

**State of Alabama**

Alabama Department of Environmental Management  
Clean Water State Revolving Fund Program



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

(334) 271-7714  
[srf@adem.alabama.gov](mailto:srf@adem.alabama.gov)

---

## **Clean Water State Revolving Fund (CWSRF) Intended Use Plan**



**Fiscal Year 2025**

## TABLE OF CONTENTS

<b>I. INTRODUCTION:</b>	<b>4</b>
<b>II. PROGRAM GOALS (OUTPUTS/OUTCOMES):</b>	<b>4</b>
C. PROGRAM CHANGES	5
<b>III. SOURCES AND USE OF THE FUNDS:</b>	<b>5</b>
A. PROJECTED SOURCES	5
B. PROJECTED USES	6
C. LEVERAGING	6
D. FINANCIAL TERMS OF LOANS	6
E. EXTENDED TERM FINANCING	8
<b>IV. WATER RESOURCES REFORM AND DEVELOPMENT ACT</b>	<b>8</b>
A. FISCAL SUSTAINABILITY PLANS	8
B. ARCHITECTURAL AND ENGINEERING (A/E) SERVICES PROCUREMENT	8
C. COST AND EFFECTIVENESS CERTIFICATION	8
D. ADDITIONAL SUBSIDY AND AFFORDABILITY	8
E. EXTENDED TERM FINANCING	9
<b>V. PROJECT SELECTION AND METHODS OF DISTRIBUTION OF FUNDS</b>	<b>9</b>
A. PRIORITY LIST	9
B. ADDITIONAL SUBSIDIZATION	9
C. GREEN PROJECT RESERVE	9
D. PREVAILING WAGES	10
E. BUILD AMERICA, BUY AMERICA (BABA)	10
F. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	10
G. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE	10
F. INADEQUATE ALLOCATIONS	11
G. UNANTICIPATED AND UNCOMMITTED FUNDS	11
H. PROJECT BYPASS/REALLOTMENT	12
<b>VI. SET-ASIDE ACTIVITIES</b>	<b>12</b>
A. ADMINISTRATIVE SET-ASIDE (4% OR 1/5% OF POSITION)	12
B. SMALL SYSTEMS TECHNICAL ASSISTANCE (2%)	12
<b>VI. CERTIFICATIONS</b>	<b>12</b>
<b>VII. PROGRAM INCOME:</b>	<b>13</b>
<b>VIII. ESTIMATED CWSRF CAPITALIZATION GRANT PAYMENT SCHEDULES:</b>	<b>14</b>
A. ESTIMATED GRANT DRAW SCHEDULE	14
B. ESTIMATED GRANT DISBURSAL SCHEDULE	14
C. CAPITALIZATION GRANT BUDGET PERIODS	15
<b>IX. PUBLIC PARTICIPATION</b>	<b>15</b>
<b>X. REPORTING</b>	<b>15</b>

**ATTACHMENT 1 – PROJECT PRIORITY LIST**

**ATTACHMENT 2 – PROJECT DESCRIPTIONS**

**ATTACHMENT 3 – ALABAMA CWSRF A/E PROCUREMENT REQUIREMENTS**

**ATTACHMENT 4 – ADDITIONAL SUBSIDIZATION AND AFFORDABILITY CRITERIA**

**ATTACHMENT 5 – ALABAMA CWSRF PRE-APPLICATION FORM**

## I. Introduction:

As required by Title VI of the Clean Water Act, each year the Department must prepare an Intended Use Plan (IUP) identifying the projected uses of funds available in its Clean Water State Revolving Fund (CWSRF). This Intended Use Plan (IUP) serves as a basis for the development of the capitalization grant payment schedule. In accordance with the Clean Water Act (CWA) Amendments of 1987, the Department proposes the following plan for the intended use of the CWSRF funds as required by Section 606(c) of the CWA.

The State of Alabama will receive EPA Capitalization Grants in the amount shown in Table 1 below for the CWSRF program. The capitalization grant funds for the CWSRF and the State matching funds will be distributed as outlined by this plan.

**Table 1**

<b>Program</b>	<b>Capitalization Grant Amount</b>	<b>Matching Funds*</b>	<b>Total**</b>
Clean Water State Revolving Fund (CWSRF)	\$17,740,000	\$3,548,000	\$21,288,000
<b>Totals:</b>	\$17,740,000	\$3,548,000	\$21,288,000

\*Note: Matching funds of 20% of the grant are required for the CWSRF program.

\*\*Note: Total of capitalization grant and match. Projected repayments and state funds from previous fiscal years are included in Table 2 in this IUP.

The State match requirements will be fulfilled by an overmatch of State Match Bonds issued in previous years (CWSRF), State Appropriations, and the Fund Fee. See projected sources in Table 2 for more information.

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*, specifically Goal #5, to ensure clean and safe water for all communities and Objective 5.2 to protect and restore waterbodies and watersheds. 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 Civil Rights Laws, including The Age Discrimination Act of 1975, Section 504 of the Rehabilitation Act of 1973, and Title VI of the Civil Rights Act, which prohibits discrimination in the provision of services or benefits, on the basis of race, color, national origin, sex, handicap or age.

## II. Program Goals (Outputs/Outcomes):

1. To protect the public health and the environment and promote the completion of cost-effective wastewater treatment facilities.
1. To maintain the CWSRF program and the fiscal integrity of the fund.
2. To provide a self-perpetuating source of financial assistance for the construction of public wastewater treatment and transport facilities needed to meet water quality standards and provide capacity for future growth.
3. To assure that all Municipal NMP facilities achieve compliance as soon as possible.

4. To assure that all municipal facilities achieve compliance with final effluent limits as soon as possible.
5. To assist in the maintenance of water quality standards wherever such standards are adversely affected by municipal wastewater point sources.
6. To meet public health and environmental needs of those communities with malfunctioning on-site treatment systems that are either identified as a health hazard by the State Health Department or that adversely affect water quality.
7. Reserved
8. To build resiliency and reliability within wastewater systems by ensuring projects are preparing for emergencies, disasters, and climate change.

### C. Program Changes

No programmatic changes are proposed for this fiscal year.

### III. Sources and Use of the Funds:

The Department is expected to fund FY 2025 projects using a combination of interest earnings on the Fund, repayments from direct loans and the EPA Capitalization Grant. Match for the EPA Grant will be fulfilled by overmatch of State Match Bonds issued in previous years. The estimated sources and uses of funds in the FY2025 CWSRF program are as follows:

#### A. Projected Sources

**Table 2A: CWSRF Capitalization Grant**

2025 EPA CWSRF Cap Grant:	\$17,740,000
CWSRF State Match	\$3,548,000
Estimated Loan Repayments and Interest Earnings for 2025 Cap Grant	\$17,471,433 <sup>1</sup>
Loan Repayments and Interest Earnings from Revolving Fund	\$74,251,105 <sup>2</sup>
<b>Total:</b>	<b>\$95,539,105<sup>2</sup></b>
<b>Overall Total:</b>	<b>\$113,010,538<sup>3</sup></b>

Note 1: Estimated future repayments and interest earnings from FY25 loans.

Note 2: Approximate total funds available based on projected fiscal year funding allotments and repayments for FY25. Actual totals are provided in the annual report at the end of each fiscal year.

Note 3: Estimated repayment funds from FY25 Capitalization Grant are not included in project totals. These funds will be included in future fiscal year(s)' IUPs as repayments are received.

## B. Projected Uses

**Table 3A: CWSRF Capitalization Grant**

Project Assistance:	\$80,914,139
Administrative Costs (1/5% of current position - \$635,977,422):	\$1,271,955
Small Systems Technical Assistance (2%):	\$0
Total:	\$82,186,094

The current projected sources of funds exceed the projects listed on Project Priority List included in Attachment 1; however, the surplus funds are from ADEM's loan repayments and interest earnings from revolving funds and can be used for projects in future IUPs.

The amount reserved for administrative costs is equal to 1/5 percent per year of the Total Current Position (\$635,977,422) as of the most recent audited financial statements. Additional information on Administrative and all set-asides is detailed in the "Set-Aside" section below.

The rate of cash draws from the federal capitalization grant will be based on dollar-for-dollar draws of direct loan projects. Consistent with EPA policy, draws from the federal grant for these direct loan projects are required to be proportional to the disbursement of state match funds to borrowers for eligible project costs. The State intends to manage its disbursements to borrowers to insure that State funds are spent first in order to ensure that the proportionality requirement is met expeditiously. This technique is necessary to ensure that direct loan borrowers funded from federal capitalization grants are able to receive requisitioned funds in a timely manner. It should be noted that overmatch from previous years' programs will be used to match the grant in addition to the appropriation provided by the State Legislature.

## C. Leveraging

The Department does not intend to issue CWSRF revenue bonds for new projects during fiscal year 2025.

## D. Financial Terms of Loans

The Fund may offer loans for up to 100 percent of allowable project costs for the construction of water treatment and distribution facilities and may offer a range of options regarding the term, interest rate and level of loan funding. Such loans must be made at or below market interest rates as determined by the Department. Loan interest rates will usually be set approximately 1% - 1.5% less than the AAA rated tax exempt municipal bonds. For fiscal year 2025 the Department will maintain an interest rate of 0.1% for all loans. A fee ranging from 1.89% - 2.65% is assessed for all loans except for 100% principal forgiveness loans. See the Program Income section below for additional information.

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.

## **E. Extended Term Financing**

Section 603(d)(1)(A) authorizes CWSRF loans to be made for a term not exceeding the lesser of 30 years or the useful life of the project. The total term financing shall not exceed 20 years or, under special circumstances, 30 years may be considered.

## **F. Transfer of Funds**

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

## **IV. Water Resources Reform and Development Act**

The Water Resources Reform and Development Act (WRRDA) was enacted on June 10, 2014 and brought several changes to the CWSRF program.

### **A. Fiscal Sustainability Plans**

The Federal Water Pollution Control Act (FWPCA) Section 603(d)(1)(E) requires a recipient of a loan for a project that involves the repair, replacement, or expansion of a publicly owned treatment works to develop and implement a Fiscal Sustainability Plan (FSP) or certify that it has developed and implemented an FSP. This provision applies to all loans for which the loan recipient submitted an application on or after October 1, 2014.

The Alabama CWSRF program provides all assistance by purchasing outstanding debt obligations (bonds) from the borrower, thus this requirement does not apply. The Alabama CWSRF program commonly refers to these bond purchase agreements as “loans”, though they are not loans as defined by EPA.

### **B. Architectural and Engineering (A/E) Services Procurement**

For any capitalization grant awarded after October 1, 2014, the State must ensure that all A/E contracts for projects identified as using funds directly from each year’s capitalization grant (i.e. equivalency projects) comply with the elements of the procurement processes for A/E services as identified in 40 U.S.C. 1101 et seq., or an equivalent State requirement. If a project is utilizing federal funds (“equivalency”) then the Alabama CWSRF requires its recipients to comply with the *September 30, 2014 Alabama CWSRF A/E Procurement Requirements* (See Attachment 3). For projects which are not considered equivalency, procurement of A/E services would follow the requirements of State Bid Law. Since 2024, the SRF has placed all A/E services in “non-equivalency” funding when practicable.

### **C. Cost and Effectiveness Certification**

Section 602(b)(13) requires that CWSRF recipients certify that the recipient has studied the cost and effectiveness of the project and selected the project that maximizes the potential for efficient water use, reuse, recapture and conservation, and energy conservation. The Alabama CWSRF program is requiring each recipient of CWSRF funding to provide a certification in compliance with 602(b)(13). This certification can be found on page 14 of the CWSRF Loan Application (Form 339 M-2).

### **D. Additional Subsidy and Affordability**

Additional subsidy in the form of principal forgiveness shall be made available in total of the required amount for the States 2024 Capitalization Grant Appropriation or the cap set at 603(i)(3) of the Federal Water Pollution Control Act, whichever is less. Additional subsidy will be provided in rank order to projects as determined by the Affordability Measure for Alabama. In addition, additional subsidy may be



provided to an eligible project that meets Section 603(i)(1)(B) Clean Water Act requirements at a greater than 50% project cost ratio. Each project may receive principal forgiveness until the maximum amount has been allocated. The Affordability Measure Guidelines for Alabama can be found on Attachment 4.

## E. Extended Term Financing

Section 603(d)(1)(A) authorizes CWSRF loans to be made for a term not exceeding the lesser of 30 years or the useful life of the project. The total term financing shall not exceed 20 years or, under special circumstances, 30 years may be considered.

## V. Project Selection and Methods of Distribution of Funds

### A. Priority List

In order to be considered for CWSRF assistance, projects must be on or added to the Priority List and have a proposed project schedule that coincides with the availability of CWSRF funds. The CWSRF project list was developed by identifying the priority point rating for each proposed project. (See Attachment 5). The funding of such projects is also subject to the availability of funds. The Mobile Area Waterworks & Sewer System (MAWSS) (\$23,500,000) (\$) will be used as the equivalency project for the fiscal year 2025 capitalization grant.

Projects on the CWSRF Project List are ranked by their respective priority point rating and may be funded according to availability of funds. Projects that are not funded from the Project List may be funded in subsequent years.

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

Additional subsidy in the form of principal forgiveness shall be made available in total of the required amount of the 2025 Capitalization Grant Appropriation or the cap set at 603(i)(3) of the Federal Water Pollution Control Act, whichever is less. The attached project list attachment includes projects that may receive principal forgiveness based the subsidy criteria. The Department has authority to provide additional subsidization by the Code of Alabama Section 22-34-3(a). *For the FY25 CWSRF Base Capitalization Grant, a congressional mandatory 10% (\$1,774,000) must be provided as subsidization to eligible recipients. Also, an additional subsidization between 10-30% (\$1,774,000 - \$5,322,000) must be provided to disadvantaged communities. Therefore, a minimum of \$3,548,000 to a maximum of \$7,096,000 must be given out as subsidization from the CWSRF Base Capitalization Grant.*

**Table 4: Additional Subsidization Requirements**

Program	Minimum	Maximum
CWSRF	\$3,548,000 (20%) <sup>1</sup>	\$7,096,000 (40%) <sup>2</sup>
<b>Total</b>	<b>\$14,286,010</b>	<b>\$16,111,810</b>

Note 1: Minimum of 10% Congressional mandate and 10% to disadvantaged communities (20% total).

Note 2: Maximum of 30% Congressional mandate and 10% to disadvantaged communities (40% total).

Note 3: BIL requires 49% total.

### C. Green Project Reserve

The EPA capitalization grant requires that, to the extent there are sufficient eligible project applications, not less than 10% of funds provided by the 2025 Capitalization Grant for projects must be used for projects that address green infrastructure, water or energy efficiency, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve (GPR). The Department actively solicited for green infrastructure projects. This solicitation included a notice posted on the ADEM website as well as a notice sent to approximately 1,000 addresses on the Department's contact list including all incorporated towns and all county governments. The project fundable list identifies projects totaling the amount in Table 5 below.

**Table 5: Green Project Reserve**

<b>Program</b>	<b>Green Project Reserve Amount</b>
CWSRF	\$3,902,800 (22%)
<b>Total</b>	<b>\$3,902,800</b>

### D. Prevailing Wages

Davis-Bacon wage requirements apply for fiscal year 2025 and each fiscal year thereafter and the requirements of section 513 of the Federal Water Pollution Control Act (33 U.S.C. 1372) shall apply to the construction of treatment works carried out in whole or in part with assistance made available by the CWSRF as authorized by title VI of that Act (33 U.S.C. 1381 et seq.). The Department will include in all loan agreements and procurement contracts terms and conditions requiring compliance with this requirement.

### E. Build America, Buy America (BABA)

Build America, Buy America (BABA) apply for this fiscal year 2024 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.

### F. 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, and special projects focused on CWSRF eligible activities. These activities are discussed in "Set-Aside Activities" below.

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

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

The criteria for ranking projects gives priority to projects that:

1. promote compliance with the Clean Water Act;
2. improve water quality;
3. increase energy and water efficiency;
4. promote sustainability;
5. and the applicant is financially capable of receiving a loan.

These considerations are addressed by the Priority Ranking Criteria found in ADEM Administrative Code R. 335-11-1-.04 and in the CWSRF pre-application provided in Attachment 6.

Projects on the priority list shall be ranked in descending order of the point rating assigned to each project. In the event two or more projects are assigned an identical point rating, such projects shall be ranked in accordance with the following criteria: The project that serves a community with the lowest median household income shall be ranked first. In the event the projects have identical median household incomes, the project with the lowest total cost will be ranked first.

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. 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.

Any changes to the IUP, including the addition of projects not listed on the IUP at the time of solicitation for public comment, will require an additional public comment period of 30 days. The Department will resolicit this IUP for notice if changes are made in future fiscal year(s).

## **F. Inadequate Allocations**

If the actual federal CWSRF allocations are less than anticipated by the Department in the development of the CWSRF priority list, the Department may find it necessary to reduce their commitments to projects on the priority list. The Department may take formal action to reduce the number of commitments in accordance with subparagraph 3) of this paragraph.

- 1). The Department may redistribute the CWSRF funds allocated to each project.
- 2). The Department may redistribute funds from lower priority projects to higher priority projects.
- 3). The Department may bypass projects on the priority list in accordance with Section H, below.

## **G. Unanticipated and Uncommitted Funds**

If unanticipated or uncommitted funds become available, the Department may take action to distribute them in accordance with subparagraphs 1-2 of this paragraph:

- 1). The Department may use the unanticipated or uncommitted funds to fund the highest priority project(s) from the priority list.

2). The Department may use the unanticipated or uncommitted funds to increase the amount of funds allocated to CWSRF fundable projects or to provide increased assistance to projects which have already received CWSRF assistance.

Additionally, supplemental loans may be made to previous recipients as needed to complete segmented projects or to cover unanticipated cost overruns.

#### **H. Project Bypass/Reallotment**

The Department may bypass any project on the CWSRF priority list that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for CWSRF 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 CWSRF 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 CWSRF Priority List may be bypassed if the applicant fails to submit a complete CWSRF 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 CWSRF 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 CWSRF assistance.

#### **VI. Set-Aside Activities**

##### **A. Administrative Set-Aside (4% or 1/5% of position)**

SRF Guidelines allow states to set aside 4% of the Capitalization grant or 1/5% of the position of the fund for SRF administrative costs. Administrative funds of \$1,271,955 (1/5% of the current position) will be used to pay costs for personnel, travel and training, equipment, supplies, audit fees, and indirect costs associated with implementing the SRF program.

##### **B. Small Systems Technical Assistance (2%)**

SRF Guidelines allow states to set aside 2% of the Capitalization grant for Small Systems Technical Assistance. The Department will not reserve any funds for this from the 2025 Capitalization Grant. The Department will use past year's funds remaining to provide small systems technical assistance. Small systems technical assistance funding will be used to develop a program to identify needs, develop projects, apply for funding, design and implement projects, and create training specifically for malfunctioning on-site treatment systems.

## **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 all wastewater facility projects in this IUP are on the CWSRF Priority List.
3. The Department certifies that it will enter into binding commitments for 120% of each payment under the CWSRF capitalization grant within one (1) year after receipt of each payment.
4. The Department certifies that it will expend all funds in the CWSRF in an expeditious and timely manner.
5. The Department certifies that all wastewater facilities in the state are in compliance with enforceable requirements or are making progress toward meeting those requirements except as specifically noted in the IUP.
6. The Department certifies that all facilities funded by the CWSRF shall complete a NEPA-like environmental review process.
7. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.
8. 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.
9. The Department certifies that it will provide CWSRF assistance to the extent there are sufficient eligible project applications, not less than 10% of the CWSRF Capitalization Grant for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. These four categories of projects are the components of the Green Project Reserve. (Deliverable)
10. The Department certifies that it will provide CWSRF loans with additional subsidization in the form of principal forgiveness for not less than 20% (\$3,548,000) and not more than 40% (\$7,096,000) of the CWSRF Capitalization Grant as required by the Clean Water Act and Congressional appropriation. (Deliverable)
11. The Department certifies that it will implement the State's CWSRF in compliance with Title VI of the Clean Water Act and to ensure conformance with Federal crosscutting issues as required by the 1987 Clean Water Act amendments.
12. The Department certifies that it will ensure compliance with the "first use" requirements which require that CWSRF assistance be available to projects which are members of the National Municipal Policy (NMP) universe; projects which have legally enforceable compliance schedules. (Deliverable)
13. The Department certifies that it will achieve statewide compliance with Federal and State water quality standards, particularly with the NMP as rapidly as possible. (Deliverable)

## VII. Program Income:

The Alabama Water Pollution Control Authority, with ADEM as its agent, assesses an annual fee based on outstanding loan principal. These fees vary based on the fiscal year to which the loan agreement was secured and are collected twice a year when the recipient initiates repayment of the loan. In accordance with *Guidance on Fees Charged by States to Recipients of Clean Water State Revolving Fund Program Assistance*, published October 20, 2005, fees collected from loans sourced from outstanding grants will be used for administration of the SRF fund only. All other fees will be used to provide fee income for the Department's CWSRF Direct Loan Fund and assist in the implementation of the Department's Water and Field Operations Divisions. The expected interest rate for projects funded in fiscal year 2025 is a range of 1.99% - 2.75% total. This includes 0.1% in interest and the remaining percentage in fees collected by the Department.

The Department expects to receive fees during FY 2025 as follows:

### CWSRF Capitalization Grant

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$2,799,270.09	\$0.00	\$2,799,270.09

## VIII. Estimated CWSRF Capitalization Grant Payment Schedules:

### A. Estimated Grant Draw Schedule

**Table 6A: CWSRF Capitalization Grant**

Fiscal Year	Month	Draw
2025	Oct	\$1,480,000
2025	Nov	\$1,480,000
2025	Dec	\$1,480,000
2025	Jan	\$1,480,000
2025	Feb	\$1,480,000
2025	Mar	\$1,480,000
2025	Apr	\$1,480,000
2025	May	\$1,480,000
2025	Jun	\$1,480,000
2025	Jul	\$1,480,000
2025	Aug	\$1,480,000
2025	Sep	\$1,480,000
Total		\$17,740,000

### B. Estimated Grant Disbursal Schedule

#### CWSRF Capitalization Grant

Payment Quarter	Payment Date	Payment Amount
FY2026/Quarter 1	October 1, 2025	\$8,870,000
FY2026/Quarter 2	January 1, 2026	\$8,870,000

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**

2025 EPA CWSRF Capitalization Grant

October 1, 2025 through September 30, 2031

### **IX. Public Participation**

The IUP was provided for public comment on July 15, 2025 for a period of 30 days. Comments were received and all comments have been addressed. The comments along with the Department's response to those comments are attached to this IUP. No changes were made as a result of the comments. Any changes to the IUP, including the addition of projects not listed on the IUP at the time of solicitation for public comment, will require an additional public comment period of 30 days. The Department will re-solicit this IUP for notice if changes are made in future fiscal year(s).

### **X. Reporting**

1. Annual reports are required for the CWSRF and BIL General Supplemental Capitalization Grant. Each annual report is due on December 30 following each fiscal year. The annual report for the 2025 CWSRF funding will include the results from the period of October 1, 2025 through September 30, 2026 and will be submitted on or before December 30, 2026. The annual report shall provide an update on the deliverables and milestones accomplished by the Department in the fiscal year.
2. The Department will submit information on projects into the CWSRF Nation Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP. The projects will be updated in NIMS at a maximum of one quarter after the binding commitment close date.

### ATTACHMENT 1: PROJECT PRIORITY LIST

Project #	Applicant Name	Project Description	City/Town	County	Population	Disadvantaged Rank	Priority Ranking Points	CW SRF PF%	Applied for Project Amount	Interest Rate
CS010305-08	Eutaw, City of	Sewer System and WWTP Rehab	Eutaw	Greene	3,000	3	SUPP	100%	\$1,502,162	NA
CS011044-01	Gadsden Water Works & Sewer Board	Sanitary Sewer System Improvements	Gadsden	Etowah	37,014	2	SUPP		\$1,893,750	2.20%
CS010281-25	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of**	Master Plan SRF Wastewater Projects Phase II - Years 2024 - 2027	Mobile	Mobile	195,457	3	SUPP		\$23,500,000	
CS010239-06	Pell City, City of	Eden Lift Station and Force Main	Pell City	St. Clair	12,493	1	SUPP		\$5,867,978	2.20%
CS010468-08	Albertville, The Municipal Utilities Board of	Eastside WWTP Imp.	Albertville	Marshall	20,804	1	135		\$750,000	1.99%
CS010993-01	Sumter County Sewer Authority, Inc.	SCSA Sewer Improvements - Supp to ARPA	Emelle	Sumter	431	4	120	85%	\$520,000	1.99%
CS010911-01	Brent, City of	Lagoon Improvements at the Brent-Centreville Wastewater Treatment Facility	Brent	Bibb	4,822	4	110	10%	\$3,039,541	1.99%
CS010900-01	East Alabama Water, Sewer & Fire Protection District	Sanitary Sewer System Improvements	Valley	Chambers	9,512	2	105		\$2,691,000	1.99%
CS010895-01	West Blocton, Town of	Sewer System Improvements	West Blocton	Bibb	1,605	4	90		\$1,972,397	1.99%
CS010602-05	Chickasaw, City of	Chickasaw Sanitary Sewer Rehabilitation	Mobile	Mobile	6,283	3	90	25%	\$2,000,000	1.99%
CS010912-01	Bridgeport, Utilities Board of the City of	Bridgeport WWTP Improvements	Bridgeport	Jackson	2,095	3	80		\$7,000,000	1.99%
CS010254-19	Prattville, City of	Fay Branch Sewer Creek Crossing Improvements	Prattville	Autauga	32,783	0	75		\$5,359,800	1.99%
CS011109-01	Dora, City of	Dora Stormwater- Sharon Blvd	Dora	Walker	1,895	3	65		\$458,647	2.50%
CS010396-08	Fort Payne, City of	Upgrades of Collection System - Phase II	Fort Payne	DeKalb	13,997	2	30		\$5,000,000	1.99%
CS010929-01	East Brewton	Sanitary Sewer Extensions (Lift Stations and Lagoon)	East Brewton	Escambia	2605	5	SUPP		\$600,000	1.99%
CS010038-04	Demopolis	Sanitary Sewer Downtown Collection System Improvements	Demopolis	Marengo	7,520	3	SUPP		\$3,896,841	1.99%
CS010038-01	Demopolis	WWTP Upgrade (Needed for Union Town Waste Load)	Demopolis	Marengo	7,520	3	SUPP	100%	\$2,416,358	NA
CS010863-02	Tuscumbia Utilities	WWTP Upgrade	Tuscumbia	Colbert	8,359	3	175		\$4,695,000	1.99%
CS010998-01	Thorsby, Alabama, Town of	Sewer Pump Station Rehab - Supp	Thorsby	Chilton	2,202	2	SUPP		\$246,400	1.99%
CS010096-01	Blountsville, The Utilities Board of the Town of	Emergency Lagoon Upgrades	Blountsville	Blount	1,653	2	140		\$1,750,000	2.75%
CS010403-05	LaFayette, City of	Wastewater Improvements	LaFayette	Chambers	4,600	3	65		\$300,000	1.99%
CS010266-05	New Brockton, Water Works and Sewer Board of the Town of	Chlorination and De-Chlorination Equipment	New Brockton	Coffee	1,636	3	SUPP	100%	\$190,000	NA
CS010994-01	Town of Pine Hill	CW Supplemental	Pine Hill	Wilcox	901	4	SUPP		\$513,470	1.99%
CS010981-01	Samson, City of	WW Collection Rehabilitation	Samson	Geneva	2,217	5	SUPP	100%	\$1,250,795	NA
CS010621-08	Northport, City of	Twomile Creek Trunk Sewer Improvements Project	Northport	Tuscaloosa	22,920	0	120		\$3,500,000	2.20%
<b>25 Total Projects</b>										
								<b>\$7,061,200</b>	<b>\$80,914,139</b>	

\*\* MAWSS is the "Equivalency" Project & the "Green Project Reserve" Project



## **ATTACHMENT 2 – CW PROJECT PRIORITY DESCRIPTIONS**

### **Albertville, The Municipal Utilities Board of – Eastside WWTP Improvements (SUPP)**

The Municipal Utilities Board of Albertville proposes to improve the Eastside Wastewater Treatment Plant (WWTP), including improvements to the Anoxic Zone, Secondary Clarification, Digestion, and Solids Handling. The proposed project would result in increased reliability and allow Albertville to maintain permit requirements for existing customers.

### **Blountsville Utilities Board of – Emergency Lagoon Upgrades**

The Utilities Board of the Town of Blountsville proposes to repair an existing Waste Water Treatment System Lagoon, which has failed through a sink hole and is immediately upstream of the Blount County water supply system Water Supply Well that is under the influence of surface water. The water supply system was contaminated when the Waste Water lagoon failed. Correcting and repairing the Waste Water Treatment System will return the Blountsville Utilities Waste Water Treatment System to compliance with their NPDES Permit and provide a safe environment for the community and water system downstream.

### **Brent, City of – Lagoon Improvements at the Brent-Centreville Wastewater Treatment Project**

The City of Brent proposes a project to make improvements to the lagoon at the Brent-Centreville Wastewater Treatment Plant. Proposed improvements consist of removing the sludge from the first lagoon, addition of a bar screen, installation of force mains, replacement of the existing U.V. System, replacement of lagoon pumps, installation of an automatic valve, addition of baffles, addition of fine bubble tubing, addition of two air compressors and replacement of the stand-by generator. Completion of this project will improve the overall operation and efficiency of the lagoon.

### **Bridgeport (The Utilities Board of the City of) – WWTP Improvements**

The Utilities Board of the City of Bridgeport proposes to upgrade the Wastewater Treatment Plant (WWTP) and the sanitary sewer collection. The project includes upgrading the raw sewage pumping station, influent screen, and influent flow meter, adding directional aerators to lagoons, upgrade piping in valves, constructing a new chemical feed building and chlorine contact chamber, replacing existing outfall line and manholes, dredging lagoons, and adding SCADA. It also includes installing new pumps at the existing Widow's Creek Industrial Park, replacing existing pump station number three, installing new sanitary sewer gravity mains from the downtown area, and addressing I&I problems. The project will ensure that continued compliance is met within the NPDES permit, improving effectiveness and reliability of the system.

**Chickasaw, City of - Sanitary Sewer Collection System Rehabilitation:** The City of Chickasaw proposes the wastewater collection system improvements, which will help to reduce inflow and infiltration (I/I), sanitary sewer overflows (SSOs) and base infiltration (BI) in wet and dry weather conditions, including improving discharge water quality by rehabilitating the existing Vitrified Clay Pipe (VCP) gravity sewer system. This improvement will enhance system reliability and extend the infrastructure's useful life by 50 years that serving approximately 2,300 customers.

**Demopolis, City of – Downtown Sanitary Sewer Collection System Rehabilitation**

The City of Demopolis proposes a project to rehabilitate the sanitary sewer collection system within the downtown area. Rehabilitation of these ageing sewers will reduce Inflow & Infiltration which will reduce the hydraulic loading at the Waste Water Treatment Plant resulting in longer retention times and treatment efficiencies for waste water treatment. Correcting Infiltration will protect groundwaters. This loan is to complete an ongoing project. These improvements will benefit all citizens of Demopolis.

**Demopolis, City of – Waste Water Treatment Plant Improvements**

The City of Demopolis proposes a project to make improvements to the Wastewater Treatment Plant to accommodate the waste water flows which will be received from the Union Town waste water collection system . Headworks upgrades seek to expand the flow handling capability of the structure while providing a higher level of screening performance. New mechanical screens with compactors will be installed in modified, elevated concrete channels. The hydraulic bottleneck of the facility has been the 24” line from the headworks to the aeration basin. A second, parallel 30” line is proposed to increase flow and to add a safeguard against the failure of either primary conveyance pipe. Treatment capacity is limited by the existing secondary clarifiers. At times of high flow, the blankets within the clarifiers can grow and result in excessive solids loss. The addition of a third clarifier is proposed as part of the project to increase capacity and redundancy. Disinfection processes for the effluent will also be improved along with solids handling and telemetry improvements.

**Dora, City of - Stormwater Improvements**

The City of Dora proposes stormwater improvements at the intersection of Sharon Boulevard and Railroad Avenue. The project would include the replacement of existing, deteriorated pipe and related structures with new pipe, junction boxes and end treatments, as well as the replacement of associated pavement. The purpose of the project is to prevent the recurring development of voids under the intersection caused by the failing stormwater system.

**East Alabama WS&FP District – Sanitary Sewer System Improvements**

East Alabama WS&FP District proposes to relocate the Langdale Lift Station to an area that is outside of the 100-year flood plain. The project includes the installation of new modern pumps and controls. The proposed improvements will lower system operations and maintenance costs and eliminate regulatory compliance and environmental issues related to overflows.

**East Brewton – Town of – Lift Station Rehabilitation (SUPPL)**

The Town of East Brewton proposes to rehabilitate sanitary sewer lift stations within the collection system. This loan is a supplement to complete the work that was begun with an ARPA Grant. Rehabilitation of these sewage lift stations will prevent sanitary sewer overflows and thereby protect the receiving stream and health of the community.

**Eutaw, City of – Sewer System and WWTP Rehab (SUPP)**

The City of Eutaw proposed Lagoon improvement, six pump stations rehabilitation, and Boligee manhole rehabilitation, including gravity collection systems improvements to maintain permit compliance. The proposed project helps reduce inflow and infiltration (I/I), prevent blockage, and prevent sanitary sewer overflows (SSO). This is a Supplemental request for funding to continue the project toward completion.

**Fort Payne, City of – Upgrade of Collection System – Phase II**

The City of Fort Payne is to replace the Airport Road Pump Station and force main with a gravity sewer line. In addition, three additional sewer pump stations will be eliminated in favor of gravity sewer lines. The proposed project will reduce I&I and improve reliability and sustainability.

**Gadsden (WW&SB of the City of) – Wastewater Collection System Upgrades (SUPP)**

The Water Works and Sewer Board of the City of Gadsden proposes to continue an ARPA funded project to upgrade the wastewater collection system. The project includes rehabilitation of existing mains and sewer laterals using CIPP, completion of point repairs on all mains and laterals in which it is determined that a liner system cannot be installed, and rehabilitation or replacement of all deficient manholes. The project will reduce infiltration and inflow (I&I), reduce the frequency and severity of Sanitary Sewer Overflows (SSOs), and improve the ability of the WWTPs to meet percent removal requirements.

**LaFayette - Wastewater Improvement Service**

The City of LaFayette proposes to rehabilitate the raw sewage influent pump, to replace the grit removal system, upgrade the sewer and grease removal system and the existing control system. A new bar screen is also proposed. Completion of this project would result in continued compliance.

**Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of - Master Plan SRF Wastewater Projects Phase II – Years 2024 –2027 (SUPP)**

This is a Supplemental request for continued funding for Phase II Master Plan CWSRF. The Mobile Board of Water and Sewer Commissioners (MAWSS) proposed implementation of Mobile's CWSRF Master Plan Phase II to replace the Perch Creek lift station, including the force main, the Faye Lane lift station, and the Halls Mill 36-inch Prestressed Concrete Cylinder Pipe (PCCP) parallel line. The proposed project also upgrades and replaces Wright Smith Jr. Wastewater treatment plant (WWTP) electrical, including SCADA, and rehabilitation of sanitary sewer lateral and large diameter sewer Cured-In-Place pipe(CIPP).

The proposed project included installing the new force main parallel to the existing 48-inch Eslava Creek force main. The project will ensure reliable, continuous operation, including but not limited to extending the overall service life of the infrastructure, increasing capacity, increasing performance, and resilience during wet weather events to mitigate sanitary sewer overflows(SSO).

#### **New Brockton, Town of – Disinfection of Effluent Improvements Project**

The Town of New Brockton proposes a project to make improvements to the waste water treatment system. Proposed improvements consist of replacing disinfection equipment and facilities for the treated effluent that have exceeded their useful life which allow the Town of New Brockton to remain in compliance. This is a supplemental loan to complete an existing ARPA funded project.

#### **Northport, City of – Twomile Creek Trunk Sewer Improvements Project**

The City of Northport proposes a project to make improvements to the sanitary sewer system. Proposed improvements consist of replacing sanitary sewer mains and manholes within the Twomile Creek sewer drainage basin area. Completion of this project will reduce I/I (Inflow/Infiltration), prevent future SSOs (Sanitary Sewer Overflows) and allow the City of Northport to remain in compliance.

#### **Pell City, City of – Eden Lift Station and Force Main (SUPP)**

The City of Pell City proposes to replace and upgrade the Eden Lift Station and Force Main. The proposed project would replace two existing lift stations which have outlasted the useful life of the equipment. The proposed project will increase reliability for existing customers.

#### **Pine Hill, Town of – Sanitary Sewer Improvements**

The Town of Pine Hill proposes a project to continue an existing wastewater treatment plant upgrade project. Proposed improvements consist of sludge removal at the lagoon, the replacement of an aeration system components, effluent structure screen cleaning, and miscellaneous SCADA and pipe modifications at the wastewater treatment facility along with pump and wet well replacement at a sewage lift station with a portable generator. Completion of this project will provide for more efficient and reliable wastewater treatment that would allow the Town of Pine Hill to remain in compliance.

**Prattville, City of - Fay Branch Sewer Creek Crossing Improvements:** The City of Prattville proposes a project that will replace aging gravity sanitary sewer main crossings over Fay Branch to ensure continued reliable service to its sanitary sewer system. The project consists of replacing multiple sewer crossings that have reached the end of their useful life. These gravity mains are critical components of a system that includes more than 30 miles of gravity sewers, force mains, and 8 sewer lift stations. Overall, the project will improve the integrity and functionality of the City's sewer infrastructure, helping prevent potential system failures and ensuring safe and efficient wastewater conveyance for the community.

**Samson, City of – Sanitary Sewer Improvements**

This funding is a continuation of an ARPA Grant project. The scope of the proposed work is to return the City back into compliance with their NPDES permit. The work will include the removal and replacing the vitrified clay and concrete pipe. Many of these lines are under Alabama Highway 87 and Highway 52. In 1984, sewer outfall lines were installed laterally along the side of creek banks. With the City's lack of equipment to maintain the easement, the sewer outfall lines have been inaccessible for years. Roots, fallen trees, flooding, etc. could have damaged the outfall sewer lines and/or manholes. Clearing of the easement, inspection, and repair of any damage lines and/or manhole will be included in the project scope. The City's pumping stations have been repaired and patched over the years. These pumping stations will be upgraded and each provided with generators and automatic switchover controls. Improvements to the treatment plant will include a chlorination, de-chlorination and a chlorinate contact facility will be provided for the plant's effluent. Completion of this project will provide for more efficient and reliable wastewater treatment that would allow the Samson to turn to compliance

**Sumter County Sewer Authority, Inc. - SCSA Sewer Improvements(Phase II)**

The Sumter County Sewer Authority, Inc. proposes improvements to the sewer system. Phase II, which will cover additional bid overrun and odor control relating to the ARPA Grant awarded in 2022 and the 2022 consent order that includes, but is not limited to, lagoon access, vegetation control, and effluent flow measurement. The proposed project also covers the cost to address the issue of the wastewater treatment facility (WWTF) influent pump station, gravity sewers, the existing Septic Tank Effluent Pump, and force main blockage from Geiger.

**Thorsby, City of- Sewer Pump Station Rehabilitation**

The City of Thorsby proposes to rehabilitate six pump stations. The project includes replacement of pumps, guide rails, electrical services and controls on six pump stations: Transfer Station, Peterson Avenue, Lagoon, Franklin Street, Garrison, and Boise. The project will allow Thorsby to maintain compliance with the current NPDES permit, prevent Sanitary Sewer Overflows (SSOs), and increase system efficiency.

**Tuscumbia Utilities – WWTP Upgrade**

Proposes to refurbish the wastewater treatment plant. The project consists of abandoning and demolishing of the existing primary clarifier, recirculation pump station, and trickling filter; replacement of the existing secondary clarifier; construction of a three sequencing batch reactor (SBR); installation of a fixed-grid, fine-bubble diffused aeration system within each SBR basin along with the necessary floating mixer and decanting system; construction of a post-equalization basin; construction of a blower facility; and the addition of SCADA. Completion of these improvements will allow Tuscumbia Utilities to enhance its current treatment abilities and provide reliable and efficient treatment of the wastewater to maintain a clean, treated effluent discharge to preserve and protect public health.

**West Blocton, Town of – Sanitary Sewer Improvements**

The Town of West Blocton proposes a project to upgrade the existing wastewater treatment plant. Proposed improvements consist of replacing existing treatment and monitoring equipment, upgrading phosphorus filter unit, repairing grit chamber, SCADA, building upgrades, electrical upgrades and improving access road to control building. Completion of this project will provide for a more efficient and reliable wastewater treatment that would allow the Town of West Blocton to remain in compliance.

## Attachment 3: A/E Procurement Requirements

### Alabama CWSRF A/E Procurement Requirements

*Effective September 30, 2014 for all assistance agreements directly made available from the FY 15 (and later) capitalization grant.*

It is the intent of the Alabama Clean Water SRF program that all assistance recipients select architectural & engineering services based on qualifications of the selected firm, not price. This reinforces Canon IV of the Board of Engineers and Land Surveyors' Code of Ethics, contained in the Board's regulations at 330-X-14-.05 (f):

*The engineer or land surveyor shall not participate in or implement procurement practices (bid submittals) which do not first determine the qualifications of the engineer or land surveyor prior to entering into fee negotiations for services being sought. An engineer or land surveyor having submitted a statement of qualification and performance data, and having first been judged as the qualified individual or firm to provide the services required for the proposed project, may proceed to negotiate a contract with a client and establish compensation or fees for the required services.*

*Should the engineer or land surveyor be unable to negotiate a satisfactory contract with the client for any reason, the engineer or land surveyor shall withdraw from further consideration for the engineering or land surveying services. Another engineer or land surveyor may then be selected for negotiations of a contract for the services on the stated project.*

*Examples include but are not limited to, simultaneous negotiations or solicitation of fee proposals by the client from two or more engineers or land surveyors constitutes "bidding" and participation by a licensee is prohibited.*

Use of a qualifications-based selection is also required by the Alabama Board for Registration of Architects, at 100-X-5-.10:

*Architects are encouraged to seek professional employment on the basis of qualifications and competence for proper accomplishment of the work. This procedure restricts the architect from submitting a price for services until the prospective client has selected, on the basis of qualifications and competence, one architect or firm for negotiations.*

CWSRF assistance applicants are required to certify the following:

1. That the applicant sought the most-qualified firm for professional services, by issuing a Request for Proposals (RFP) or a Request for Qualifications (RFQ).
2. That the applicant made a good faith effort to seek proposals or qualifications from at least 3 firms, as evidenced by a public notice, advertisement, or other appropriate means.
3. That the applicant evaluated the proposals or qualifications and selected a firm based on professional competency, past performance, specialized experience, and other factors deemed critical for success of the project.

4. That only upon making a selection based on qualifications did the applicant negotiate a contract and determine compensation. (If the applicant was unable to negotiate a contract with the most qualified firm, the applicant may then negotiate with the next-most-qualified firm)



## ATTACHMENT 4

### Alabama Clean Water State Revolving Fund Additional Subsidization and Affordability Criteria Effective September 30, 2015

**Purpose:**

This document establishes the additional subsidization and affordability criteria for the Alabama Clean Water State Revolving Fund. The criteria are effective September 30, 2015, and may be modified from time-to-time upon notice.

**Background:**

Section 603(i) of the Federal Water Pollution Control Act states the following:

*Additional Subsidization-*

*(1) IN GENERAL - In any case in which a State provides assistance to a municipality or intermunicipal, interstate, or State agency under subsection (d), the State may provide additional subsidization, including forgiveness of principal and negative interest loans--*

*(A) to benefit a municipality that--*

*(i) meets the affordability criteria of the State established under paragraph (2);*  
*or*

*(ii) does not meet the affordability criteria of the State if the recipient--*

*(I) seeks additional subsidization to benefit individual ratepayers in the residential user rate class;*

*(II) demonstrates to the State that such ratepayers will experience a significant hardship from the increase in rates necessary to finance the project or activity for which assistance is sought; and*

*(III) ensures, as part of an assistance agreement between the State and the recipient, that the additional subsidization provided under this paragraph is directed through a user charge rate system (or other appropriate method) to such ratepayers; or*

*(B) to implement a process, material, technique, or technology--*

*(i) to address water-efficiency goals;*

*(ii) to address energy-efficiency goals;*

*(iii) to mitigate stormwater runoff; or*

*(iv) to encourage sustainable project planning, design, and construction.*

*(2) AFFORDABILITY CRITERIA-**(A) ESTABLISHMENT-*

*(i) IN GENERAL - Not later than September 30, 2015, and after providing notice and an opportunity for public comment, a State shall establish affordability criteria to assist in identifying municipalities that would experience a significant hardship raising the revenue necessary to finance a project or activity eligible for assistance under subsection (c)(1) if additional subsidization is not provided.*

*(ii) CONTENTS- The criteria under clause (i) shall be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area, as described in section 301 of the Public Works and Economic Development Act of 1965 (42 U.S.C. 3161).*

*(B) EXISTING CRITERIA- If a State has previously established, after providing notice and an opportunity for public comment, affordability criteria that meet the requirements of subparagraph (A)--*

*(i) the State may use the criteria for the purposes of this subsection; and*

*(ii) those criteria shall be treated as affordability criteria established under this paragraph.*

*(C) INFORMATION TO ASSIST STATES- The Administrator may publish information to assist States in establishing affordability criteria under subparagraph (A).*

**(3) LIMITATIONS-**

*(A) IN GENERAL- A State may provide additional subsidization in a fiscal year under this subsection only if the total amount appropriated for making capitalization grants to all States under this title for the fiscal year exceeds \$1,000,000,000.*

**(B) ADDITIONAL LIMITATION-**

*(i) GENERAL RULE- Subject to clause (ii), a State may use not more than 30 percent of the total amount received by the State in capitalization grants under this title for a fiscal year for providing additional subsidization under this subsection.*

*(ii) EXCEPTION- If, in a fiscal year, the amount appropriated for making capitalization grants to all States under this title exceeds \$1,000,000,000 by a percentage that is less than 30 percent, clause (i) shall be applied by substituting that percentage for 30 percent.*

*(C) APPLICABILITY- The authority of a State to provide additional subsidization under this subsection shall apply to amounts received by the State in capitalization grants under this title for fiscal years beginning after September 30, 2014.*

*(D) CONSIDERATION- If the State provides additional subsidization to a municipality or intermunicipal, interstate, or State agency under this subsection that meets the criteria under paragraph (1)(A), the State shall take the criteria set forth in section 602(b)(5) into consideration.*

**Discussion:**

On June 10, 2014, the Water Resources Reform and Development Act of 2014 was signed into law. Among the provisions of the Act is the new Section 603(i), which details how a state Clean Water State Revolving Fund (CWSRF) program may provide additional subsidization. It also requires that each program establish an affordability requirement that can be a consideration in granting additional subsidization.

The American Recovery and Reinvestment Act of 2009 was the first time that Congress applied the principle of principal forgiveness to the CWSRF. In response, the Alabama CWSRF program utilized additional subsidization in the form of principal forgiveness to construct green infrastructure. In Alabama, green infrastructure (stormwater) projects are constructed very infrequently, even though stormwater runoff is a major source of pollutants. Many local communities lack a dedicated revenue stream to pay for stormwater projects; thus, the CWSRF program has applied principal forgiveness to these projects in order for them to be economically viable. It is hoped that in time, the success of these projects will encourage the construction of more improvements without the need for additional subsidy. The Alabama CWSRF intends to continue this practice to ensure nonpoint source projects are constructed along with the traditional point source projects.

In previous years, the amount of additional subsidization was set by Congress through the annual appropriations process. The amount available varied from year to year and may have been subject to a minimum or maximum. Under the new 603(i)(3), a state may provide up to a maximum of 30% of its capitalization grant if the total appropriations equal or exceed \$1.3 billion. The project priority list will be used to determine which projects are provided principal forgiveness. The highest ranking green infrastructure project will receive principal forgiveness in order to continue to incentivize green projects. Additionally, principal forgiveness will be allocated based on the projects which have the highest priority rankings until all additional subsidization has been allocated.

The amount of principal forgiveness allocated to each project will be determined by a number of factors. These include affordability, need (priority ranking), and type of project (resolving compliance, etc.). 603(i)(2) also requires state CWSRF programs to establish affordability criteria. The criteria *“shall be based on income and unemployment data, population trends, and other data determined relevant by the State”*. Traditionally, affordability has been determined by the CWSRF through a comparison of median household income and annual sewer use charges. The new requirements take a broader approach, focusing more on income and employment of the affected population. In response, the Alabama CWSRF program will utilize the county poverty rate (a measure that compares household income to the number of persons in the household), county unemployment rate, and statewide population trend to determine if a project is affordable. In addition to these measures, the Department also performs a financial analysis to determine a community’s coverage ratio (the ratio of revenue to debt), and a financial sustainability to determine how much of a typical SRF loan a community can afford

**Final Criteria for Additional Subsidy and Affordability:**

Additional subsidy in the form of principal forgiveness shall be made available in a total amount per year not to exceed the cap set at 603(i)(3). Funding will be provided in rank order on the project priority list, until the maximum amount has been allocated.

The Affordability Measure for Alabama will be calculated as the sum of the following:

1. The poverty rate of the county served by the project minus the statewide poverty rate;
2. Unemployment Rate Value: The unemployment rate of the county minus the statewide unemployment rate;
3. If the statewide population trend has increased over the two most recent 10-year census estimates, the population trend value shall be 1; if it has decreased the population value shall be 2.



# Form 340: Clean Water State Revolving Fund Preapplication

Project Name	
Assistance Amount Requested	\$
Date Submitted	



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

## Section 1: Contact Information

### Loan Applicant

Applicant Name			
Authorized Representative (Signatory of Loan Agreement)		Title of Authorized Representative	
Email Address		Telephone Number	
Contact Person (Daily SRF Communications)		Title of Contact Person	
Email Address		Telephone Number	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
NPDES Permit Number of Facility (if applicable)		Population of System	
Names and 12-digit HUC Codes of Watersheds Impacted			

### 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:

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

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

### 2. Provide demographic information about the affected community

Community is defined as the township or county that best represents the system. Please identify what community is being used.

Median Household Income		Source/Date:	
Unemployment Rate		Source/Date:	
Population Trend Over 10 Years (+%)		Source/Date:	
Community			

## Priority Ranking System

The following factors are used to rank the proposed project, and will ultimately determine if it falls in the fundable portion of the priority list. 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	Facility is under formal enforcement action by ADEM and is currently in significant non-compliance. The project will bring the facility into compliance. (A copy of the enforcement order must be attached)	50
2	Project is a voluntary effort to resolve violations and will mitigate the issuance of a formal enforcement action.	40
3	The facility is currently in compliance with permit limits, but will fall out of compliance without the proposed project.	25

**B. Water Quality Improvement Criteria (Maximum: 135 points) \***

Ranking Criteria		Point Value
1	Project will significantly address water quality standards in a water body that:	
	a) Has an approved TMDL	25
	b) Is subject to a draft TMDL, dated 0-2 years from present	15
	c) Is subject to a draft TMDL, dated 3-5 years from present	10
	d) Is subject to a draft TMDL, dated 6-10 years from present	5
2	Project will implement TMDL(s) for:	5
	a) Pathogens (i.e., fecal coliform/E. coli)	15
	b) Mercury	10
	c) Nutrients (i.e., phosphorous, nitrogen)	5
	d) Organic Enrichment/Dissolved Oxygen	5
	e) Ammonia (toxicity)	15
	f) Siltation (sediment)	
3	a) Project will benefit a Category 5 or Category 4 listed water body.	5
	a) Project takes place in an EPA-identified priority watershed and reduces/eliminates one or more sources of impairments (point and nonpoint source).	5
	b) Project will improve water quality in an Outstanding Alabama Water (OAW).	5
	c) Project will improve water quality in an Outstanding National Resource Water (ONRW).	5
4	Project will upgrade or replace existing failing or inadequate decentralized wastewater treatment systems, or construct septage treatment facilities that are crucial to the proper operation of decentralized wastewater treatment systems.	10
5	Project will protect a public drinking water source from contamination that will negatively impact public health.	15
6	Project will implement a National Estuary Program Comprehensive Conservation Management Plan	10

**C. Water/Energy Efficiency Rating (Maximum: 65 points) \***

Ranking Criteria		Point Value
1	Project incorporates energy efficient design considerations with established objectives and targets for energy reduction opportunities, performed energy audits or developed energy conservation plans.	5
2	Project uses renewable energy to provide power to a POTW.	10
3	Project implements upgrades to pumps and treatment processes which result in:	
	a) 20 percent or greater reduction in energy consumption at a POTW.	10
	b) Less than a 20 percent reduction in energy consumption at a POTW.	5
4	Infiltration/Inflow correction projects that save energy from pumping and result in reduced treatment costs, and I/I projects in cases where excessive groundwater infiltration is contaminating the influent.	10
5	Projects that incorporate recycling and/or reuse of gray water or wastewater.	20
6	Production of treated effluent for groundwater recharge, industrial operations, or agricultural purposes.	5

**D. Stormwater Management Criteria (Maximum: 50 points)**

Ranking Criteria		Point Value
1	Project will implement stormwater harvesting and reuse.	10
2	Project incorporates wet weather management systems including: permeable pavement, bioretention, tree plantings, green roofs, rain gardens and other practices that can be designed to mimic natural hydrology and reduce effective imperviousness.	10
3	Project will create riparian buffers, floodplains, vegetated buffers and additional streambank restoration methods.	10
4	Project supports wetland protection or restoration, including constructed wetlands.	10
5	Downspout disconnection to remove stormwater from sanitary sewers and manage runoff onsite.	5
6	Project incorporates green streets for new development, redevelopment or retrofits.	5

**E. Agricultural and Nonpoint Source Pollution Criteria (Maximum: 35 points)**

Ranking Criteria		Point Value
1	Project addresses water quality impacts associated with farming operations by: <ul style="list-style-type: none"> <li>a) Implementing water-saving irrigation systems in farms currently using inefficient watering systems.</li> <li>b) Implementing methods to reduce soil and stream bank erosion.</li> <li>c) Utilizing BMPs including no-till farming practices, rotational grazing, cropland conversion and winter cover crops.</li> <li>d) Utilizing alternative watering sources including effluent or grey water reuse.</li> </ul>	5 10 10 10
2	Project addresses water quality impacts associated with animal feeding operations by: <ul style="list-style-type: none"> <li>a) Developing a Nutrient Management Plan.</li> <li>b) Establishing heavy –use protection areas.</li> <li>c) Implementing onsite waste management systems for manure and poultry litter; including recycling, spreading, and storage systems, and digester gas technologies.</li> <li>d) Utilizing dead bird composters and/or incinerators.</li> <li>e) Implementing BMPs (including exclusion fencing and stream crossings).</li> </ul>	10 5 10 5 5

**F. Sustainability Criteria (90 possible bonus points) \***

Ranking Criteria		Point Value
1	Project incorporates one or more of the following planning methodologies: <ul style="list-style-type: none"> <li>a) Comprehensive Land Use Plan (must designate areas where public infrastructure will and will not be supported)</li> <li>b) Asset Management Plan</li> <li>c) Watershed Management Plan</li> <li>d) Nutrient Management Plan</li> <li>e) Nutrient Trading</li> <li>f) Open Space Preservation</li> <li>g) Integrated Water Resource Plan that stresses water efficiency, reuse and conservation</li> </ul>	5 10 5 5 5 5 5
2	Project includes one or several of the following design considerations: <ul style="list-style-type: none"> <li>a) Site fingerprinting for minimized landscape disturbance and sustainable landscape design.</li> <li>b) LEED certified or other ADEM-approved green building techniques for POTWs.</li> <li>c) Minimizes the environmental and water quality impact of construction through the use of clean fuel construction vehicles, construction waste reduction and other innovative methodologies.</li> <li>d) Project envelope is located in a previously developed area.</li> <li>e) Use of environmentally friendly post-consumer recycled or reclaimed materials.</li> </ul>	5 5 5 5 5
3	Project implements at least one of the following construction methods: <ul style="list-style-type: none"> <li>• Innovative erosion control practices;</li> <li>• Protection of onsite trees, vegetation, native habitats and urban forests; or</li> <li>• Replanting of disturbed areas with native plant species.</li> </ul>	5
4	Project will utilize one or more of the following water conservation strategies: <ul style="list-style-type: none"> <li>a) Development of a water conservation program.</li> <li>b) Incorporates sustainable water pricing practices and rate structures.</li> <li>c) 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>).</li> </ul>	5 10 5

**G. Growth Criteria (50 possible bonus points)**

Ranking Criteria		Point Value
1	Project includes a significant growth component. (See PER instructions)	0
2	Project does not include a significant growth component. (See PER instructions)	50

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

Part A: Enforcement and Compliance (50 points maximum)	
Part B: Water Quality (135 points maximum)	
Part C: Water/Energy Efficiency (65 points maximum)	
Part D: Stormwater Management (50 points maximum)	
Part E: Agricultural/Non-Point Source (35 points maximum)	
Part F: Sustainability (90 bonus points maximum)	
Part G: Growth (50 bonus points maximum)	
<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.
- 7. Growth Criteria:** If the project includes any of the following components, enter a point value of 0:
  - a. New (not a replacement) wastewater treatment plant (excluding decentralized systems).
  - b. Upgraded/expanded/replacement wastewater treatment plant where the purpose of the project is to increase the design flow or projects where the design flow of the facility incidentally increases by more than 20%.
  - c. Collection system improvements that increase design flow (excluding rehabilitation projects where the original design flow is restored).
  - d. New or expanded collection systems.
  - e. Any POTW project that serves future growth.

If none of the criteria above apply, the project will be awarded points as shown.

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



**EDWARD F. POOLOS**  
DIRECTOR

**JEFFERY W. KITCHENS**  
DEPUTY DIRECTOR



**KAY IVEY**  
GOVERNOR

**Alabama Department of Environmental Management**  
[adem.alabama.gov](http://adem.alabama.gov)

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

September 15, 2025

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

Dear Ms. Miller,

On August 12, 2025, the Department received comments from the Alabama Rivers Alliance pertaining to the fiscal year 2025 Clean Water State Revolving Loan Fund (CWSRF) and Drinking Water State Revolving Loan Fund (DWSRF) Base Intended Use Plans (IUPs) as well as the Reallocation of the FY24 DWSRF Infrastructure Investment and Jobs Act (IIJA) Emerging Contaminants (EC) and DWSRF IIJA Lead Service Line (LSL) IUPs. Below are the Department's responses addressing the comments received. No major programmatic changes to the IUPs were necessary.

If you have any questions, please do not hesitate to contact Brian Espy at (334)271-7711 or via email at [bespy@adem.alabama.gov](mailto:bespy@adem.alabama.gov).

Sincerely,

Russell A. Kelly, Chief  
Permits & Services Division  
ADEM



**Birmingham Office**  
110 Vulcan Road  
Birmingham, AL 35209-4702  
(205) 942-6168  
(205) 941-1603 (FAX)

**Decatur Office**  
2715 Sandlin Road, S.W.  
Decatur, AL 35603-1333  
(256) 353-1713  
(256) 340-9359 (FAX)

**Coastal Office**  
1615 South Broad Street  
Mobile, AL 36605  
(251) 450-3400  
(251) 479-2593 (FAX)

## **Section 1: Questions/Concerns on Projects and ranking criteria**

Question/Recommendation/Comment 1: When does the Department anticipate releasing IUPs for funding appropriated from the Bipartisan Infrastructure Law (also known as the Infrastructure Investment and Jobs Act) for FY2025? The USEPA released the FY 2025 Allotment Tables in May 2025, which included a general supplement to the DWSRF (\$43,930,000), DWSRF emerging contaminants funding (\$13,490,000), a general supplement to the CWSRF (\$27,546,000), and CWSRF emerging contaminants funding (\$2,378,000). It is our understanding that USEPA has not allocated the FY2025 lead service line funding yet as they are incorporating lead inventory data into these and future lead allocations. Is this consistent with the Department's current understanding?

Response 1: The USEPA did release the FY 2025 allotments for the Drinking Water State Revolving Fund (DWSRF), Drinking Water State Revolving Fund Emerging Contaminants (DWSRF EC), Clean Water State Revolving Fund (CWSRF), and Clean Water State Revolving Fund Emerging Contaminants (CWSRF EC). The projects that will be selected for the DWSRF & CWSRF funding programs are currently being evaluated and ranked. The Department received a large number of applications between June 1 and June 20<sup>th</sup> and those are still undergoing review. The Alabama Department of Environmental Management (ADEM) SRF staff have begun ranking projects based on critical need using the Project Priority Ranking System. The timeline for placing the IJA IUPs on notice is unknown, but the Department is working to complete the task as quick as possible ensuring all projects are adequately reviewed and considered ensuring the most critical projects receive the funding. Please note, in addition to new applications, previous projects submitted in prior years that were not selected for funding are also eligible and will be considered for the IJA funding.

In response to the USEPA not yet reallocating the FY2025 lead service line appropriation, yes, the Department agrees that the USEPA is reevaluating the lead service line allotments. The USEPA has not committed to a deadline upon which those allocations will be announced.

Question/Recommendation/Comment 2: What is the Department's explanation for the reallocation and re-notice for the FY2024 DWSRF EC and LSL IUPs? These IUPs were previously issued in December 2024. We note the primary difference between this and the former FY2024 DWSRF EC IUP is the addition of \$500,000 awarded to one project. We recommend future re-allocation IUPs include that it is a reallocation on the front page and a brief explanation for the re-allocation within the introduction.

Response 2: The Department must re-notice any IUP when a change to allocation of funds is made regardless of the amount. It is not unusual for systems to not have the need for the full amount as they originally applied for. This has been more common for LSL projects as there are more unknowns. The Department re-notices any IUPs in an effort to use all allocated funds to ensure dollars do not go unused.

Question/Recommendation/Comment 3: When does the Department expect to make changes to the CWSRF pre-application to allow priority points for project affordability, as discussed in ADEM's response to ARA's FY2024 IUP comments and ADEM's response to ARA's FY2023 IUP comments? These recent IUPs feature the same CWSRF pre-application as last year, and the Department has not yet released public notice for adjustments to the CWSRF Form 340. As a reminder from previous IUP comments, we recommend the Department introduce a financial metric into the CWSRF pre-application's Project Priority Ranking system to more definitively identify clean water projects of high priority when they seek to address affordability or for applicants that have high water and wastewater financial burdens. The Department's response from previous IUP comment letters was as follows: "The Department does agree that inclusion of the financial metric on the pre-application form would provide more clarity and uniformity between the programs. As noted in last year's comment responses, the SRF is proposing a change in the CWSRF pre-application form to include an appropriate metric for financial capability within the ranking procedure."

Response 3: The Department is always working to ensure that all application forms are updated to comply with federal and state requirements. An executive order pertaining to the Justice40 Mapping tool resulted in the Department no longer being able to utilize the tool. The Justice40 Mapping tool was a key component to the Department's planned modification. The same CWSRF pre-application form was used in this year's IUP, and will most likely be used in 2026 until USEPA Headquarters is able to provide the states with a clear directive on this topic. To update the form the Department must work with the USEPA to ensure the financial criteria are met and then ADEM must go through ADEM Administrative Code Div. 1 rulemaking. As stated in previous IUPs, principal forgiveness is allocated to communities of the highest rank until all funds are expended. Third party financial advisors are used by the Department to analyze the financial capability and status of each system/community. This process ensures communities with the most critical need receive the funding opportunities.

Question/Recommendation/Comment 4: Please clarify what amounts the projects on the FY2025 CWSRF and DWSRF IUPs are being awarded on Attachment 1: Project Priority List. The FY2025 CWSRF and DWSRF IUPs feature a good quality image for PPL. However, the IUP's PPLs are missing columns that describe the total amount being awarded (which is often not the same as the total amount requested) and the dollar amount of principal forgiveness that the awarded projects expect to receive. Without these two columns, it is not clear to an awardee receiving principal forgiveness how much they are being offered and how much of that would be forgiven. Please include these missing columns in the final IUPs.

Response 4: The "Applied for Project Amount" is the total amount being awarded and the "SRF PF%" indicates the precise percentage of principal forgiveness (PF) proposed. The Department is in communication with all of the systems on the IUP and ADEM is confident that each system knows how much funding and PF they will be receiving.

Question/Recommendation/Comment 5: What factors determine the varying annual fee rates assigned to projects on the PPL beginning in FY2025? The FY2025 CWSRF and DWSRF IUPs newly include a stated range for fee from 1.85% to 2.65% and a column in the PPL that describes the applicable rate for each project. The additional information in the Program Income section asserts that this annual fee varies based on the outstanding loan principal and fiscal year. However, in the FY2025 CWSRF IUP, there are different fee rates offered to projects starting this fiscal year (excluding supplemental projects). For example, Fort Payne's \$5 million request is offered 1.99% and Blountsville's \$1,750,000 request is offered 2.75%. What factors determine this differing interest rate for projects being awarded in the same fiscal year? This rationale should be included in future IUPs.

Response 5: The FY2025 IUP does have a stated range for various interest rates. Communities who submitted projects to the Department in different funding years were notified that the interest rate offered would reflect the year the preapplication was submitted to the Department. In addition, every system state-wide receives a USPS mailed card in November or December of each year notifying them of the rate. The rate is determined annually – generally during the month of October after consultation with the Department's 3<sup>rd</sup> party financial advisor. The advising firm ensures the SRF program is offering rates that are the most competitive in the state. This provides an enormous financial benefit for all eligible systems in the state while at the same time guaranteeing the revolving aspect of the dollars creating a healthy SRF Program.

Question/Recommendation/Comment 6: Clarification is needed on the composition of the overall total \$47,272,426 within the Lead Service Line SRF fund. The reallocated FY2024 DWSRF LSL IUP indicates that this total includes the new FY2025 lead capitalization grant plus \$15,874,426 in additional funds identified as "Direct Loan Repayments, Interest Earnings, and Unobligated Funds." Given that lead funding from the IIJA is required to be awarded entirely as additional subsidization, and that the Department charges no fees on 100% additional subsidization projects, can the Department confirm whether the full \$15,874,426 consists solely of unobligated funds from prior years of lead funding? If these unobligated funds represent previously awarded projects that failed to proceed with funding, what steps is the Department taking to better support communities in advancing lead service line projects once funding is awarded? Enhanced technical assistance, pre-application planning, or targeted outreach would help ensure timely obligation and implementation of these critical public health projects.

Response 6: The Lead Service Line (LSL) funding from the IIJA IUPs does have to be awarded with additional subsidization and the ARA is correct that the Department does not charge fees on 100% additional subsidization projects. The IIJA LSL funding requires exactly 49% additional subsidy and 51% as a revolving loan component. The amount of \$15,874,426 is funds from the FY2024 LSL IUP that were not allocated. This is due to the Department waiting for lead service line inventories from numerous communities that are eager to solve the lead problem in their drinking water system. The unobligated funds are a combination of projects whose scope of work did not confine to the requirement set by the EPA which require only the 'service lines' are eligible for funding and not the actual main distribution line. The Department realizes that this is a substantial amount of money and ensures that communities across the state will be able to reap the benefits of removing lead from their drinking water.

Question/Recommendation/Comment 7: Please provide an update on the new CWSRF set-aside program described in previous IUPs. The FY2024 CWSRF base IUP indicated that the newly-created 2% technical assistance set-aside would be utilized to support the development of a septic tank assistance program, presumably targeting underserved or low-income households. However, the FY2025 CWSRF IUP does not provide clarity on the status of this program or whether communities have ever been given a formal opportunity to request or access these funds. In the future, set-aside work plans should be attached to the IUP and describe this information.

Response 7: The Department is still working on developing a plan for the set-aside program. The set-aside program will continue to aid in funding water festivals and outreach programs to communities. These water festivals assist in making the communities aware of the funding opportunities. As of now the Department will not provide funding for individual septic tanks. The Alabama Department of Public Health (ADPH) administers the requirements and available funding used to support any septic tank program.

Question/Recommendation/Comment 8: Please include an explanation of the funding sources used to meet the 20% state match required for the base capitalization grants. For example, the FY2025 DWSRF base IUP includes in the introduction, "The 20% state match requirement for the projected grant is \$3,851,400 and will be fulfilled by a combination of an overmatch of State Match Bonds, State Appropriations, and the Fund Fee." Please clarify the specific amount that was appropriated by the Alabama legislature. We are working to raise awareness among Alabama legislators about the critical importance of water system funding and to educate other elected officials and local leaders across the state as well. Knowing the exact amount of state appropriations that were used allows us to more accurately inform officials about the state's current investment.

Response 8: SRF match was provided by the State Legislature through Act No. 2024-355 in the amount of \$3,000,000.

Question/Recommendation/Comment 9: Under what circumstances can Alabama communities and utility systems seek SRF funding under an emergency basis? Please provide examples of emergency needs that qualify for SRF, and how such requests are considered by the Department. We have heard anecdotes from community systems that expensive, unanticipated repairs cripple a system's ability to provide services and stifle progress on other projects/upgrades. Each IUP includes language describing the SRF's right to fund emergency projects. However, there has been little information available about how systems can request emergency funds and what urgent needs would be considered appropriate. This information would be particularly helpful as we continue outreach efforts, communicate with water systems, and educate stakeholders including elected officials and other local leaders.

Response 9: The Department does reserve the right to fund emergency projects. If an emergency project was needed the project would have to be SRF eligible and allow the Department to quickly access the audits from the previous three years. The Department must follow the requirements set by each program and publish a Categorical Exclusion (CE) or Finding of No Significant Impact (FONSI) for public comment. If a community is impacted by a travesty to their water or wastewater system the only request needed for consideration of an emergency project is for the community to submit a

preapplication form and to contact the Department immediately and allow a member of the SRF staff to provide technical assistance. Examples of emergency projects would be categorized as a project that, without the immediate action of repair the water/wastewater system, would fail to provide service to its customers for a substantial amount of time. Please note, the Department is only able to service emergencies conditions if the appropriate amount of funds are available.

Question/Recommendation/Comment 10: Does the Department anticipate continuing to provide Alabama water systems with up-to-date funding information on the [alabamawaterprojects.com](http://alabamawaterprojects.com) website? This website and its linked funding lists have not been updated since June 5, 2024. We are very supportive of the Department's efforts to provide a publicly accessible resource for water system funding information and have noted widespread use by communities and stakeholders to determine the status of their funding request, which provides context for future funding requests.

Response 10: The Department is not maintaining the Alabama Water Projects website. That website was quickly created at the inception of ARPA to provide the public with information concerning all of the project requests. During that time, the Department was conducting a major overhaul to the ADEM website. The new ADEM website is now complete. All of the information previously found on the Alabama Water Projects website is now located on the ADEM SRF page and regularly updated. The URL for the ADEM SRF webpage is <https://adem.alabama.gov/water/state-revolving-fund-srf>.

Question/Recommendation/Comment 11: Please clarify what the Department means in the line on the FY2025 CWSRF base IUP Section III, B: Project Uses that says, "The current projected sources of funds exceed the projects listed on the Project Priority List..." Why is this the case? Does the Department mean to imply that there were not enough eligible or ready CWSRF projects to maximize the current year of clean water funding? If so, this surplus suggests the Department should be doing more to support a "pipeline" of Alabama clean water projects and foster project readiness for Alabama utilities. We know there is a significant backlog of wastewater infrastructure needs, and it is critical to understand the full range of these needs before the current funding availability ends. Our coalition has several recommendations for the Department on how to strengthen project readiness for clean water projects, which include establishing a clean water supervision forum, more frequent communication to waiting pre-applicants, and/or planning and pre-development grants. These efforts could be supported by increased set-aside activities. Our coalition welcomes the opportunity to discuss these suggestions further with the Department.

Responses 11: The full citation should be provided for complete transparency, "The current projected sources of funds exceed the projects listed on Project Priority List included in Attachment 1; however, the surplus funds are from ADEM's loan repayments and interest earnings from revolving funds and can be used for projects in future IUPs." The final portion of the citation left out in the comment is paramount and is intended to provide clarification. The "projected" sources of funds are currently not in-house or available for use in an infrastructure project. The sources are projections based on amortization table outlays from existing loans. It is not the Department's practice to agree to loan funds to a system based on projected future income. In the future, those funds will be used to support projects in future IUPs.

## **Section 2: Recommendations on IUP and SRF**

Recommendation A: We appreciate the expanded explanation of minimum and maximum amounts for additional subsidization on FY2025 DWSRF IUP and FY2025 CWSRF IUP, and the addition of Table 4 in the FY2025 CWSRF IUP. This is very helpful to understand exactly how much the Department is directing towards additional subsidization.

Response A: No response warranted. Thank you for the comment.

Recommendation B: Set aside funding: The Department should maximize allowable set-aside funds to support technical, managerial, and financial assistance for projects on the PPL that encounter delays in progressing through the SRF process and to support other communities' efforts to submit strong proposals.

Response B: The Department does provide technical assistance to any project that receives funding through the SRF programs or is in the process of applying for funds. As stated in last year's FY2024 IUP Comment Response letter "The SRF is continually attending conferences, workshops, and coordinating with multiple stakeholders. ADEM works closely with communities and organizations such as Rural Water, Rivers Alliance, ADEM operator certification and compliance staff, WFX, universities, etc. The SRF participates in regional workshops annually with Rural Water. These are held at least four times a year in different areas throughout the state and attended by water and wastewater utilities throughout each region. The SRF also implements two workshops each year for interested applicants. The Department has demonstrated a transparent interest in an open dialog with communities and stakeholders throughout the state."

Recommendation C: Expanding on Item 4 in Section 1 above, adjustments should be made to the FY2025 and future Project Priority Lists (PPLs) to emphasize transparency and proper use of federal funds.

Response C: Please see Section 1, Response 4 above.

Recommendation D: We repeat recommendations from our previous IUP comment letters that the Department should re-evaluate the criteria used to offer additional subsidization (i.e., CWSRF's affordability criteria and DWSRF's disadvantaged criteria) to determine if these definitions and criteria sufficiently promote efficient, equitable access to SRF resources for all systems.

Response D: Numerous communities have benefited from the SRF staff's assistance. The Department has awarded a substantial amount of funding with numerous projects already completed. The Department will continue ranking the projects and funding those communities with the most critical need.

Recommendation E: Green infrastructure projects: We continue to encourage the Department to do more to support “green infrastructure” water projects that seek to use environmentally and economically sustainable practices, such as water and energy efficiency, nature-based solutions, and climate-resilient infrastructure.

Response E: The Department always encourages communities to submit green infrastructure projects, but rarely receives project proposals for green infrastructure. The Department recommends that the Alabama Rivers Alliance encourage the systems as well.

Recommendation F: Planning & development assistance: We also continue to encourage the Department to offer planning and application development grants or loans for communities and utilities that face challenges completing the required pre-application materials and securing affordable project services. By relying on projects to be waiting and “shovel ready” once the Department drafts IUPs, systems lacking project experience or readiness are never funded and in the case of failing systems, remain out of compliance indefinitely. Planning and development grants can help address this gap by both maintaining a pipeline of projects ready to proceed and equipping communities and utilities to proceed with funding once it is available.

Response F: The Department is very willing to assist all communities looking for funding by providing technical assistance. Systems that lack project experience are encouraged to reach out to the Department for more information.