

October 1, 2022

Re: Clean Water and Drinking Water SRF Program Update

To Whom it May Concern:

The Alabama Department of Environmental Management (ADEM) is pleased to announce the solicitation of Fiscal Year (FY) 2023 State Revolving Fund (SRF) projects. The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs are currently accepting pre-applications for the FY2023 priority ranking list. All pre-applications should be submitted on or before February 1, 2023. The SRF program is offering a **20-year fixed rate loan with a below market interest rate (to be determined in October 2023)**. Eligible projects are those that show benefit to water quality in the State of Alabama or enhanced compliance with the Safe Drinking Water Act of the Clean Water Act. Please see the included SRF brochure for an overview of the SRF program including project eligibilities.

The SRF will hold a short virtual workshop during fiscal year 2023. The workshop will be announced to interested parties during the first quarter of 2023. The workshop will be held in person at the ADEM office and available virtually on Microsoft Teams. It will cover the pre-application process and any updates for the current fiscal year, including the determined interest rate for FY2023.

Since 1989, the SRF program has provided over two billion dollars of infrastructure funding through loans, grants, and principal forgiveness. The program is very interested in supporting your system and providing funding for any of your eligible infrastructure needs. Updates and additional information specific to the FY2023 SRF program is attached. Please contact the SRF Section at (334) 271-7714 or by email at SRF@adem.alabama.gov for questions or inquiries.

Sincerely,

Eric Reidy, Chief
State Revolving Fund Section
Permits & Services Division

On November 15, 2021 the Bipartisan Infrastructure Law (BIL) was signed. The BIL provides the state of Alabama with funding over the next five years to support drinking water and wastewater projects. In addition, on January 27, 2022, the Alabama State Legislature appropriated funding from the American Rescue Plan Act (ARPA) to support drinking water and wastewater infrastructure projects within the state. The Alabama Department of Environmental Management's (ADEM's) State Revolving Loan Fund (SRF) program will be processing applications and administering these funds in the form of ARPA grants containing a 0-50% match requirement and BIL low interest loans containing principal forgiveness ranging between 5-100%. This correspondence will be the first of many updates as ADEM evaluates the project applications submitted. The evaluation will use "needs-based" criteria - those demonstrating the greatest need will receive the initial funding. Although the amount of the funds available is significant, there is not enough to address all of the needs within the state. Water and wastewater systems with critical needs should submit a preapplication as soon as possible for consideration. ADEM anticipates beginning the award of infrastructure funds by June 1, 2022. If there are time-sensitive needs, please highlight the need within the submittal and indicate the urgency within the body of the e-mail.

In order for a project to be considered for support, the system should submit the following to srf@adem.alabama.gov:

- A completed SRF Pre-Application Form (either [Form 340](#) or [370](#)), which can be found on [ADEM's website](#).
- The Preliminary Engineering Report (PER) identifying and ranking the most critical needs/projects.
- An estimated cost (please provide a range)
- Comprehensive financial information

ADEM looks forward to working with systems throughout the state to make a significant impact to the state's wastewater and drinking water infrastructure. There will be future correspondence as developments occur and more information is gathered, especially with respect to dollars earmarked for emerging contaminants (PFAS) and the removal of lead service lines.

Any questions should be directed to srf@adem.alabama.gov.

As of March 10th, 33% of all wastewater systems and 38% of all drinking water systems have submitted pre-applications. All systems are encouraged to submit the pre-application forms.

If you would like assistance with the forms, the process, or if you have any questions please feel free to contact ADEM by email at srf@adem.alabama.gov to set up a time for us to assist you. If you have questions that can be answered with an email, you may send those to the same email address and receive an email response.

Do not feel overwhelmed by the April 1 deadline for submittals. The Department will be receiving pre-applications for an extended period following this date. Infrastructure funds earmarked for wastewater and drinking water infrastructure needs will be available through FY26.

All requests should identify system needs emphasizing those needs that are most critical. Within the Preliminary Engineering Report (PER), please identify your most critical project.

Although you may think your system would not qualify for funding please consider submitting a pre-application. There are additional benefits to submitting the pre-application including assisting in planning for your system's future needs as well as assisting ADEM in planning for the future needs of our State as a whole.

Finally, if your system does not intend to submit a request for ARPA or BIL SRF funding, it would be helpful if you could advise us of that by sending an e-mail to the Department at srf@adem.alabama.gov.

ADEM wishes to thank all Wastewater and Drinking Water systems for their patience and cooperation over the past few months while the Department's staff has been reviewing and evaluating the ARPA/BIL applications to support water and wastewater infrastructure. Currently, 41% of all wastewater systems and 50% of all drinking water systems in the state have submitted applications. Please be aware that it is not too late to submit an application to receive consideration for funding and we encourage you to do so. Applications demonstrating critical need will be top priority.

In order for a project to be considered for support, the system should submit the following to srf@adem.alabama.gov:

- A completed SRF Pre-Application Form (either [Form 340](#) or [370](#)), which can be found on [ADEM's website](#) or the [Alabama Water Projects](#) website.
- The Preliminary Engineering Report (PER) identifying and ranking the most critical needs/projects.
- An estimated cost (please provide a range)
- Comprehensive financial information

ADEM looks forward to working with systems throughout the state to make a significant impact to the state's wastewater and drinking water infrastructure.

On Friday, January 28th, ADEM sent an e-mail to all drinking water and wastewater systems in the state. That e-mail provided a brief background of the Bipartisan Infrastructure Law (BIL) and American Rescue Plan Act (ARPA) funds. There will be approximately \$1 Billion in funding available to the Department. ADEM has received 390 project requests totaling \$2.4 billion dollars. These requests represent only 32% of all systems state-wide, which would indicate total requests from all of the systems will be in excess of \$6 billion. Clearly, adequate funding will not be available to cover all requested projects.

As stated in the January 28th e-mail, the Department will evaluate projects using “needs-based” criteria. Those projects demonstrating the greatest need will receive the initial funding. Based on a cursory review of the current submittals, the needs are clear; however, it appears that many additional non-critical projects have been included in the submittals.

All requests should identify system needs emphasizing those needs that are most critical. Within the Preliminary Engineering Report (PER), please identify your most critical project. Critical projects for wastewater systems are those that are necessary for the system to come into or remain in compliance. Critical projects for drinking water systems are those that are necessary to maintain safe drinking water for existing customers. If a system has submitted their application, please make the Department aware of the most critical project(s) by sending an e-mail to srf@adem.alabama.gov.

All SRF Pre-Application Forms (either Form 340 or 370), Preliminary Engineering Reports (PER), and a comprehensive financial information outlook should be submitted no later than April 1st to be considered for FY22 funding. Please be aware that projects not funded in the FY22 cycle will be considered for funding during FY23-FY26. On March 1, a spreadsheet will be made available to the public through the Department’s website. This spreadsheet will briefly summarize the projects received to date, the amount applied for, and an indication of the projects and amounts approved. This spreadsheet will be updated on a weekly basis.

Finally, over the next year many systems may receive calls from ADEM, Alabama Rural Water Association, or Thornton Farish Inc. (Financial Advisors). These calls may relate to USEPA’s Clean Water or Drinking Water Needs Survey or to the system’s financial sustainability review. Please be as responsive as possible and provide accurate information to these individuals. The data collected will be used by Congress and USEPA to determine need within the U.S. and, ultimately, the funding Alabama will receive over the next five years.

Thank you for your patience during this time. The Department is working diligently to complete the review of all of the project submittals while assessing the critical needs. Thank you for your cooperation during this process.

Following up on emails from last week regarding the process to obtain American Rescue Plan Act (ARPA) and/or Bipartisan Infrastructure Law (BIL) funding for drinking water and wastewater projects, this email is to clarify two points.

- The “needs-based” analysis will generally include the physical system upgrade needs from an engineering standpoint, the financial needs of the system to implement and sustain the upgrades and, other system-specific needs factors. Additional information will be forthcoming related to these evaluation criteria.
- Funding for any given project may come from one or more of the several sources available, including ARPA funds, BIL funds, State Revolving Fund Loans (with or without principle forgiveness) and, matching funds provided by the system or local government. The eligibility for these funds will likely evolve as additional federal guidance is published. ADEM will publish additional information related to each of these funding sources as such information becomes available and in advance of selection processes.

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DELIVERED VIA ELECTRONIC MAIL

March 1, 2023

Re: SRF Workshop

To Whom it May Concern:

The Alabama State Revolving Fund (SRF) will hold a workshop on March 15, 2023 from 9:30 am to 11:30 am. The workshop will be available in person at ADEM's main office and virtually through ADEM's website and/or Microsoft Teams. The workshop will cover the pre-application, application, and construction processes as well as new updates to the program including an overview of Buy America Build America (BABA), American Rescue Plan Act (ARPA), and Bipartisan Infrastructure Legislation (BIL). All interested parties are invited to attend.

The SRF program accepts applications for funding year-round and is actively soliciting additional projects for the program. This year, in addition to the base SRF program, ADEM is offering potential funding provided by ARPA, BIL, and other federal grant programs. Eligible projects are those that show benefit to water quality in the State of Alabama or enhanced compliance with the Safe Drinking Water Act of the Clean Water Act. Please see the included SRF brochure for an overview of the SRF program including project eligibilities.

Since 1989, the SRF program has provided over two billion dollars of infrastructure funding through loans, grants, and principal forgiveness. The program is very interested in supporting your system and providing funding for any of your eligible infrastructure needs. Please contact the SRF Section at (334) 271-7714 or by email at SRF@adem.alabama.gov for questions or inquiries.

If you would be interested in attending, please respond by email to SRF@adem.alabama.gov before March 10, 2023, and indicate whether you would be attending in person or virtually. Additional information will be sent to access the workshop virtually once registered. We look forward to seeing you at the workshop.

Sincerely,

Eric Reidy, Chief
State Revolving Fund Section
Permits & Services Division



Alabama State Revolving Fund

Alabama Department of
Environmental Management

For more information on the Alabama SRF program or
to receive an application package, please call or write:

SRF Section

Alabama Dept. of Environmental Management
Post Office Box 301463
Montgomery, AL 36130-1463
Telephone: (334) 271-7714
Email: srf@adem.alabama.gov
adem.alabama.gov



What is the State Revolving Fund?

The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) are low interest loan programs intended to finance public water and wastewater infrastructure improvements and stormwater/nonpoint source projects in Alabama.

The Alabama Department of Environmental Management (ADEM) administers the CWSRF and DWSRF, performs the required technical/environmental reviews of projects, and disburses funds to recipients.

What are the benefits of an SRF loan?

Among the many benefits of the SRF are:

- Historically, the SRF has a loan interest rate 1-1.5% less than the prevailing municipal bond rate available to most municipalities
- 2.2% interest rate for 2021
- Fixed interest rate with a 20-year payback
- Minimal closing fee
- Loan repayment does not begin until construction completion date (capitalized interest accrues)



What projects qualify for funding?

Projects that strengthen compliance with Federal and State regulations and/or enhance protection of public health are eligible for consideration to receive an SRF loan. If a project qualifies, the engineering, inspection and construction costs are eligible for reimbursement. Among the projects that qualify for funding are:

Wastewater Projects

- Wastewater treatment plants
- Sewer rehabilitation
- Interceptors, collectors, and pumping stations
- Decentralized wastewater treatment

Drinking Water Projects

- Drinking water storage facilities
- New/rehabilitated water source wells
- Water transmission/distribution mains
- Automated meter readers (AMR)
- Supervisory control and data acquisition (SCADA)
- Consolidation/system interconnection

Stormwater/Nonpoint Source Projects

- Streambank restoration
- Green roofs
- Permeable pavements
- Rain gardens and bioinfiltrations practices

Non-Traditional Projects

- Soil and Groundwater Remediation
- Brownfield Re-development
- Wind, Solar, and Geothermal
- Energy Efficient Retrofits

Who should apply for an SRF loan?

Any public body, including water boards, utilities, and municipalities may apply for SRF financing. An ability to repay must be substantiated along with meeting other specified standards.

How does my organization apply?

Pre-applications are accepted year-round but in order to be considered for principal forgiveness a pre-application must be submitted by February 1 each fiscal year. Supplemental applications should also be submitted by the deadline to be considered for additional funding.

Forms can be found on the ADEM website using the ADEM forms tab:

- Form 340 for CWSRF
- Form 370 for DWSRF

