program receives a bond as evidence of the obligation of its utility board/authority borrowers versus just relying on a loan agreement.

In addition, the Department performs the Fiscal Sustainability Plan (FSP) by providing financial reviews of each loan applicant focused on current audits, evaluation of pledged revenues, appropriate lien positions for new CWSRF loans, thorough reviews of S&P or Moody’s credit rating reports if applicable, maintenance of a debt service reserve fund if required, a current and pro-forma debt service coverage analysis for all CWSRF loans, requirement of appropriate rate increases to maintain system sustainability, and review of a system’s asset depreciation. This practice has been completed for all CWSRF loans since October 1, 2014.

Section 4: Other questions & areas where clarification is needed

Many of our questions and requests for more information in this section might be better addressed in a discussion or meeting between our group of advocates and ADEM SRF staff. We are open to scheduling future working sessions to discuss the areas where we

need clarification and work with ADEM to implement the reforms we view as necessary for equitable SRF implementation in Alabama.

Response: At the beginning of this section, it is stated, “many of our questions and requests for more information in this section might be better addressed in a discussion or meeting between our group of advocates and ADEM SRF staff.” The Department has advocated for an open dialogue / meeting approach on many occasions. In addition, staff have made a concerted effort to have discussions with many of your representatives at a variety of conferences and symposiums over the past couple of years. Although staff have discussed and made adjustments to the program to address some of your concerns, we continue to receive written comments during the IUP public notice period. The Department is interested in continuing to be one of the leading states in funding projects supporting wastewater and drinking water infrastructure projects. Entering into a “writing campaign” is less time efficient and productive than having a meeting on an as-needed basis. All of the comments within the March 4, 2024 letter could have been more effectively addressed through face-to-face dialogue at the Department. This would allow the “Alabama Rivers Alliance and the 9 signed-on environmental and community-based organizations and individual advocates” to have a more detailed discussion on each of the concerns and it would not have delayed the progress of the seventy-two (72) drinking water and forty-one (41) clean water projects and the communities who are waiting for the finalization of the IUPs before they may move forward with their infrastructure projects. The Department would welcome and appreciate a more face-to-face approach moving forward.

a. How does ADEM determine and prioritize projects for the Project Priority Lists (PPLs)? The FY2023 IUPs list projects alphabetically rather than by priority rank as in previous years, making it unclear how awarded projects ranks compare.

i. ADEM should consider publishing a version of the PPL ranking projects in order of priority points so the public can easily understand the order in which projects will receive funding.

Response: Due to the large number of projects funded, the PPL was listed alphabetically in this year’s IUP to make it easier to locate the project the party was interested in. The Department will include a list of projects in rank order and include both formats on future IUPs for convenience.

b. What information is provided to projects that have submitted pre-applications but have not yet been listed on an IUP? Have these projects been informed about the expected timeline for funding in future IUP cycles?

i. After each IUP is published, ADEM should consider sending a letter to each SRF applicant not yet awarded, notifying them of their status and when they could expect funding.

Response: The Department has notified projects which have not been funded that the projects are still in consideration for future years. All projects that are still wanting funding are eligible for future years funding. Therefore, the Department is not sending “rejection” letters.

c. How does ADEM decide if a project should be prioritized for base capitalization funding or any of the BIL-supplemental funds OR how can an applicant specifically apply for BIL funding?

i. ADEM should consider merging all funding available under each of the DWSRF and CWSRF to avoid complications and confusion about how they are prioritizing projects for BIL funding.

Response: In terms of project selection there is no difference in projects funded by allocations from either BIL or SRF funds. Since the BIL has specific funding amounts that cannot be exceeded, the funding amount for each project is partitioned to make sure the BIL funding is exact.

As a requirement of each Capitalization Grant, all projects are required to be included on annual reports and national databases such as the National Information Management System (NIMS). Maintaining separate IUPs for BIL and SRF is intended to minimize confusion on funding allocations when reporting projects for meeting requirements of the Capitalization Grant and auditing purposes.

d. What criteria does ADEM use to assess the financial health of SRF applications and determine their eligibility for loans? More transparency is needed regarding the financial sustainability analysis conducted by ADEM to ascertain a community's loan affordability and the factors considered in this assessment.

Response: Each applicant is required to submit 3 years of financial audits when applying for funding. Additionally, annual audits are required for the duration of the loan. The SRF utilizes a third-party financial advisor to review audits and evaluate financial capability. A combination of coverage ratio, current debt, median household income, net assets, debt capacity, etc. are considered when evaluating financial capability.

e. Since 2023, what measures has ADEM taken to encourage and support communities that have not yet applied for SRF funding? We encourage ADEM to continue outreach efforts to facilitate SRF applications from communities that have yet to participate in the program.

Response: The Alabama SRF sends solicitation to every permitted water system at least annually. Additionally, the Department continues to attend conferences and accepts pre-applications continually. The SRF works closely with the permitting and compliance divisions of ADEM to ensure that communities with critical needs are informed of the SRF programs. The SRF also provides information to EPA and supports the ongoing technical assistance effort for disadvantaged communities.

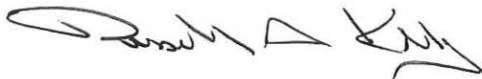
f. Why was the release of the FY2023 IUPs delayed until 2024? Does ADEM have any insights into how it can improve the timely roll-out of subsequent IUPs?

Response: As stated in 33 USC 1384(c), the Capitalization grant is available to apply for funding for the fiscal year it is allotted and the following fiscal year (a 2-year period). Starting in fiscal year 2022, ADEM received unprecedented funding due to the BIL and ARPA allocations. In order to maximize the funds and ensure a larger number of projects could be completed, the Department prioritized funding certain allocations to ensure the State would be able to appropriately expend all funds within the required timeline.

Additionally, with the recent volatility of the fund allocations (Congressionally Directed Spending “earmarks”), the additional year ensured that the SRF could have increased confidence in the future cashflow of the fund that would allow the program to fund a much larger number of projects than in past years. This also reduced the overall number of applicants by eliminating projects which were funded under other programs such as ARPA.

In conclusion, the Department is asking for your help. As mentioned in the above paragraph, Congressionally Directed Spending (aka. Earmarks) are eroding and dismantling the SRF program creating significant uncertainty for community infrastructure planning. We ask that you consider contacting your congressional representative. In order to assist with data and evidence, the Department has attached two letters signed by Director Lance LeFleur. We hope you will join the Department in an effort to support the future of the SRF program. For additional information and current national updates, please visit the following website: www.SaveTheSRFs.org.

Sincerely,

A handwritten signature in black ink, appearing to read "Russell Kelly", written in a cursive style.

Russell Kelly, Chief
Permits and Services Division
ADEM

Cc via email: Chris Thomas, USEPA Region 4
Johnnie Purify, Jr., USEPA Region 4
Chris Bruegge, USEPA Region 4



Alabama Rivers Alliance

March 4, 2024

VIA EMAIL

Brian Espy
Permits and Services Division
Alabama Department of Environmental Management
Bespy@adem.alabama.gov

Re: Comments on FY 2023 Intended Use Plans (IUPs) for the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF), and Bipartisan Infrastructure Law (BIL) Loan Program

Dear Mr. Espy,

The Alabama Rivers Alliance (ARA) and 9 signed-on environmental and community-based organizations and individual advocates submit the following comments concerning the FY 2023 Intended Use Plans (IUPs) released by the Alabama Department of Environmental Management (ADEM) for the Clean Water State Revolving Fund (CWSRF), Drinking Water State Revolving Fund (DWSRF), and Bipartisan Infrastructure Law (BIL) loan program, including the recent FY2023 BIL Lead Service Line IUP.

We are pleased to see that ADEM is taking strides to advance the SRF programs and undertaking more SRF projects in a single fiscal year than witnessed in recent years. However, we believe there is still a need to update SRF practices and policies to adequately address the needs of historically underserved, small, and rural communities traditionally faced with challenges accessing SRF loans for infrastructure improvements. With the increased funding availability, now is the time to evolve the SRF program to ensure equitable access to water infrastructure improvements across Alabama and foster a resilient and sustainable water management system for the future.

We also ask that ADEM include these comments, along with their responses to each comment received, within the final IUP submission to EPA. We submit these comments to emphasize the importance of transparency, accountability, and equitable access to Alabama's SRF.

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www.AlabamaRivers.org www.SouthernExposureFilms.org

We offer the following IUP comments that will be organized into four main sections and address all 4 IUPs currently available for comment unless otherwise stated. These comments & sections will pertain to:

- Section 1: Our objectives for SRF advocacy
- Section 2: Recognizing areas of improvement with AL's SRF
- Section 3: SRF issues identified & recommendations for further improvement
- Section 4: Other questions & areas where clarification is needed

Section 1: Our objectives for SRF advocacy

- a. Our coalition of water advocates is committed to actively participating in SRF education, outreach, and engagement initiatives, extending beyond the IUP comment period. Leveraging our established relationships with communities and organizations throughout Alabama, our aim is to connect underserved communities with the resources and funding offered by the SRF program. We seek to enhance SRF program awareness and accessibility among marginalized and underrepresented communities, empowering them to navigate the complex SRF funding process for their water infrastructure needs effectively. We commend ADEM for its efforts thus far to provide utilities with information about the historic funding opportunity, but we believe that ADEM can, and should, be doing more to reach communities that have not traditionally participated in the SRF program. We are interested in hosting public engagement meetings between ADEM and community-based organizations where we can continue to work on SRF program accessibility and equity beyond the IUP comment period.
- b. We urge ADEM to offer more support and technical assistance to SRF applicants and awardees throughout the SRF project implementation process. This support is particularly crucial for communities with limited resources or that meet additional subsidization criteria, ensuring equitable access to SRF funding opportunities. We have heard that even after the initial offer of SRF assistance, communities may still struggle to mount the necessary resources to submit a full SRF application and be able to proceed with construction. This underscores the need for ADEM to enhance its support mechanisms and technical assistance provisions to address these barriers effectively.
 - i. One specific case that exemplifies the need for additional support is the Town of Camp Hill, which has expressed difficulties navigating the SRF process even after the initial distribution of funds. The town would greatly benefit from further technical assistance and guidance to overcome these challenges and successfully advance its water infrastructure improvements.

- c. Our coalition also wants to emphasize the importance of the SRF programs in Alabama not only in addressing immediate infrastructure needs but also in cultivating a skilled and resilient clean water workforce for the future. We advocate for the establishment of robust partnerships between the SRF program and community organizations, as well as the implementation of dedicated set-aside programs for technical assistance. ADEM should leverage its existing resources and expertise to offer comprehensive training programs and apprenticeships tailored to the specific needs of the water industry by collaborating with community organizations.

Section 2: Commenting on areas of improvement noted with AL's SRF

- a. We are pleased to note that ADEM is taking strides in advancing SRF projects and commend the agency for effectively securing and utilizing federal funding.

Observed on the IUP: The five FY2023 Intended Use Plans released thus far intend to award SRF loan assistance to 113 projects and distribute a total of \$196,734,872.

Importance: Alabama faces substantial challenges in wastewater and drinking water infrastructure that urgently require funding. Therefore, it is crucial that ADEM sustain and even increase the momentum of the SRF, especially while the clock is ticking on BIL funding. The observed increase in SRF projects and fund distribution is a positive step towards bridging the gaps in infrastructure funding needs in Alabama. However, ADEM must maintain this upward trajectory and strive to fully award a high number of projects each year until the funding needs of Alabama communities are met. Additionally, ADEM needs to ensure that projects listed on the IUPs are supported through the SRF implementation process and proceed with funding in a timely manner. Establishing a consistent pattern of high-volume SRF projects demonstrates proactive planning and resource allocation, ensuring the long-term sustainability and dependability of the SRF to manage Alabama's water infrastructure systems.

- b. It is helpful to see the SRF loan interest rate and project fee percentage outlined in the IUPs. However, it would be beneficial to see the information listed in consistent locations across the IUPs. Additionally, ADEM should offer alternative financing options for communities meeting disadvantaged or affordability criteria.

Observed on the IUP: The FY2023 IUPs include information about the anticipated SRF loan interest rate of 0.1% and project fee percentage of 2.1% specified for all loans, except 100% forgiven loans. However, this same information can be found at differing locations across the IUPs (on page 6 of the CWSRF base IUP, page 9 of the CWSRF BIL IUP, page 6 of the DWSRF base IUP, and page 10 of the DWSRF BIL IUP). In order to increase IUP accessibility

it would be helpful to include this information consistently in the section about financial terms of loans.

The FY2023 IUPs state that ADEM may offer a range of options regarding the term, interest rate, and level of loan funding and may offer up to 100% of allowable project costs. Despite recognizing the ability to issue loan terms up to 30 years or the useful life of the project, the IUPs state that total term financing will not exceed 20 years, or under special circumstances 30 years may be considered. More information is needed to explain whether ADEM offers alternative financing options to communities that qualify for additional principal forgiveness, and to clarify what are the special circumstances that allow projects to receive 30-year financing.

Importance: While the fee information on the IUPs is valuable, stakeholders would benefit from having the yearly interest rate and project fees listed consistently across the IUPs. This would help clarify if these terms are consistent across all projects. For transparency, stakeholders and community advocates need to be able to understand the financial impact an SRF loan will have on their community. Access to consistent and detailed information on loan terms on all IUPs facilitates this decision-making process for communities.

Additionally, beyond the IUPs, we urge ADEM to do more to provide alternative financing terms and options for communities meeting disadvantaged or affordability criteria. While the SRF program has the flexibility to offer lower interest rates and longer loan terms (up to 30 years), these options are not always utilized by ADEM. Even for communities receiving principal forgiveness, it often does not cover the full award, leaving a loan component that can burden economically disadvantaged areas.

- c. We support ADEM's practice of awarding principal forgiveness appropriately to project applicants within the federally required proportions of the capitalization funds under the BIL, SWDA, and CWA. However, we also encourage ADEM to maximize principal forgiveness offers as much as possible.

Observed on the IUP: The DWSRF BIL IUP correctly allocates 49% of the capitalization grant as additional subsidization, awarded as principal forgiveness to qualifying applicants. However, the CWSRF BIL IUP allocates approximately 51% of the capitalization grant as principal forgiveness, surpassing the 49% minimum requirement under the BIL. The base CWSRF IUP issues approximately 37% of funds as principal forgiveness. The base DWSRF IUP is less clear about whether the additional subsidy funds are issued according to requirements of the capitalization grant or the America's Water Infrastructure Act, but it also seems to align with the minimum requirements.

Importance: We are pleased to see that ADEM intends to award FY2023 funds to communities meeting disadvantaged criteria in at least the federally-required minimum

portions. Under current law, the minimum amount of the SRFs that must be provided as additional subsidization each year is 10% for the CWSRF and 12% for the DWSRF, and the maximum amounts are no more than 30% for the CWSRF and 35% for the DWSRF. This year's appropriations bill required an additional 10% to be provided as additional subsidy for each program.

We commend ADEM for using 37% of CWSRF base funds as subsidy, and we want to encourage ADEM to direct more of the DWSRF base fund as subsidy. Additionally, ADEM should clarify how they are directing 49% of CWSRF BIL funds for principal forgiveness as required by the BIL, as the IUP currently directs approximately 51% of the capitalization grant as principal forgiveness.

- d. We appreciate the additional information about disadvantaged criteria categories on the DWSRF IUPs and the inclusion of additional columns on the Project Priority List (PPL) across all IUPs.

Observed on the IUP: Compared to previous IUPs, the DWSRF IUPs offer more comprehensive information in section IV, B, describing each category determining eligibility for additional subsidization, but similar detailed information is lacking from the CWSRF IUPs. We support the inclusion of additional columns of information on all four IUP PPLs, providing further insight into how applicants scored in additional subsidization categories.

Importance: As our group of advocates highlighted in FY2022, understanding how each applicant scores in each category for additional subsidization was previously unclear. The enhanced PPLs in FY2023 offer valuable information about these categories, assisting future applicants in determining their eligibility for additional subsidization. Section IV, B of the DWSRF IUPs gives further details about how each category is determined, but this information and clarity is lacking for the CWSRF IUPs. Despite our previous comments, the CWSRF IUPs still present confusing and lengthy explanations for how additional subsidization is determined that has not been significantly adjusted.

- e. We commend the Alabama legislature for providing the 10% state match to access the BIL supplemental funds, and we encourage the legislature to continue supporting and growing the SRF.

Observed on the IUP: In 2023, the Alabama legislature allocated funds to cover ADEM's 10% federally-required match portion for the BIL supplemental funds. The 20% state match on the FY2023 base CWSRF and DWSRF was provided by overmatch of State Match Bonds in prior years, and ADEM mentions not planning to issue new bonds in FY2023.

Importance: While states are typically required to provide a 20% match, the BIL/IJA funds offer a reduced state match of 10% for FY2022 and FY2023. Alabama's legislature has

provided the 10% state match for BIL funds during the past two years. It is vital that Alabama continue supporting the federal investments in water infrastructure by making additional state investments, enhancing more SRF financial capacity and more projects. Alabama can support the SRF by bonding, or by providing appropriations, perhaps even exceeding the minimally-required 20% match amount.

As a reminder, BIL supplemental funds designated for lead service line replacement or emerging contaminants require no state match and must also be awarded as 100% forgivable loans. It is essential to prioritize emerging contaminants and lead service line replacement projects for addressing critical environmental and public health concerns. While the FY2023 IUPs for EC funds have not been released yet, we hope ADEM continues to administer these programs despite their inability to bring revolving funds back in.

- f. We commend ADEM for continuing to utilize the BIL-supplemental funds for lead service line replacement and for distributing funds to 23 projects. However, we want to ensure that the limited amount of funds available for lead service line replacement are able to be maximized and benefit as many Alabama communities as possible.

Observed on the IUP: The FY2023 DWSRF BIL IUP for lead service line replacement was issued on February 20, 2024. Of the 23 projects being funded, over half (13) were for lead inventory projects. No funds were reserved for set-aside activities.

Importance: We are glad to see ADEM continue to use the BIL-supplemental fund for lead service line replacement. However, ADEM should consider reserving a portion of the LSLR to fund lead inventories as a set-aside activity. Once a community is awarded project funds for a lead service line inventory, it is unclear if that community is still eligible to apply for the DWSRF again to fund the replacement of lead lines. Additionally, ADEM should consider adding additional project ranking criteria for lead service line projects that allow funding to be prioritized in communities with the most lead piping.

Section 3: SRF issues identified & recommendations for improvement

- a. There is no longer any indication that ADEM prioritizes the funding of green infrastructure solutions for drinking water systems in Alabama. ADEM should revisit the use of Green Projects Reserve funding in future DWSRF IUPs.

Observed on the IUP: In the FY2022 DWSRF IUPs, ADEM elected to prioritize green infrastructure projects for drinking water systems by directing 10% of the DWSRF as a Green Project Reserve. However, the FY2023 DWSRF IUPs no longer include any mentions of green infrastructure, does not reserve 10% of the DWSRF for green projects, and no

explanation is offered. We support the continuation of GPR and prioritization of green infrastructure projects on the CWSRF IUPs.

Why this should be changed: ADEM should continue supporting the development of green infrastructure solutions for drinking water systems in Alabama. Such projects offer numerous benefits, including environmental sustainability, climate resiliency, and improved public health outcomes. For Alabama to withstand the impending impacts of climate change, ADEM should wholeheartedly support green infrastructure solutions with the Green Projects Reserve.

Recommendation: To continue the advancement of climate-resilient infrastructure solutions, ADEM should revisit the use of the green project reserve in future DWSRF IUPs to direct funds and incentives toward green infrastructure drinking water systems. If ADEM does not intend to incorporate green infrastructure into drinking water projects in the future, then an explanation is certainly needed.

- b. ADEM should consider revising its priority point ranking system and updating it to align with the goals of the program and funding priorities outlined in the BIL/IIJA to prioritize more “nontraditional” projects like green infrastructure, disadvantaged communities, and communities lacking centralized services.

Observed on the IUP: ADEM’s current priority points ranking system, as found in the SRF pre-application document, lacks sufficient points to prioritize projects serving communities meeting affordability/disadvantaged criteria or providing connections to those lacking centralized services. The CWSRF priority ranking system offers about 18% of possible points for projects seeking to include sustainable components, and no points are available for communities meeting affordability criteria that might not be able to support infrastructure projects without being prioritized for funding. The DWSRF priority ranking system only offers about 8% of possible points for projects in communities with a high water bill burden, and only about 7% of possible points for projects with sustainability components.

Why this should be changed: ADEM should consider adjusting the priority point ranking system to closer align with SRF goals and priorities of the BIL/IIJA. These goals include prioritizing disadvantaged, small, and rural communities, promoting climate resilience, and supporting green infrastructure projects. Editing the SRF priority points ranking system to reflect more priority for green infrastructure projects, disadvantaged communities, workforce development, and waterway restoration would be beneficial and allow these projects more prioritization.

Recommendation: We recommend that ADEM adjust the CWSRF and DWSRF project priority ranking system to provide more priority points for “nontraditional” SRF projects, such as those seeking to relieve disadvantaged communities, provide services to

communities without them, build climate resilience, and promote sustainability. It is especially critical that projects providing decentralized wastewater treatment in rural and underserved areas receive significantly more than 10 points. A community's financial capacity should also be incorporated into the CWSRF project ranking system, as it is on the DWSRF side.

- c. ADEM should offer more guidance for how communities can obtain technical assistance during the pre-application, full application, and implementation phases of SRF projects.

Observed on the IUP: The FY2023 IUPs contain no information or guidance on how communities can obtain technical assistance from ADEM, despite ADEM electing to set-aside more of the CWSRF for small systems technical assistance.

Why this should be changed: Communities without existing grant-writing or engineering experience may struggle to fulfill the SRF pre-application requirements without technical or financial support. If ADEM offers technical assistance to communities during the pre-application process and beyond, then this information would be helpful to include in the IUPs. If ADEM does not directly offer support to SRF applicants, we recommend collaborating with known technical assistance providers to craft an offer of support on the SRF pre-application and beyond would be very helpful for communities applying.

Recommendation: ADEM should consider creating guidance with more information on how communities can assess the technical assistance from ADEM. This information should be advertised widely beyond the IUPs on ADEM's websites, and ADEM should even consider issuing a press release describing the availability of technical assistance and how to apply.

There are existing technical assistance providers outside of ADEM working in Alabama to assist communities with SRF application, design, and implementation. The EPA provides some direct technical assistance as well as funded Environmental Finance Centers that are tasked with assisting communities access funding for infrastructure projects. ADEM should do more to proactively communicate the availability of outside assistance to SRF applicants and communities in Alabama.

- d. Despite choosing to undertake more set-aside activities than in previous years, ADEM can still further capitalize on assisting communities through set-aside funds. Additionally, ADEM needs to provide more details about their set-aside activity plans, including the goals and metrics they consider and the process by which communities can access additional SRF support through set-asides.

Observed on the IUP: Across all four IUPs, ADEM only fully utilized the set-aside for administrative costs (up to 4% of each capitalization grant). In the DWSRF IUPs, ADEM also

fully utilized the 10% set-aside for program management but significantly underutilized the up to 15% set-aside for local assistance and set-aside no funds for small systems assistance. In the CWSRF IUPs, we commend ADEM for electing to use the 2% small systems technical assistance set-aside for the first time; however, the CWSRF did not set-aside funds for local assistance or state program management, as federally allowed. No set-aside work plans or detailed information about the activities anticipated for those set-asides were provided on the FY2023 IUPs.

Why this should be changed: Set-aside activities and technical assistance play a crucial role in supporting communities throughout the SRF process. Up to 31% of each capitalization grant, including the BIL supplemental funds for emerging contaminants and lead service lines, can be allocated for non-project activities that support SRF projects. These activities can assist with ADEM in enhancing its SRF capacity, such as salary or equipment procurement, building system inventories or maps, providing engineering services and financial assessments, and more.

Recommendation: Maximizing set-aside usage is critical for supporting SRF activities not directly covered by project expenses, and ADEM should consider supporting even more set-aside activities on future IUPs. Additionally, ADEM needs to circulate more information publicly about their set-aside activity plans and generally do more to advertise its set-aside programs and available assistance to communities. ADEM should consider involving the public and other stakeholders in the creation of their set-aside work plans in the future.

- e. ADEM should revise the CWSRF Affordability Criteria to offer more accessibility for communities applying and provide applicants with greater clarity and predictability regarding their eligibility for additional subsidization.

Observed on the IUP: The CWSRF criteria for additional subsidy and affordability are outlined across three pages on Attachment 4 of the IUPs. The lengthy and confusing explanation culminates in the calculation of the Affordability Measure for Alabama. This measure involves various factors, including county-level statistics such as the poverty and unemployment rates as well as statewide population change data. However, the reliance on county and state-level data poses challenges, particularly for projects serving disadvantaged communities where county or state-wide data will obscure information on the area benefitting from the project. Furthermore, there is ambiguity regarding how ADEM determines the percentage of principal forgiveness awarded once an applicant qualifies.

Why this should be changed: Three of the four categories used to determine principal forgiveness under the CWSRF are calculated using county-level statistics. It is problematic for ADEM to continue using county-level statistics for projects that do not seek to serve an entire county. Given that this data is likely gathered from the US Census Bureau, it is

unclear why ADEM has chosen to use the less specific county-level data when census-level data is available. Additionally, more explanation is needed for how ADEM decides how much principal forgiveness to issue to qualifying applicants. Clarifying how ADEM determines affordability criteria and the percentage granted those that qualify can expect to receive would enhance transparency and facilitate informed decision-making for applicants and advocates involved with the SRF process.

Recommendation: ADEM should consider updating the CWSRF Affordability Criteria to offer more accessibility and transparency about what metrics are considered when communities seek additional subsidy. County level data does not accurately reflect the financial capacity of a particular community, and thus the criteria should be more specific to the community being served by a project. Providing more specific criteria for CWSRF affordability enables greater fairness and accuracy for the specific communities seeking relief through a project, allowing them to better gauge their eligibility for additional subsidization.

Additionally, ADEM should clarify how it determines the percentage of principal forgiveness that will be awarded to qualified applicants. ADEM should consider instituting a tiered approach for where communities that have 1 affordability point get partial subsidy, communities that have 2 affordability points get a higher portion of subsidy, and communities that have 3 or more affordability points get total principal forgiveness. Communities need to be able to understand just how much additional subsidy they can expect to receive once they know their eligibility.

- f. We want to ensure that the BIL/IIJA funds are strategically directed toward fortifying Alabama's water infrastructure against the escalating impacts of climate change and building our state's resilience to natural disasters, including flooding, drought, and power shortages.

Observed on the IUP: The FY2023 CWSRF IUPs direct funding to a total of 11 projects with green infrastructure components. Of these 11 projects, each included energy efficiency as the green component and only 2 projects intend to incorporate environmentally innovative components. Thus far, none of Alabama's SRF loans awarded in FY2022 and FY2023 have been primarily for stormwater management projects, despite the need for managing stormwaters and floodwaters statewide and existing pre-applications for these projects. Furthermore, the DWSRF IUPs no longer include any information about green infrastructure or award loans to projects with green infrastructure components.

Why this should be changed: Stormwater infrastructure plays a critical role in managing rainfall runoff, reducing flooding, and protecting downstream water quality. Neglecting to use the funding availability afforded by the BIL/IIJA to fund stormwater infrastructure could

leave Alabama's communities vulnerable and exacerbate existing infrastructure vulnerabilities. We must prioritize the management of stormwater and build stormwater infrastructure amid the growing impacts of climate change on Alabama's infrastructure.

Recommendation: We urge ADEM to prioritize the issuance of SRF loans for stormwater projects, create technical assistance programs that provide green infrastructure education, and assist applicants to incorporate green designs. ADEM should also provide comprehensive guidance for SRF applicants seeking to develop stormwater infrastructure projects. This guidance should give tips on navigating the application process to be prioritized and developing a revenue stream for loan repayment. Additionally, providing more priority points in the project ranking system for projects that have green infrastructure components could encourage more green projects.

- g. ADEM should clarify its practice of assisting with the purchases of bonds issued by SRF applicants in lieu of providing loans.

Observed on the IUP: The FY2023 CWSRF IUPs include language that has been repeated for several years under section IV, A (Fiscal sustainability plans) about how ADEM provides CWSRF assistance by purchasing outstanding debt obligations (as bonds) and thus does not have to comply with the federal requirement for borrowers to develop and implement a Fiscal Sustainability Plan.

Why this should be changed: It is unclear if ADEM issues SRF assistance in the form of loans or bonds. If ADEM does issue SRF assistance as loans, then the federal requirement for borrowers to have fiscal sustainability plans would apply.

Recommendation: As we commented on in FY2022, ADEM needs to clarify when, and for what reason, they provide assistance through the purchase of bonds issued by SRF applicants and when ADEM provides assistance through a traditional loan agreement. Projects that are supported through bond purchases should be identified as such. Projects that are supported through loan agreements should be required to submit Fiscal Sustainability Plans, and ADEM should provide information on where such plans can be accessed by the public.

Section 4: Other questions & areas where clarification is needed

Many of our questions and requests for more information in this section might be better addressed in a discussion or meeting between our group of advocates and ADEM SRF staff. We are open to scheduling future working sessions to discuss the areas where we need clarification and work with ADEM to implement the reforms we view as necessary for equitable SRF implementation in Alabama.

- a. How does ADEM determine and prioritize projects for the Project Priority Lists (PPLs)? The FY2023 IUPs list projects alphabetically rather than by priority rank as in previous years, making it unclear how awarded projects ranks compare.
 - i. ADEM should consider publishing a version of the PPL ranking projects in order of priority points so the public can easily understand the order in which projects will receive funding.
- b. What information is provided to projects that have submitted pre-applications but have not yet been listed on an IUP? Have these projects been informed about the expected timeline for funding in future IUP cycles?
 - i. After each IUP is published, ADEM should consider sending a letter to each SRF applicant not yet awarded, notifying them of their status and when they could expect funding.
- c. How does ADEM decide if a project should be prioritized for base capitalization funding or any of the BIL-supplemental funds OR how can an applicant specifically apply for BIL funding?
 - i. ADEM should consider merging all funding available under each of the DWSRF and CWSRF to avoid complications and confusion about how they are prioritizing projects for BIL funding.
- d. What criteria does ADEM use to assess the financial health of SRF applications and determine their eligibility for loans? More transparency is needed regarding the financial sustainability analysis conducted by ADEM to ascertain a community's loan affordability and the factors considered in this assessment.
- e. Since 2023, what measures has ADEM taken to encourage and support communities that have not yet applied for SRF funding? We encourage ADEM to continue outreach efforts to facilitate SRF applications from communities that have yet to participate in the program.
- f. Why was the release of the FY2023 IUPs delayed until 2024? Does ADEM have any insights into how it can improve the timely roll-out of subsequent IUPs?

In conclusion, our comments aim to provide comprehensive feedback on the overall SRF process and transparency issues found on the FY2023 IUPs in Alabama. While we acknowledge and encourage ADEM's efforts to advance water infrastructure projects and address critical needs, we remain concerned about several key areas. We urge ADEM to prioritize equity and inclusivity in SRF funding allocations, ensuring that historically underserved communities receive equitable access to resources. There is a continued, pressing need for improved support and technical assistance for all communities in Alabama, particularly those with limited resources or that need additional subsidization to

fund infrastructure improvements. Furthermore, we want to emphasize the importance of aligning SRF programs with the goals and priorities outlined in the BIL/IIJA, including support for green infrastructure projects, disadvantaged communities, and the development of a skilled clean water workforce.

Our comments aim to encourage an open dialogue, collaboration, and positive change within ADEM's SRF program, ultimately ensuring that Alabama's water resources are managed responsibly and equitably for current and future generations. We urge ADEM to consider our recommendations seriously and work towards implementing necessary reforms to address the challenges we have identified in these comments.

If you need additional information about these comments, please contact Victoria Miller at vmiller@alabamarivers.org.

Sincerely,



Victoria Miller, Director of Advocacy Research
Alabama Rivers Alliance



Cindy Lowry, Executive Director
Alabama Rivers Alliance

American Rivers
Black Warrior Riverkeeper
BlackBelt Women Rising
Cahaba River Society
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Sierra Club, Alabama Chapter
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We Matter Community Association

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Environmental Council of the States

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(202) 266-4920 | www.ecos.org

September 20, 2023

The Honorable Charles Schumer
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Hakeem S. Jeffries
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Patty Murray
Chair, Appropriations Committee
U.S. Senate
Washington, D.C. 20510

The Honorable Kay Granger
Chair, Appropriations Committee
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Susan Collins
Vice Chair, Appropriations Committee
U.S. Senate
Washington, D.C. 20510

The Honorable Rosa DeLauro
Ranking Member, Appropriations Committee
U.S. House of Representatives
Washington, D.C. 20515

Subject: Funding for the Clean Water and Drinking Water State Revolving Funds

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker McCarthy, Minority Leader Jeffries, and Appropriations Leaders:

On behalf of the Environmental Council of the States (ECOS), the national nonpartisan, nonprofit organization of top environmental agency leaders for all of the states, we urge Congress to appropriate fully authorized funding levels for the Clean Water and Drinking Water State Revolving Funds (SRFs). These programs deliver proven, lasting results for clean water, healthy communities and ecosystems, and vibrant economies.

The SRFs are two of the nation's most successful and sustainable environmental programs, providing affordable financial assistance for thousands of communities to build clean and safe water infrastructure to protect public health and grow the economy. Water infrastructure projects may include, but are not limited to, traditional water treatment/upgrades, consolidation, water supply facilities, collection, interceptors, reuse, green infrastructure, nonpoint source protection, watershed protection including following fire events, resiliency programs, energy-efficiency programs, and other eligible projects as defined by the Safe Drinking Water Act and the Clean Water Act.

Elizabeth Biser
North Carolina Department of
Environmental Quality
ECOS President

Jon Niermann
Texas Commission on
Environmental Quality
ECOS Vice President

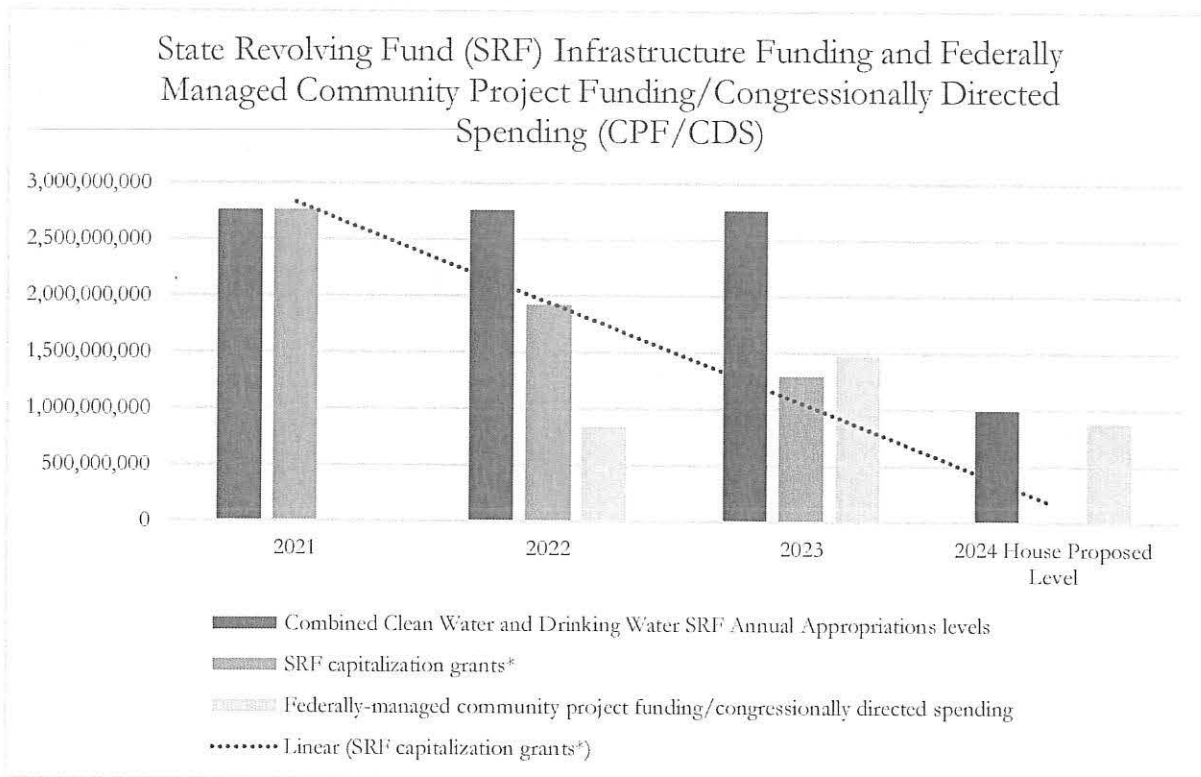
James Kenney
New Mexico Environment
Department
ECOS Secretary-Treasurer

Myra Reece
South Carolina Department of
Health and Environmental Control
ECOS Past President

Ben Grumbles
ECOS Executive Director

States have serious concerns about proposed congressional committee actions that would significantly reduce SRF capitalization grants and set a troubling precedent with significant cascading consequences. Reductions through community project funding/congressionally directed spending (CPF/CDS) erode both the short- and long-term buying power of established state infrastructure programs, which leverage federal investments and grow public-private partnerships to meet future needs. Proposed CPF/CDS projects create uncertainty for community planning and unbalanced results on the ground. The proposed actions also would shift funding from state management to federal management, which imposes additional paperwork on states and locates project administration farther from the communities to be served.

SRF funding by design also provides resources to state public water system programs. Therefore, a reduction of SRF dollars drives down state core program resources that support seasoned state staff that work with communities to meet regulatory requirements to protect public health and the environment. Moreover, the erosion of base capitalization awards dramatically reduces states' ability to provide additional subsidy to communities seeking SRF support. Additional subsidy is often essential to rural and economically disadvantaged communities to make whole the financing of their projects and keep water and sewer rates affordable for users.

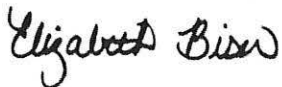


- Sources: FY22 EPA Budget in Brief, pg. 34 (FY21); P.L 117-103, pg. 334 (FY22); P.L. 117-328, pg. 335 (FY23); FY24 House Committee on Appropriations, Subcommittee on Interior, Environment, and Related Agencies - Bill Report, pg. 70
- *Includes a small amount of EPA administrative and other costs

Environmental Council of the States

We, the undersigned states, urge you to restore funding for – and fully appropriate – authorized funding levels for the SRFs, and to reexamine the way in which CPS/CDS are funded. ECOS calls on Congress to build state capacity, not diminish it, and to support the established SRF programs by not diverting federal SRF funding to pay for other priority projects. Thank you for your consideration. Please reach out to ECOS Executive Director Ben Grumbles at bgrumbles@ecos.org or (202) 266-4920 if you or your staff have any questions or wish to discuss this issue further.

Sincerely,



Elizabeth Biser
ECOS President
North Carolina Department of
Environmental Quality



James C. Kenney
ECOS Secretary-Treasurer
New Mexico Environment Department



Lance R. LeFleur
Alabama Department of Environmental
Management



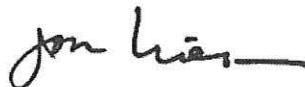
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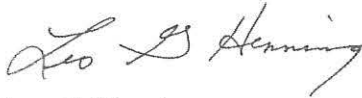
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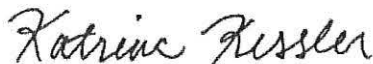
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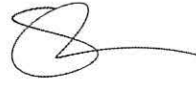


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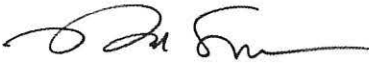
Environmental Council of the States



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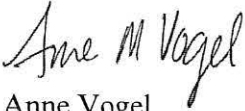
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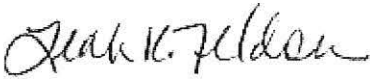
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Oregon Department of Environmental
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Richard Negrin
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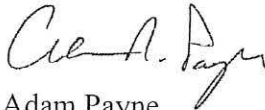
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Adam Payne
Wisconsin Department of Natural Resources



Todd Parfitt
Wyoming Department of Environmental Quality

cc: Bill McBride, National Governors Association
Jack Waldorf, Western Governors' Association

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



SRF Section
Permits and Services Division
Alabama Department of Environmental Management
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DWSRF Set-Aside Workplan



Capitalization Grant Year 2023

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Appendix A - Public Water Supply (PWS) Workplan

I. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized States to provide funding for certain non-project activities, called Set-Asides, provided that the amount of that funding does not exceed certain ceilings. States are required to provide documentation through work plans how they intend to use the chosen set-asides. In the following sections, each set-aside chosen to be implemented by the Alabama Drinking Water State Revolving Fund (DWSRF) will be described in detail.

II. Administration and Technical Assistance (4%)

A. Funding Amount

A state may reserve up to 4 percent of the DWSRF Capitalization Grant or 1/5 of the current position of the fund for the administration and oversight of its DWSRF project loan fund and set-aside programs to provide technical assistance to public water systems. The total amount allocated can be found below in total and as a percentage of the total 2023 Capitalization Grant.

- \$348,760
- 4% of \$8,719,000

B. Projected Work Years for Implementation

This set-aside is projected to be fully expended within 2 years.

C. Goals and Objectives

The DWSRF's goals and objectives for this set-aside include those consistent with the intent of the set-aside, including providing funding for administrative costs.

Administrative costs in accordance with the most recent guidance¹ include actions and expenditures associated with administration and implementation of the DWSRF program (including set-aside programs) such as salaries for state program employees, travel, and office expenditures.

III. Small System Technical Assistance

A. Funding Amount

A State may reserve up to 2 percent of its Capitalization Grant to provide technical assistance to public water systems serving 10,000 or fewer persons. The Department will not reserve any funding to provide small systems technical assistance.

IV. State Program Management

A. Funding Amount

A State may reserve up to 10 percent of its Capitalization Grant to develop and implement its drinking water protection, capacity development, operator certification and source water protection programs. A total of \$871,900 was allocated from the 2023 Capitalization Grant. This funding will be used to provide support to the Public Drinking Water System branch of ADEM.

V. Local Assistance and Other State Programs Set-Aside

A. Funding Amount

A state may reserve up to 15 percent of a Capitalization Grant for capacity development and source water protection activities using the Local Assistance and Other State Programs Set-Aside. A total of \$20,000 was allocated from the 2023 Capitalization Grant. This funding will be used to provide support for water education through Water Festivals at local schools and conservation districts (non-profit entities).

References

¹Environmental Protection Agency (2017), *Drinking Water State Revolving Fund Eligibility Handbook*, Office of Groundwater and Drinking Water.

State Program Management
Public Water Supply Supervision Workplan

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
1	Ensure compliance with Primary Drinking Water Regulations Implementation	40 CFR 141 40 CFR 142 EPA Strategic Plan References: 2.1.1, SP-1 and SP-2			Mutually funded with both DWSRF set-aside and PWSS grant funds
2	Revise current primacy programs to adopt newly promulgated Federal Drinking Water rules and regulations to implement the Safe Drinking Water Act and the amendments of 1996. Follow requirements for submitting a primacy application (EPA State Program Manager to ensure that the State is on track with the implementation of, and compliance with, these requirements)	142.12 EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	Revise and/or adopt regulations in accordance with SDWA. Submit a primacy application for EPA review approval.	Within two years of rule promulgation effective date or by compliance date specified in rule, OR submit a two- year extension request.	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
3	Maintain a systematic sanitary survey program and follow up on any discrepancies discovered during sanitary surveys as required by regulation.	Regional Priority 141.21(d) & 142.16(b)(3) 142.16(o) EPA Strategic Plan References: 2.1.1, SDW-01a	Conduct sanitary surveys - based on the cycle for water system size, source water, and type.	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds
4	Ensure all Laboratories used by Public Water Systems are approved or certified to conduct sample analysis for regulated and unregulated contaminants	141.28 EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds
5	Maintain a State program for the certification of Labs in accordance with EPA Lab Certification requirements	142.10 EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds
6	Maintain a water system design and construction plan and specification review program	142.10(b)(5) EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
7	Ensure newly permitted public water systems have design/construction capable of compliance with present and future SDWA regulations.	Program Priorities Guidance EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds
8	Maintain records for all rules/policies; enforce reporting and record keeping as required.	141 Subpart D & 142 Subpart B EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds
9	Ensure analytical methods are being applied to demonstrate compliance with the regulations	141 Subpart C EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
10	Provide a summary of the status of each Effective Variance and Exemption to EPA Provide a summary of New Variance or Exemption to EPA	142.15(b)(2) 142.15(a)(3) EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State responsible for ensuring compliance	Annually – November 15 Quarterly January 15, May 15, August 15, November 15	Mutually funded with both DWSRF set-aside and PWSS grant funds
11	Report the State’s PWSS inventory at least annually to SDWIS/FED, according to the Revised SDWIS/FED Inventory Reporting Requirements for SDWIS/FED. The inventory will be used to calculate the next fiscal year’s grant allotment and will be frozen as of January 1 st annually.	141 and 142 EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	State to update from ADEM SDWIS/STATE & upload via CDX to SDWIS/FED	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds
12	Establish and follow quality assurance procedures to ensure that data entered into SDWIS/FED is of the highest reliability and maximum value to the public. Work with EPA Region 4 staff on trouble shooting errors.	EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	Ongoing	Ongoing	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
13	Participate in Priority Reviews, attend the State Directors Meetings as scheduled, the Data Management Users Conference, ASDWA meetings, Area Wide Optimization meetings and training, new rules and/or program training and other meetings as needed.	EPA Strategic Plan References: 2.1.1, SP-1 and SP-2	Attend meetings to stay current with PWSS program priorities and revisions		Mutually funded with both DWSRF set-aside and PWSS grant funds
14	<p>Develop and implement a Capacity Development strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.</p> <p>Submit a report to EPA on implementation of the Capacity Development Strategy.</p> <p>Submit the triennial Capacity Development Report to the Governor.</p>	<p>SDWA §1420 (c)</p> <p>EPA Strategic Plan References: 2.1.1, SP-1 and SP-2</p>	<p>Develop CD Strategy</p> <p>Annual Report to EPA</p> <p>Triennial Report to the Governor.</p>	<p>90 days after end of reporting period</p> <p>September 30, 2020</p>	Mutually funded with both DWSRF set-aside and PWSS grant funds
15	Assist EPA with UCMR	<p>141 Subpart E</p> <p>EPA Strategic Plan References: 2.1.1, optional participation</p>	If applicable, complete voluntary commitments specified in Partnership Agreement.	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
16	Operator Certification Program Submit Perform an Internal Program Review Perform an External Program Review	F.R. Vol. 64, Number 24 EPA Strategic Plan References: 2.1.1, SP-1, SP-2	Submit appropriate information as requested under this program	Annually – May 1 Once every 3 years Once every 5 years	Mutually funded with both DWSRF set-aside and PWSS grant funds
17	Quality Assurance: Quality Management Plan (QMP) The State commits to maintaining an up-to-date and approved Quality Management Plan (QMP). The State shall review its QMP at least annually to reconfirm its suitability and effectiveness. When significant changes occur the State shall revise and resubmit the QMP to EPA for review and approval.	EPA Order 5360.1 A2 & EPA Requirement for QMPs, EPA QA/R-2. No measure associated with this activity	Reconfirm Suitability of existing QMP. Update QMP if “significant changes” occur. Resubmit QMP as needed to prevent expiration.	As needed, allowing sufficient time for review and acceptance (e.g. prior to expiration of existing QMP).	Mutually funded with both DWSRF set-aside and PWSS grant funds
18	The State commits to maintaining an up-to-date and approved Quality Assurance Project Plan.	EPA Order 5360.1 A1 40 CFR §31.45 No measure associated with this activity	Annual QA certification letter	Annually – October 1 (by grant approval date)	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Public Water Supply Supervision (PWSS) Workplan Task Description	Basis for PWSS Workplan Task	Commitments (Outputs & Outcomes)	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
19	The State commits to maintaining up-to-date documentation that demonstrates their competency to generate and use environmental data.	Agency Policy Directive #FEM-2012-02 No measure associated with this activity.	Competency Demonstration documentation package.	Annually – October 1 (by grant approval date)	Mutually funded with both DWSRF set-aside and PWSS grant funds
20	The State will strive to provide its surface water assessment program a list of public water systems (including location) that monitor ambient/raw water so that the monitoring data may be considered in assessing water quality and determining impairment.	EPA National Program Guidance Coordinates with CWA 106 Workplan Task A-2	Protection of Public Health	Annually - September 30.	Mutually funded with both DWSRF set-aside and PWSS grant funds

State Program Management
Public Water Supply Supervision Enforcement Workplan

Task No.	Enforcement Workplan Task Description	Basis for PWSS Workplan Task	Commitments - Outputs & Outcomes	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
1	Report State violations and enforcement actions at least quarterly to SDWIS/FED, but no later than 45 days following the end of the quarter.	40 C.F.R. Parts 141 and 142 EPA Guidance "Consolidated Summary of Reporting Requirements for SDWIS/FED" EPA Strategic Plan References: 2.1.1, SP1, SP2 5.1.3 SWD 02	Outputs: Uploads of violations and enforcement actions in SDWIS/FED Outcomes: Safe drinking water	Quarterly February 15 th , May 15 th , August 15 th , & November 15 th	Mutually funded with both DWSRF set-aside and PWSS grant funds
2	Provide required information when referring enforcement cases to EPA. See Attachment - Section 1	SDWA 1414(b)(2) EPA Strategic Plan Reference: 5.1.3 SWD 02	Outputs: Appropriate and required information Outcomes: Safe drinking water	As needed	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Enforcement Workplan Task Description	Basis for PWSS Workplan Task	Commitments - Outputs & Outcomes	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
3	Address with a formal enforcement action or return to compliance the number of priority systems equal to the number of PWS's that have a score of 11 or higher on the July ETT report.	National Priority ACS Commitment EPA Strategic Plan Reference: 5.1.3 SDW-02	Outputs: Enforcement actions/activities (e.g., notices of violation, administrative orders, etc.) Outcomes: Safe drinking water.	Within two quarters for those systems being identified as priorities	Mutually funded with both DWSRF set-aside and PWSS grant funds
4	Take immediate action to address 100% of health based and major monitoring/reporting violations for acute contaminants for PWSs with an ETT score of ≥ 11 .	National Priority Regional Priority EPA Strategic Plan Reference: 5.1.3 SWD 02	Outputs: Enforcement actions/activities (e.g., notices of violation, administrative orders, etc.) Outcomes: Safe drinking water	Within two quarters of those systems being identified as priorities	Mutually funded with both DWSRF set-aside and PWSS grant funds

Task No.	Enforcement Workplan Task Description	Basis for PWSS Workplan Task	Commitments - Outputs & Outcomes	Date Due	Funding Implementation (DWSRF Set-aside/PWSS Grant)
5	Address PWSs with an ETT score of < 11 on an ongoing/rolling basis.	National Priority Regional Priority EPA Strategic Plan Reference: 5.1.3 SWD 02	Outputs: Enforcement actions/activities (e.g., notices of violation, administrative orders, etc.) Outcomes: Safe drinking water	As appropriate	Mutually funded with both DWSRF set-aside and PWSS grant funds
6	The State will escalate its response to violations in accordance with its enforcement management system to ensure return to compliance.	National Priority Regional Priority EPA Strategic Plan Reference: 5.1.3 SWD 02	Outputs: Enforcement actions/activities (e.g., administrative orders, referrals to EPA, etc.) Outcomes: Safe drinking water	As appropriate	Mutually funded with both DWSRF set-aside and PWSS grant funds
7	Provide a quarterly written response to EPA regarding the status of PWSs identified as priorities by the Enforcement Response Policy's Enforcement Targeting Tool (ETT).	National Priority Regional Priority EPA Strategic Plan Reference: 5.1.3 SWD 02	Outputs: Status report Outcomes: Safe drinking water	Quarterly; within 30 days of State's receipt of list from EPA	Mutually funded with both DWSRF set-aside and PWSS grant funds

ATTACHMENT – ENFORCEMENT SECTION 1

SECTION 1: Referring Enforcement Cases to EPA – please provide the following information: 1414 (b)(2)

Public Water System Name and Identification Number

Public Water System Owner/Operator Name

Ownership Information – The State will submit available evidence/documentation on ownership and whether ownership has ever been contested or even raised as an issue at the State level.

Public Water System Current Address

Public Water System Telephone Number

Public Water System Population and Type of System

Number of Service Connections

Actual Count

Factoring Method

Evidence of Violations – At the time of referral, the State shall submit to EPA the entire file (or a copy of that file) that is pertinent to the case. EPA will work with the State to achieve the most efficient method for securing a copy of the file. Before and enforcement action is issued, EPA needs to ensure that there is evidence in the Region 4 office to support every violation listed – either hard copy evidence or a tabular summary from the State of its violation information.

Copies of all State enforcement actions

Date Case Referred by State Drinking Water Program (complete package with letter of referral by the State)

Date of most recent Sanitary Survey (please provide a copy to EPA)



Alabama Department of Environmental Management
adem.alabama.gov

1400 Coliseum Blvd. 36110-2400 ■ Post Office Box 301463
Montgomery, Alabama 36130-1463
(334) 271-7700 ■ FAX (334) 271-7950

September 12, 2023

The Honorable Coach Tommy Tuberville
U.S. Senate
455 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Robert Aderholt – District 4
U.S. House of Representatives
266 Cannon House Office Building
Washington, D.C. 20515

The Honorable Katie Britt
U.S. Senate
502 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Dale Strong – District 5
U.S. House of Representatives
1337 Longworth House Office Building
Washington, D.C. 20515

The Honorable Jerry Carl – District 1
U.S. House of Representatives
1330 Longworth House Office Building
Washington, D.C. 20515

The Honorable Gary Palmer – District 6
U.S. House of Representatives
170 Cannon House Office Building
Washington, D.C. 20515

The Honorable Barry Moore – District 2
U.S. House of Representatives
1504 Longworth House Office Building
Washington, D.C. 20515

The Honorable Terri Sewell – District 7
U.S. House of Representatives
1035 Longworth House Office Building
Washington, D.C. 20515

The Honorable Mike Rogers – District 3
U.S. House of Representatives
2469 Rayburn House Office Building
Washington, DC 20515

Subject: Funding for the Clean Water and Drinking Water State Revolving Funds

Dear Members of the Alabama Congressional Delegation:

I write to alert you to a significant threat to Alabama's Clean Water and Drinking Water State Revolving Funds (SRFs) and request your assistance protecting the long-term viability of vital water and sewer infrastructure programs in the state.

Congress established the Clean Water SRF in 1987 and the Drinking Water SRF in 1996 as federally subsidized, state-run loan programs. Alabama established its programs in 1989 and 1999 respectively. The funding allows the SRFs to provide utilities with affordable financing for water infrastructure projects that protect and provide clean, safe drinking water and address sewer needs. Over time, because these are revolving loan programs, the funding allows SRFs to build a source of recurring revenue to meet the ongoing needs of rehabilitating, replacing, and building resilient water infrastructure.

For more than a quarter of a century, Congress has understood the vital importance and everyday impact these programs have on the health, well-being, and safety of families and communities across Alabama and the entire nation. However, since 2022, Congress has diverted more than \$2.3 billion away from the programs' base funding to pay for congressionally directed spending (aka. congressional earmarks). The House's 2024 budget proposes even steeper cuts, slashing SRF funding by 96% compared to 2021 levels. Included in this cut is \$880 million dollars in the form of earmarks.



Below is a table based on the draft 2024 budget demonstrating the devastating effects congressional earmarks are having on the nation's SRF programs in the current year:

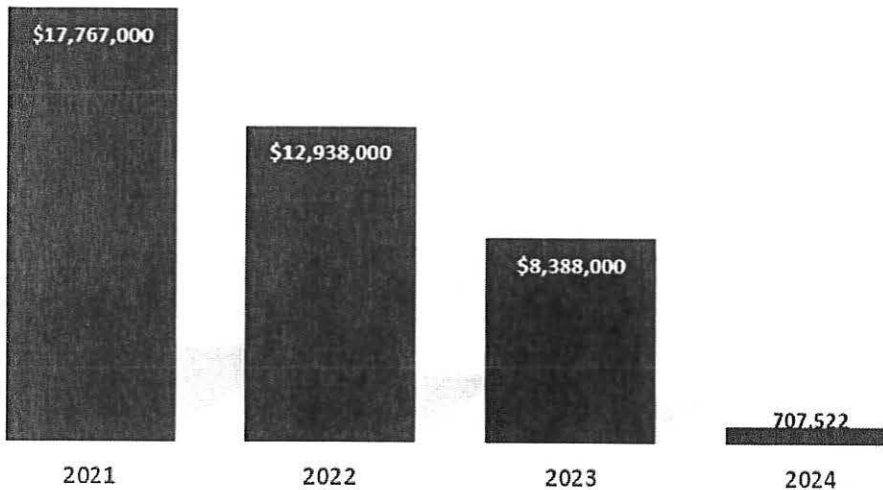
COMBINED SRFs	HOUSE	SENATE
Capitalization Grant	\$995,611,000	\$2,764,962,000
Minus Earmarks	-\$880,449,269	-\$588,764,000
Available for SRFs	\$115,161,731	\$2,176,198,000

These cuts will deeply impact Alabama's SRF programs. The earmarks have diverted the funds away from the state. Alabama is concerned about Congress' efforts to replace a fiscally responsible, state-run SRF subsidized loan program with a massive new federal grant program run by the USEPA. In addition, every dollar diverted from the state's SRF subsidized loan program to USEPA's new grant program permanently eliminates a recurring source of funding to meet water and wastewater infrastructure needs in Alabama. Unlike grants that fund a single project, SRF subsidized loans generate loan repayments that can be used, and reused, in perpetuity to fund many projects, alleviating the cost of construction and compliance on future generations. By using the SRF capitalization grants to pay for congressional earmarks, Congress is creating new inequities in the distribution of federal funding for water and wastewater infrastructure. Funding congressional earmarks instead of the prioritized and ranked state projects jeopardizes public health, especially in communities that cannot afford to repay a loan and depend on annual federal funding for loan principal forgiveness.

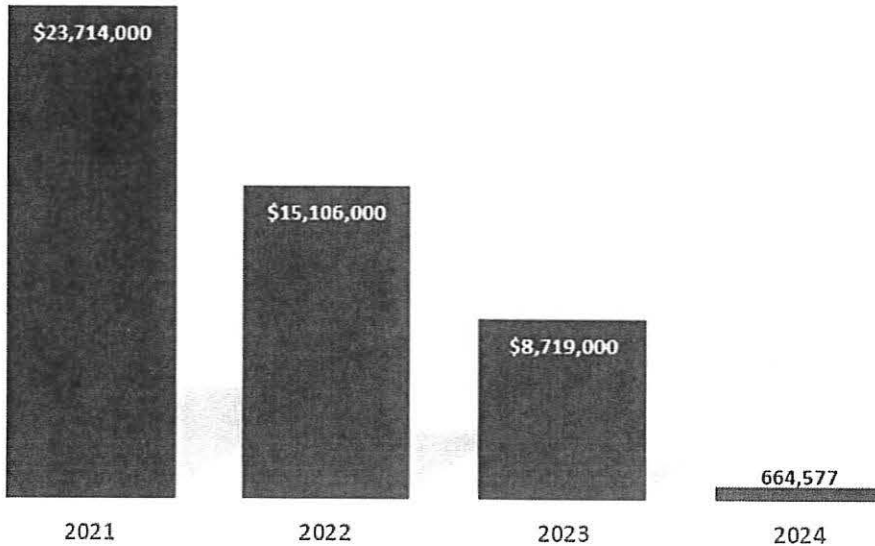
Using the SRF capitalization grant to pay for congressional earmarks is also a huge redistribution of federal funding from a majority of states to a few states. If 2024 appropriations remain level and the SRF capitalization grants are used to pay for congressional earmarks, Congress will, again, redirect funding for water infrastructure from 36 states to cover the cost of congressional earmarks in 14 states.

Below are tables demonstrating the effects earmarks have had on Alabama's SRF programs since earmarks returned in 2022. The 2024 data is based on the House draft budget:

Federal Funding for Clean Water SRF Projects Cut by \$31.2 Million



Federal Funding for Drinking Water SRF Projects
Cut by \$46.6 Million



Based on the current 2024 House budget, Alabama will receive only \$707,522 to support the Clean Water SRF Program and only \$644,577 to support the Drinking Water SRF Program. As part of my introduction, I used the phrase “significant threat” – this is the threat which adversely impacts the long-term viability of vital water and sewer infrastructure programs in the Alabama.

I urge Congress to build state capacity, not diminish it, and to support the established SRF programs by not diverting federal SRF funding to pay for other priority projects. A further reduction of SRF dollars in 2024 also reduces state core program resources. ADEM manages the program by drawing a percentage of the capitalization grant to support the administration of the SRF and the drinking water programs. The Department requires at least \$4.5 million dollars to support these programs. The earmarks reduce the amount of funding available to support the operating budget necessary to administer these programs. These “set asides” support seasoned state staff who work with communities to meet regulatory requirements to protect public health and the environment. If these funds are not available, the Department will not have the resources to retain these staff.

I ask you to act quickly, work with the other 49 states and restore funding for and fully appropriate authorized funding levels for the Clean Water and Drinking Water State Revolving Funds and to reexamine how congressionally directed spending (earmarks) are funded. Thank you for your consideration. Please reach out to me if you have any questions at llefleur@adem.alabama.gov, 334-271-7710 or wish to discuss this issue further.

Sincerely,


Lance R. LeFleur, Director
Alabama Department of Environmental Management

cc: Governor Kay Ivey

Project #	Applicant Name	Project Description	City/Town	County	Justice 40 Map Coverage	Poverty Rate	Un-employment	Population	Total Census	Financial Rank	Disadvantaged Rank	Priority Ranking Points	CW BIL Amount Granted	CW BIL Amount of PF	CW BIL PF%	Applied for Project Amount	Green Component Amount	Green Component Category	Green Component %
CS010981-01	Samson, City of	Sewer Rehab	Samson	Geneva	Yes	1	1	1,567	3	1	5	175	\$1,250,795	\$0	0%	\$5,003,179	\$125,000	Energy Efficient	10%
CS010871-02	Gurley, Town of	Gurley WWTP Improvements	Gurley	Madison	Yes	0	0	601	1	1	3	170	\$2,200,000	\$2,200,000	100%	\$2,200,000	\$160,000	Energy Efficient	7%
CS010662-01	Marion, City of	Marion Wastewater Treatment Plant Collection System Upgrades	Marion	Perry	Yes	1	1	3,273	3	0	4	160	\$725,000	\$725,000	25%	\$3,200,000			
CS010906-01	Ashland, The Waterworks and Sewer Board of the Town of	Provide Sanitary Sewers to Southern part of Ashland and Expand/Upgrade WWTP	Ashland	Clay	Yes	1	1	1,741	3	0	4	130	\$3,557,320	\$1,778,660	50%	\$11,500,000	\$2,600,000	Energy Efficient Environmentally Innovative	25%
CS010957-01	Livingston Utility Board	Sewer System Improvements	Livingston	Sumter	Yes	1	0	3,227	2	0	3	130	\$1,182,250	\$1,182,250	100%	\$5,364,500	\$100,000	Energy Efficient	8%
CS010879-04	Selma, The Waterworks and Sewer Board of the City of	Wastewater Treatment Plant Improvements	Selma	Dallas	Yes	1	1	18,429	3	1	5	120	\$2,665,965	\$1,787,320	67%	\$4,988,312	\$350,500	Energy Efficient	13%
CS010356-04	Fayette, City of	Wastewater Treatment Plant Rehabilitation Project	Fayette	Fayette	Yes	1	1	4,271	3	1	5	110	\$2,013,515	\$0	0%	\$3,013,515	\$75,000	Energy Efficient	4%
CS010889-02	Dallas County Water & Sewer Authority	Sewer System Improvements	Selma	Dallas	Yes	1	1	18,429	3	1	5	110	\$4,213,850	\$4,213,850	100%	\$4,213,850	\$115,000	Energy Efficient	3%
CS010364-04	Snead, Town of	Snead Sewer Systems Improvements	Snead	Blount	Yes	0	0	1,211	1	0	2	110	\$541,000	\$0		\$1,082,000			
CS010808-02	Sumiton, City of	Sewer System Improvements	Sumiton	Walker	Yes	0	1	2,676	2	0	3	105	\$611,225	\$0		\$1,222,450			
CS011047-02	Headland, City of	Sanitary Sewer Outfall & Collection Improvements	Headland	Henry	Yes	0	0	4,941	0	0	1	90	\$328,400	\$0	0%	\$1,313,600			
CS010250-02	Ozark, Utilities Board of the City of	Sewer Rehab	Ozark	Dale		1	1	14,396	3	1	4	85	\$950,000	\$0	0%	\$1,900,000			
CS010923-01	Columbiana, City of	Wastewater Improvements	Columbiana	Shelby	Yes	0	0	4,197	0	1	2	80	\$2,762,500	\$0	0%	\$5,525,000			
CS010867-03	Dadeville Water Works and Sewer Board, City of	Sewer System Improvements	Dadeville	Tallapoosa	Yes	1	1	3,051	3	0	4	80	\$1,238,500	\$0	0%	\$2,477,000	\$80,000	Energy Efficient	6%
CWSRF BIL													\$24,240,320	\$11,887,060	49%		\$3,605,500		

Project #	Applicant Name	Project Description	City/Town	County	Justice 40 Map Coverage	Population	Financial Rank	DW Ratio	Disadvantaged Score	Priority Ranking Points	DW SRF Amount Granted	DW SRF Amount of PF	DW SRF PF %	Applied for Amount
FS010153-05	Huntsville Utilities (2023 Supplemental)	Huntsville Utilities Water System Improvements - 2022,Huntsville Utilities Water System Improvements - 2023	Huntsville	Madison	No	210081	0	N/A	SUPP	SUPP	\$8,595,000			\$10,595,000
FS010322-01	Dora, Town of	Supplemental	Dora	Lawrence		231	1	N/A	SUPP	SUPP	\$260,000			\$260,000
FS010227-03	Gilbertown, The Utilities Board of the Town of	Water Storage Improvements and Installation of Backup Generators	Gilbertown	Choctaw	Yes	666	1	N/A	SUPP	SUPP	\$500,000			\$2,451,000
FS010098-04	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of	Master Plan SRF Water Projects Phase II - Years 2024-2028	Mobile	Mobile	Yes	187445	0	N/A	N/A	Supp	\$7,557,810			\$11,936,000
FS010259-05	Selma, The Waterworks and Sewer Board of the	(Supplemental) 2019 Water Production, Treatment, and Storage Improvements	Selma	Dallas	Yes	18429	0	N/A	SUPP	Supp	\$640,000			\$640,000
FS010248-03	Marion, City of	Marion DW/SRF Critical Needs Water Infrastructure Improvements	Marion	Perry	Yes	3273	0	1.47	3.47	395	\$750,000			\$2,030,000
FS010089-08	Citronelle, Utilities Board of the Town of (dba South Alabama Utilities)	Capital Improvements	Citronelle	Mobile	Yes	3940	0	0.57	2.57	330	\$1,700,000			\$6,415,320
FS010488-01	Harpersville, Town of	Harpersville Waterline Replacement Project 2022	Harpersville	Shelby		1589	1	1.61	3.61	305	\$1,755,000			\$5,265,000
FS010225-02	Cherokee, Town of	Water System Improvements	Cherokee	Colbert	Yes	911	1	2.17	5.17	295	\$2,434,217	\$1,000,000	41%	\$7,302,650
FS010230-04	North Marshall Utilities Board	Water System Improvements	Grant	Marshall	Yes	1524	1	1.20	4.20	240	\$2,500,000			\$20,227,650
FS010247-02	White Hall, Town of	Water System Improvements	White Hall	Lowndes	Yes	603	1	2.28	5.28	240	\$716,894	\$716,894	100%	\$716,894
FS010133-04	Warrior River Authority	#1 of 4 WTP Improvements	Bessemer	Jefferson	No	26171	0	1.90	1.90	220	\$2,375,000			\$9,500,000
FS010540-01	Snowdon Water System, Inc.	Water Main Extension	Montgomery	Montgomery		201022	1	0.96	2.96	215	\$1,800,000			\$1,800,000
FS010522-02	York, City of	Proposed York Water System Infrastructure Project	York	Sumter	Yes	2371	0	2.09	4.09	215	\$1,124,000			\$2,248,000
FS010200-02	Ashville, City of	Water System Improvements	Ashville	St. Clair	Yes	2096	0	1.07	3.07	185	\$1,853,785			\$3,707,570
FS010530-01	Clayton WW&SB	Water Supply Well	Clayton	Barbour		2512	1	1.83	3.83	180	\$1,230,000			\$2,480,000
FS010489-01	Kinston, Town of	Water Improvements - Source & Storage	Kinston	Coffee	Yes	793	1	1.91	4.91	180	\$1,123,612			\$2,247,224
FS010033-03	Level Plains, City of	SRF Well, Tank, and Mains	Level Plains	Dale		1828	1	0.50	2.50	180	\$1,875,000			\$3,750,000
FS010385-01	Pinedale Water, Sewer and Fire Protection Authority	Elevated Water Storage Tank	Ashville	St. Clair	Yes	2096	1	2.20	5.20	180	\$1,320,000	\$1,320,000	100%	\$1,320,000
FS010425-01	Bessemer Water Services	AMI Meter Replacement, General Main/Service Line Rehabilitation, Steel Tank Rehabilitation, and Lakeshore Secondary Supply Line and Booster Station	Bessemer	Jefferson	Yes	26171	0	1.93	2.93	175	\$2,000,000			\$42,223,750
FS010544-01	Talladega County Commission	Water System Improvements	Talladega	Talladega		15782	1	0.70	1.70	155	\$3,391,075			\$6,782,150
FS010368-02	Pell City, City of	Well A to Woodhill Tank	Pell City	St. Clair		12923	0	1.28	1.28	140	\$2,205,072			\$3,405,072
FS010045-02	Sumiton, City of	Sumiton Water Improvements	Sumiton	Walker		2676	0	1.22	2.22	140	\$675,000			\$900,000
FS010322-01	Tallassee, City of	WTP Filter Gallery Upgrades	Tallassee	Elmore	YES	5199	1	1.07	4.07	125	\$586,025			\$1,172,050
FS010259-03	Selma, The Waterworks and Sewer Board of the	Well and Water Treatment Plant Improvements	Selma	Dallas	Yes	18429	0	2.72	3.72	110	\$2,891,942			\$5,783,885
FS010132-03	Chattahoochee Valley Water Supply District	Water System Improvements	Valley	Chambers		6037	0	0.20	1.20	105	\$1,100,000			\$12,072,900
FS010485-01	Floamat, Town of	Water Main Replacement	Floamat	Escambia		1728	0	1.28	2.28	90	\$1,072,600			\$1,072,600
FS010332-01	Ford's Valley & Hwy 278 Water Cooperative	Ford's Valley & Hwy 278	Piedmont	Etowah	Yes	4837	0	1.78	3.78	90	\$2,237,000			\$3,487,000
FS010050-03	Albertville, Municipal Utilities Board of the City of	Albertville WTP Improvements	Albertville	Marshall	Yes	22268	1	1.08	3.08	85	\$2,000,000			\$6,790,000
FS010260-02	Cordova, City of, Water Works & Gas Board	Water System Improvements	Cordova	Walker		1709	1	2.48	4.48	85	\$1,050,000			\$1,400,000
FS010365-02	Odenville Utilities Board, Town of	Water Storage Tank Painting	Odenville	St. Clair	No	4800	1	0.99	2.99	85	\$1,583,074			\$2,183,074
FS010378-01	Fosters-Ralph Water Authority	System Improvements	Ralph	Greene	Yes	#NAME?	0	1.29	3.29	80	\$1,822,900			\$2,555,500
FS010381-01	Oakman, Water Works Board of the Town of	Oakman Water Supply Improvements	Oakman	Walker	Yes	614	0	1.77	3.77	80	\$1,525,400			\$3,050,800
FS010370-01	Childersburg Water Works, S & G Board	Water System Improvements	Childersburg	Talladega	Yes	4768	1	1.35	4.35	60	\$369,500			\$739,000
FS010168-05	Florence, City of	Supplemental 2023	Florence	Lauderdale		39709	0	1.50	1.50	55	\$5,333,764			\$7,500,000
FS010448-01	Montevallo WW&SB	Water System Line Replacement	Montevallo	Shelby	No	6999	0	1.37	2.37	55	\$1,500,000			\$6,000,000
FS010275-03	Summerville, Town of	Elevated Storage Tank	Summerville	Baldwin	Yes	1512	0	1.04	3.04	55	\$1,845,425			\$2,090,650
FS010426-01	Bessemer, GUSC of the City of	Raw Water Pump Upgrade and High Service Pump Control Valve Replacement	Bessemer	Jefferson	Yes	26171	0	1.93	2.93	50	\$1,199,501			\$2,399,002
FS010141-02	Daleville Water and Sewer Board	SRF Well, Tank, and Mains	Daleville	Dale		4912	0	0.67	1.67	50	\$1,635,000			\$3,270,000
FS010053-02	White House Water System	Water System Improvements	Bay Minette	Baldwin		7824	0	1.76	1.76	40	\$3,296,000			\$4,944,000
DW/SRF	40										\$78,620,598	\$3,036,894		\$214,693,941

Project #	Applicant Name	Project Description	Applied for Amount	City/Town	County	Justice 40 Map Coverage	Population	Financial Score	Disadvantaged Score	Ratio	Average DW Bill/5000 Gallons	Priority Ranking Points	DW BIL Amount Granted	DW BIL Amount of PF	DW BIL % PF
FS010096-04	MOBILE, AL (MAWSS), Board of Water and Sewer Commissioners of the City of	Master Plan SRF Water Projects Phase II - Years 2024-2028	\$11,936,000	Mobile	Mobile	Yes	187,445	1.5	SUPP	SUPP	SUPP	Supp	\$4,378,190.00	\$0.00	0%
FS010199-04	Red Bay, Water Works and Gas Board of the City of	Red Bay Water System Proposed DWSRF Water Improvements	\$2,400,000	Red Bay	Franklin	Yes	3,187	3.05	SUPP	SUPP	SUPP	SUPP	\$1,200,000.00	\$0.00	0%
FS010483-01	DeKalb-Jackson Water Supply District	Contact Clarifiers for the DJWSD	\$3,602,274	Ider	Jackson	Yes	604	2.11	3.77	1.77	775.44	305	\$3,602,274.00	\$3,602,274.00	100%
FS010392-01	Old Line Water Authority	New Water Supply Well	\$2,442,645	Jackson	Clarke	Yes	4,774	0.96	4.25	1.25	549.48	290	\$2,442,645.00	\$2,442,645.00	100%
FS010055-03	Oncota Utilities Board, City of	Water Treatment Plant And Distribution System Upgrades	\$10,500,000	Oncota	Blount	No	6,778	1.51	2.42	1.42	750	190	\$7,875,000.00	\$0.00	0%
FS010068-02	Hale County Water Authority	Water System Improvements	\$5,184,375	Greensboro	Hale	Yes	2,484	1.69	4.08	2.08	671.52	165	\$5,184,375.00	\$4,321,739.00	83%
FS010206-02	Heflin Water Works and Sewer Board	Water System Improvements	\$9,090,200	Heflin	Cleburne	Yes	3,416	1.5	2.97	0.97	470	130	\$7,590,200.00	\$5,602,650.00	75%
FS010364-01	Northwest St. Clair Water System	Water System Upgrades	\$1,251,000	Steele	St. Clair	Yes	1,299	1.17	3.87	0.87	566.4	125	\$1,251,000.00	\$612,990.00	49%
FS010168-05	Florence, City of	Supplemental 2023	\$7,500,000	Florence	Lauderdale		39,709	1.88	1.07	1.07	633.19	55	\$2,166,236.00	\$0.00	0%
DWSRF BIL		9	\$53,906,494										\$35,689,920.00	\$16,672,298.00	47%

Project #	Applicant Name	Project Description	City/Town	County	Justice 40 Map Coverage	Poverty Rate	Un-employment	Population	Total Census	Financial Metric	Disadvantaged Rank	Priority Ranking Points	CW SRF Amount Granted	CW SRF PF	CW SRF PF%	Applied for Project Amount
CS010260-16	Cullman, City of	2023 Supplemental	Cullman	Cullman		0	0	17,892	0	1	1	Supp	\$5,500,000			\$5,500,000
CS010412-08	Florence, City of (Supplemental)	Wastewater System Improvements	Florence	Lauderdale		1	1	39,709	2	1.88	2	Supp	\$7,500,000			\$14,500,000
CS010281-23	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of	Master Plan SRF Wastewater Projects Phase II - Years 2024 - 2028	Mobile	Mobile	Yes	1	1	187,445	3	2	4	Supp	\$12,000,000			\$12,000,000
CS010995-01	Tallassee, City of	2023 Supplemental	Tallassee	Elmore		0	1	15,782	1	0	2	SUPP	\$815,000			\$815,000
CS010835-05	Tuscaloosa, City of	2023 Supplemental	Tuscaloosa	Tuscaloosa		1	1	99,252	2	2	2	Supp	\$2,645,000			\$11,500,000
CS011089-01	Tuscumbia, City of	2023 CWSRF Loan Portion	Tuscumbia	Colbert		1	0	8,977	1	1	2	175	\$5,700,000			\$20,820,000
CS010959-03	Glenwood, Town of	Package Plant for Sewer System	Glenwood	Crenshaw	Yes	1	1	221	3	0	5	150	\$1,500,000	\$1,500,000	100%	\$1,500,000
CS010337-05	Flomaton, Town of	Flomaton Sewer Improvements	Flomaton	Escambia	Yes	1	1	1,728	3	10.9	4	140	\$355,800	\$88,950	25%	\$1,423,200
CS010468-08	Albertville, The Municipal Utilities Board of	Eastside WWTP Imp.	Albertville	Marshall	Yes	1	0	22,268	1	2	2	135	\$3,090,000			\$6,900,000
CS010995-01	Talladega, Alabama, City of	Wastewater Treatment and Plant Upgrades	Talladega	Talladega	Yes	1	1	5,199	3	0	5	135	\$3,500,000	\$875,000	25%	\$8,500,000
CS010906-01	Ashland, The Waterworks and Sewer Board of the Town of	Provide Sanitary Sewers to Southern part of Ashland and Expand/Upgrade WWTP	Ashland	Clay	Yes	1	1	1,741	3	1.76	4	130	\$1,692,680			\$11,500,000
CS010390-07	Hanceville Water Works and Sewer Board	2022 CWSRF Sewer System Improvements	Hanceville	Cullman	Yes	1	1	3,174	2	1.57	3	130	\$1,500,000			\$4,210,307
CS010957-01	Livingston Utility Board	Sewer System Improvements	Livingston	Sumter	Yes	1	0	3,227	2	1.64	3	130	\$1,182,250	\$713,650	60%	\$5,364,500
CS010925-01	Covington County Commission	Point "A" Lake Decentralized Wastewater Collection and Treatment System	Andalusia	Covington	Yes	1	1	8,764	3	1	5	125	\$1,869,125			\$5,607,375
CS010292-33	Dothan, Alabama, City of	Trunk Line and Sewer Basin Rehab	Dothan	Houston		1	0	70,318	1	4.83	1	125	\$10,000,000			\$41,330,930
CS010847-03	Odenville, Utilities Board of the Town	WWTP Improvements	Odenville	St. Clair		0	0	4,800	0	2	0	125	\$2,434,407			\$4,868,813
CS010873-02	Arab, Sewer Board of the City of	Wastewater System Improvements	Arab	Marshall	Yes	0	0	8,462	0	2	1	120	\$1,500,000			\$39,620,000
CS011044-01	Gadsden Water Works & Sewer Board	Sanitary Sewer System Improvements	Gadsden	Etowah	Yes	1	1	34,317	3	2.16	4	120	\$1,893,750			\$5,050,000
CS010270-11	Guntersville Water Board	Sanitary Sewer System Improvements	Guntersville	Marshall	Yes	1	0	8,559	1	1.54	2	120	\$2,900,000			\$12,928,000
CS011011-01	Opelika, City of	Opelika Westside WWTF Storage Lagoon Solids Removal	Opelika	Lee	Yes	1	0	30,810	1	5.37	2	120	\$2,503,224			\$7,509,671
CS010879-04	Selma, The Waterworks and Sewer Board of the City of	Wastewater Treatment Plant Improvements	Selma	Dallas	Yes	1	1	18,429	3	0	5	120	\$2,322,347			\$4,988,312
CS010621-07	Northport, City of	Highway 82 Pump Station and Force Main	Northport	Tuscaloosa		0	0	30,334	0	1.73	0	110	\$2,666,162			\$8,887,207
CS010887-03	Scottsboro Water, Sewer, and Gas Board	Sewer Main Replacements	Scottsboro	Jackson	Yes	1	0	15,446	1	2.17	2	110	\$1,500,000			\$3,000,690
CS010847-04	Odenville, Utilities Board of the Town	Shanghai Road Force Main	Odenville	St. Clair		0	0	4,800	0	2	0	105	\$1,052,340			\$2,804,679
CS010239-06	Pell City, City of	Eden Lift Station and Force Main	Pell City	St. Clair		0	1	12,923	1	2.17	1	95	\$2,200,492			\$5,867,978
CS010835-04	Troy, City of	New WWTP	Troy	Pike		1	0	17,765	1	3.07	1	90	\$3,718,864			\$18,594,320
CS010312-08	Hartselle, City of	2023 CWSRF Loan Portion	Hartselle	Morgan		0	0	15,308	0	0	0	90	\$1,853,000			\$3,706,000
CWSRF													\$85,394,440	\$3,177,600		\$247,661,982