



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

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# DWSRF Bipartisan Infrastructure Legislation (BIL) Lead Service Line (LSL) Intended Use Plan



**Fiscal Year 2024**

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## **I. Introduction**

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

The State of Alabama is applying for \$28,650,000 in EPA grant funding to address lead service line replacement that will be used to provide low interest financial assistance from the DWSRF program. No state match is required for the DWSRF BIL Lead Service Line Capitalization Grant.

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

ADEM has set its short- and long-term goals of this IUP to align with EPA's strategic goals and objectives FY 2022-2026 EPA Strategic Plan. The Office of Water has identified specific measures that address the strategic goals and objectives outlined by EPA in its strategic plan. A basis for each goal in this program IUP has been identified. These references ensure that all of the specific commitments made by the State are properly correlated to the strategic goals and objectives of the Agency.

Alabama agrees to comply with all Title VI requirements of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, and the Equal Employment Opportunity requirements (Executive Order 11246 as amended) which prohibit activities that are intentionally discriminatory and/or have a discriminatory effect based on race, color, national origin (including limited English proficiency), age, disability, or sex.

## **II. Program Goals**

### **A. Goals (Outputs/Outcomes)**

1. To support American workers, renew the water workforce, and cultivate domestic manufacturing by ensuring compliance with the Davis-Bacon Act and American Iron and Steel (AIS) and Build America Buy America (BABA) requirements. (Deliverable)
2. To implement the State's DWSRF in compliance with the Safe Drinking Water Act and to ensure conformance with Federal crosscutting requirements.
3. To maintain the DWSRF program and the long-term fiscal integrity of the fund.

4. To provide a self-perpetuating source of financial assistance for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.
5. To fund projects which will have a positive impact on public health and ensure compliance with the Safe Drinking Water Act.
6. To assist systems in ensuring affordable water supply.

### **C. Program Changes**

No major changes to the program are proposed for this fiscal year. Additional information has been provided for clarity; however, no programmatic changes have been included.

### **III. Sources and Uses of Funds:**

The Department is expected to fund FY 2024 lead service line replacement projects using the 2024 EPA Bipartisan Infrastructure Law Lead Capitalization Grant. No State Match is required for the EPA BIL Lead Capitalization Grant. The estimated sources and uses of funds in the FY 2024 DWSRF program are as follows:

#### **Projected Sources:**

|   |                |
|---|----------------|
| 2024 EPA DWSRF BIL Lead Cap Grant:                                | \$28,650,000   |
| DWSRF State Match:  | \$0            |
| Direct Loan Repayments, Interest Earnings, and Unobligated Funds: | \$15,874,426*  |
| Total:  | \$28,650,000   |
| Overall Total:  | \$44,524,426** |

\*Note: Estimated future repayments and interest earnings from loans.

\*\*Note: Estimated repayment funds are not included in project totals. These funds will be included in future fiscal year(s) IUPs as repayments are received.

#### **Projected Uses:**

|  |              |
|--|--------------|
| Project Assistance:                          | \$28,650,000 |
| Funds Reserved for Administrative Cost (4%): | \$0          |
| Total:                                       | \$28,650,000 |

### **A. Transfer of Funds**

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

proposed to transfer in the future will be included on an Intended Use Plan (IUP) and become available for public review prior to transferring funds.

## **B. Eligible Projects to Be Funded**

Eligible projects include the identification, planning, design, and replacement of lead service lines:

- Complete removal of lead service lines (public and privately owned portion)
- Removal of lead or galvanized goosenecks, pigtails and connectors
- Replacement of curb stops, curb stop boxes, and other service line appurtenances
- Site restoration, including landscaping, sidewalks, driveways, etc. if the removal was necessary to replace the lead service line
- Permit fees if the fees are normal, required and specific to the LSLR
- Temporary pitcher filters or point-of-use (POU) devices
- Development or updating of lead service line inventories, including locating and mapping local service lines.
  - Methods of investigation to develop inventories can include visual observation, water quality sampling (not for compliance), excavation, vacuum or hydro-excavation, statistical analysis, or other emerging technologies
- Planning and design for infrastructure projects listed above
- Non-routine lead sampling (if not for compliance purposes) as part of a LSLR project

## **C. Financial Terms of Loans**

The Fund may offer loans for up to 100 percent of allowable project costs for the construction of water treatment and distribution facilities and may offer a range of options regarding the term, interest rate and level of loan funding. Such loans must be made at or below market interest rates as determined by the Department. Loan interest rates will usually be set approximately 1% - 1.5% less than the AAA rated tax exempt municipal bonds.

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

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

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

## **IV. Project Selection and Method for Distribution of Funds**

## A. Priority List

In order to be considered for DWSRF BIL Lead funding assistance, projects must be an eligible project as defined in Section III.B (Eligible Project to Be Funded), on or added to the Priority List, and have a proposed project schedule that coincides with the availability of DWSRF BIL Lead funds. The DWSRF priority list was developed by identifying the priority point rating for each proposed project. The funding of such projects is also subject to the availability of funds.

The State reserves the right to fund projects not on the priority list, on an emergency basis, if funds are available. Emergency projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health. Additionally, supplemental loans may be issued to previous recipients as needed to complete segmented projects or to cover cost overruns. See Attachment 1.

## B. Additional Subsidization

The 2024 EPA Bipartisan Infrastructure Law Lead Capitalization Grant includes a requirement for a minimum of \$14,038,500 to be provided to disadvantaged communities in the form of additional subsidy. The Department will meet these requirements by offering selected borrowers additional subsidization in the form of principal forgiveness. The Department expects to allocate principal forgiveness to projects in communities determined to be disadvantaged based on the following criteria: small (less than 10,000) communities, assessment of financial records, ratio of annual average water bill to median household income (MHHI) and utilization of the Justice40 Mapping Tool.

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

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

Table 1

A community is defined as disadvantaged if the criteria for population, coverage ratio, or Justice 40 map coverage results in a value greater than 1 point or the ratio of water bill to

median household income is greater than 1. A community can be defined as disadvantaged based on an individual category (i.e., financially disadvantaged, small, etc.); however, the disadvantaged rank will be determined based on the sum of the categories above, when possible.

Each individual category is briefly described below:

- <10,000 population – this is considered a “small” community. Since maintenance and cost of water system improvements is generally based on economy of scale (i.e., higher tax base results in higher tax revenue), a small community would be considered disadvantaged when compared to larger communities.
- <1.1x coverage ratio – A coverage ratio is defined as a borrower’s revenue divided by debt. This metric is meant to capture financial affordability. If a coverage ratio is 1.1x, a community would make 10% more in revenue than they expend in debt. The Department analyzes rate structures and frequency of rate increases to determine if the coverage ratio can be modified. A borrower cannot “afford” a loan if the coverage ratio is less than 1.1x.
- Justice 40 Map – the Department utilizes the data and census information provided by the White House’s Justice 40 Map. If a project’s area is within a disadvantaged area as defined by the map criteria, the community is considered disadvantaged.
- Ratio of Water Bill/MHHI – Along with coverage ratio, this metric determines a community’s ability to increase revenue through rate increases. If a coverage ratio is 1.00 then the rates are appropriate for the median household income of the area. If the rates are higher than one (1) then the applicant may have the ability to increase rates without burdening the service area population. If the ratio is less than one (1), then the population provided water by the project pays more for water than expected based on median household income.

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

### **C. Prevailing Wages**

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

### **D. Build America, Buy America (BABA)**

Build America, Buy America (BABA) will be implemented for this fiscal year and each fiscal year thereafter. BABA will be required for eligible projects funded through the Clean Water State Revolving Fund (CWSRF) unless a waiver is granted.

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

## **E. Distribution of Funds to Set-Aside Accounts**

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

## **F. Selection of Systems to Receive Assistance**

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

The criteria for ranking projects give priority to projects that:

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

These considerations are addressed by the Priority Ranking Criteria found in ADEM Administrative Code R. 335-11-2-.04 and in the DWSRF Pre-Application provided in Attachment 3.

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

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



## **G. Project Bypass/Reallotment:**

The Department may bypass any project on the DWSRF Priority List that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for DWSRF assistance. Bypassed projects will be removed from the priority list. In determining whether or not a project is making satisfactory progress in satisfying the requirements for DWSRF assistance, the Department shall use the criteria contained in subparagraphs 1- 6 of this paragraph. Funds released through project bypass will be considered as uncommitted and available for redistribution in accordance with this section.

1. Any project on the DWSRF Priority List may be bypassed if the applicant fails to submit a complete DWSRF application.
2. The Department may use individual project schedules developed by the Department to determine whether or not the project is making satisfactory progress during the fiscal year.
3. In order to comply with EPA certification restrictions related to equivalency requirements, it may be necessary to bypass projects which have not complied with Title II requirements and other federal authorities.
4. Any project on the DWSRF Priority List may be bypassed if the applicant fails to demonstrate the ability to repay the loan.
5. To maintain the fiscal integrity of a leveraged loan program or provide funds for new construction, the Department may choose to bypass projects which involve refinancing of existing debt.
6. Projects may be removed from the priority list at the request of the applicant or if the Department finds that the project is ineligible for DWSRF assistance.

## **V. Set-Aside Activities**

### **A. Administrative Set-Aside**

SRF Guidelines allow states to set aside 4% of the grant for SRF administrative costs. The Department is not allocating set aside funds for FY24; however, the Department reserves the right to take administrative set-aside funds in future fiscal years. Any set-aside funding will be included on an Intended Use Plan (IUP) and provided for comment by the public prior to use.

## **VI. Certifications**

1. The Department certifies that this IUP will be subject to public review and comment with a public notice period of 30 days.

2. The Department certifies that it will provide financial assistance from the DWSRF BIL Lead Service Line Allocation exclusively for the identification and replacement of lead service lines of public water supply facilities on the DWSRF Priority List.
3. The Department certifies that all drinking water projects in this IUP are on the DWSRF Priority List.
4. The Department certifies that it will provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of 49% of the total capitalization grant. The minimum amount of additional subsidization for fiscal year 2024 is \$14,038,500. The additional subsidization will be allocated exclusively to disadvantaged communities for the identification and replacement of lead service lines. (Deliverable)
5. The Department certifies that it will enter into binding commitments for 120% of each payment under the DWSRF capitalization grant within one (1) year after receipt of each payment.
6. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
7. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
8. The Department certifies that it is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.
9. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.
10. The Department certifies that it will complete a Benefits Assessment worksheet for each loan agreement executed in order to comply with EPA environmental results reporting requirements.

## **VII. Program Income**

The Alabama Drinking Water Finance Authority, with ADEM as its agent, assesses a fee annually based on outstanding principal. These fees vary based on the fiscal year to which the loan agreement was secured. These fees are collected twice a year, when the recipient initiates repayment of the loan. In accordance with EPA regulations, fees collected from loans sourced from outstanding grants will be used for administration of the SRF fund only. All other fees will be used for activities eligible for the DWSRF grant only. The Department expects to receive fees during FY 2024 as follows:

| <b>Total<br/>Program<br/>Income</b>                                  | <b>Program Income<br/>Collected During<br/>Grant Period</b> | <b>Program Income<br/>Collected After Grant<br/>Period</b> |
|--|---|--|
| \$3,414,433.34   | \$0.00  | \$3,414,433.34   |
| Note: Calculated with an interest rate of 2.2% for fiscal year 2024. |   |  |

## **VII: Estimated DWSRF Capitalization Grant Schedules**

### **3. Estimated Grant Draw Schedule**

| <b>Fiscal Year</b> | <b>Month</b> | <b>Draw</b>  |
|--------------------|--------------|--------------|
| 2024               | Jan          | \$2,387,500  |
| 2024               | Feb          | \$2,387,500  |
| 2024               | Mar          | \$2,387,500  |
| 2024               | Apr          | \$2,387,500  |
| 2024               | May          | \$2,387,500  |
| 2024               | Jun          | \$2,387,500  |
| 2024               | Jul          | \$2,387,500  |
| 2024               | Aug          | \$2,387,500  |
| 2024               | Sep          | \$2,387,500  |
| 2024               | Oct          | \$2,387,500  |
| 2024               | Nov          | \$2,387,500  |
| 2024               | Dec          | \$2,387,500  |
| Total              |              | \$28,650,000 |

### **4. Estimated Grant Disbursal Schedule**

| <b>Payment Quarter</b> | <b>Payment Date</b> | <b>Payment Amount</b> |
|------------------------|---------------------|-----------------------|
| FY2025/Quarter 1       | 10/01/24            | \$14,325,000          |
| FY2025/Quarter 2       | 01/01/25            | \$14,325,000          |

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

### **C. Capitalization Grant Budget Periods:**

2024 EPA DWSRF Bipartisan Infrastructure Law Lead Capitalization Grant

October 1, 2024 through September 30, 2030

### **VIII. Public Participation**

The IUP was provided for public comment on December 5, 2024 for a period of 30 days. Comments were received and all comments have been addressed. The comments are attached to the final IUP. Minor changes were made as a result of the comments; however, no changes were made that would require an additional public notice period.

### **IX. Reporting**

1. Annual reports are required for the BIL DWSRF LSL Capitalization Grant. Each annual report is due on December 30th following each fiscal year period. The annual report for the 2024 DWSRF BIL LSL funding will include the results from the period of October 1, 2024 through September 30, 2025 and will be submitted on or before December 30, 2025.
2. The Department will submit information on projects into the DWSRF National Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP.

| Project #    | Applicant Name  | Project Description  | City/Town     | County   | Justice 40 Map Coverage | Population | Disadvantaged Score | Priority Ranking Points | DW BIL-Lead Amount Granted | DW BIL LSL Amount of PF | DW BIL LSL PF % | Applied for Project Amount | Fund            |
|--------------|---|--|---------------|----------|-------------------------|------------|---------------------|-------------------------|----------------------------|-------------------------|-----------------|----------------------------|-----------------|
| FS010488-02  | Harpersville, Town of                                   | Harpersville Waterline Replacement Project 2024                        | Harpersville  | Shelby   | Yes                     | 1,589      | 2.65                | 305                     | \$1,200,000                | \$1,200,000             | 100%            | \$5,265,000                | DWSRF/DWBIL LSL |
| FS010445-02  | Fort Payne, Water Works of the City of                  | Downtown Water Line Replacement Water Line - Lead                      | Fort Payne    | DeKalb   | Yes                     | 14,730     | 2.40                | 150                     | \$4,078,896                | \$1,166,587             | 29%             | \$4,078,896                | DWBIL LSL       |
| FS010307-03  | Hawk Pride Mountain Water System                        | Lead Service Line Replacement  | Tuscumbia     | Colbert  | No                      | 8,977      | 1.90                | 150                     | \$1,145,625                | \$1,145,625             | 100%            | \$695,625                  | DWBIL LSL       |
| FS010248-04  | Marion, City of   | Lead Service Line Inventory  | Marion        | Perry    | Yes                     | 3,273      | 3.67                | 100                     | \$26,400                   | \$26,400                | 100%            | \$31,900                   | DWBIL LSL       |
| FS010356-02  | Mexia Water System, Inc.                                | Lead Service Line Inventory (Lead Service Line)                        | Frisco City   | Monroe   | yes                     | 1,668      | 3.73                | 80                      | \$22,100                   | \$22,100                | 100%            | \$27,600                   | DWBIL LSL       |
| FS010429-01  | Elba Water and Electric Board, City of                  | Lead/Copper Water Main Replacement                                     | Elba          | Coffee   | Yes                     | 3,449      | 2.61                | 65                      | \$2,395,725                | \$2,395,725             | 100%            | \$2,395,725                | DWBIL LSL       |
| FS010337-01  | Phil Campbell, Water Works & Sewer Board of the Town of | Lead Service Replacement   | Phil Campbell | Franklin | Yes                     | 725        | 3.08                | 60                      | \$1,281,763                | \$1,281,763             | 100%            | \$1,281,763                | DWBIL LSL       |
| FS010423-01  | Lanett, City of   | Water System Improvements and Lead Service Replacement                 | Lanett        | Chambers | Yes                     | 6,821      | 2.93                | 55                      | \$16,479,091               | \$5,121,000             | 31%             | \$20,117,300               | DWBIL LSL       |
| FS010315-02  | Luverne, City of  | 6th Street Water System Improvements Lead-Joint Water Main Replacement | Luverne       | Crenshaw | Yes                     | 2,716      | 2.52                | 40                      | \$1,341,100                | \$1,000,000             | 75%             | \$1,341,100                | DWBIL LSL       |
| FS010522-06  | York, City of   | Lead Service Line Inventory  | York          | Sumter   | Yes                     | 2,371      | 3.56                | 35                      | \$19,800                   | \$19,800                | 100%            | \$25,300                   | DWBIL LSL       |
| FS010447-02  | Moundville, City of                                     | Market Street (LEAD) Water Main Replacement                            | Moundville    | Hale     | Yes                     | 2,774      | 3.13                | 10                      | \$659,500                  | \$659,500               | 100%            | \$659,500                  | DWBIL LSL       |
| <b>Total</b> | <b>11</b>   |  |               |          |                         |            |                     |                         | <b>\$28,650,000</b>        | <b>\$14,038,500</b>     | <b>*49%</b>     | <b>\$35,919,709</b>        | <b>11</b>       |

\*Note: Percentage of principal forgiveness is calculated based on original Capitalization grant amount.

\*\*Note: All projects considered equivalency

## **Attachment 2 - DWBIL LSL Project Descriptions**

### **Harpersville, Town of - Harpersville Waterline Replacement Project 2024**

The Town of Harpersville proposes to replace the lead service line and lead joints/galvanized piping downstream of lead joints in the downtown area. The proposed project should improve water quality and remove lead throughout the system.

### **Fort Payne, Water Works of the City of - Downtown Water Line Replacement Water Line – Lead**

The Waterworks of the City of Fort Payne proposes to replace the lead joints and lead service lines along the main in the downtown area. The proposed project should improve water quality and remove lead throughout the system.

### **Hawk Pride Mountain Water System - Lead Service Line Replacement**

The Hawk Pride Mountain Water System proposes to remove the lead service lines found during the lead service line inventory. The project would also remove any lead joints along the main service line. The proposed project should improve water quality and remove lead throughout the system.

### **Marion, City of -Lead Service Line Inventory**

The City of Marion proposes to perform the lead service line inventory for the entire system. The proposed project would identify necessary replacements throughout the system.

### **Mexia Water System, Inc. -Lead Service Line Inventory (Lead Service Line)**

The Mexia Water System, Inc. proposes to perform the lead service line inventory for the entire system. The proposed project would identify necessary replacements throughout the system.

### **Elba Water and Electric Board, City of - Lead/Copper Water Main Replacement**

The Water and Electric Board of the City of Elba proposes to replace the lead joints, service lines, and galvanized service lines throughout the system. The proposed project should improve water quality and remove lead throughout the system.

### **Phil Campbell, Water Works & Sewer Board of the Town of - Lead Service Replacement**

The Waterworks and Sewer Board of the Town of Phil Campbell proposes to replace the lead service lines throughout the system. The proposed project should improve water quality and remove lead throughout the system.

### **Lanett, City of - Water System Improvements and Lead Service Replacement**

The City of Lanett proposes to replace the lead joints, service lines, and galvanized service lines throughout the system. The proposed project should improve water quality and remove lead throughout the system.

### **Luverne, City of - 6th Street Water System Improvements Lead-Joint Water Main Replacement**

The City of Luverne proposes to replace the lead joints, service lines, and galvanized service lines on 6<sup>th</sup> Street. The proposed project should improve water quality and remove lead throughout the system.

**York, City of - Lead Service Line Inventory**

The City of York proposes to perform the lead service line inventory for the entire system. The proposed project would identify necessary replacements throughout the system.

**Moundville, City of - Market Street (LEAD) Water Main Replacement**

The City of Moundville proposes to replace the lead joints, service lines, and galvanized lines on Market Street. The proposed project should improve water quality and remove lead throughout the system.



## Form 370: Drinking Water State Revolving Fund Preapplication

|                             |    |
|-----------------------------|----|
| Project Name                |    |
| Assistance Amount Requested | \$ |
| Date Submitted              |    |



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

**Section 1: Contact Information****Loan Applicant**

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

**Project Engineer:**

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



## Section 2: Project Information

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

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

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

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

### Priority Ranking System

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

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

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

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

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

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

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

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

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

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

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

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

**F. Sustainability Criteria (50 possible bonus points) \***

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

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

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

**H. Affordability Criteria (Maximum: 60 points)**

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

**I. Infrastructure Improvement Criteria\***

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

**Sum the points from each category below.**

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

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

Attachments to be included with this form:

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

Preliminary Engineering Report Outline:

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

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

|  |                    |
|--|--------------------|
| Signature of Authorized Representative | Print or Type Name |
| Title                                  | Date               |