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

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DWSRF BIL Emerging Contaminants Intended Use Plan

Fiscal Year 2023

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I. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 authorized a Drinking Water State Revolving Fund (DWSRF) for the purpose of assisting public water systems to finance the cost of potable water infrastructure. The U.S. Environmental Protection Agency (EPA) is authorized to award capitalization grants to the States, which in turn administer the DWSRF program. The Bipartisan Infrastructure Law (BIL) was implemented on November 15, 2021. The BIL provides an additional supplemental appropriation to address exposure to perfluoroalkyl and polyfluoroalkyl substances (PFAS) and other emerging contaminants through their drinking water. Given the clear Congressional intent that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (hereinafter PFAS), EPA expects states to actively solicit and prioritize PFAS focused projects. States, however, have the flexibility to fund projects for any contaminant in any of EPA Contaminant Candidate Lists.

The Intended Use Plan (IUP) describes how the State intends to use available BIL-DWSRF Emergning Contaminants (BIL-DWSRF-EC) funds for the year to meet the objectives of the SDWA and BIL and further the goal of protecting public health.

The State of Alabama is applying for $13,601,000 ($13,490,000 in fiscal year 2023 EPA grant funding and $111,000 from fiscal year 2022 reallocation funding) that will be used to provide financial assistance in the form of 100% principal forgiveness loans from the DWSRF program. The BIL-DWSRF-EC capitalization grant does not require a match; therefore, no match funds will be appropriated from the State for this program. At least 25% ($3,400,250) of the DWSRF BIL EC Capitalization Grant will be subsidization to the state-defined disadvantaged communities OR communities serving a population of 25,000 or less. The projects listed in the project priority table (in Attachment 1) show that all funds or 100% of the available funds will be utilized to benefit small or disadvantaged communities of three (3) communities by tacking their existing PFAS concerns and connecting them to West-Morgan/East Lawrence Water Authority who has installed extensive reverse osmosis (RO) technology for PFAS treatment and removal. The loan agreement recipient (Loanee) will be West-Morgan/East-Lawrence Water Authority to provide new connections to three (3) communities who are all small AND disadvantaged systems maximizing the health benefit to those who are small and underserved in the most cost-effective alternative.

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

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

II. Program Goals

A. Short-term goals (Outputs)

1. To provide financial assistance for BIL DWSRF Emerging Contaminant eligible activities for public water supply facilities on the DWSRF Priority List. Projects which are eligible for traditional DWSRF funding and are addressing emerging contaminants will be eligible for the BIL Emerging Contaminant Funding.

2. To support American workers, renew the water workforce, and cultivate domestic manufacturing by ensuring compliance with the Davis-Bacon Act and American Iron and Steel (AIS) and Build America Buy America (BABA) requirements. (Deliverable)

3. To Address Polyfluoroalkyl Substances (PFAS) and other emerging contaminants in Drinking Water through the DWSRF-BIL-EC funding. (Deliverable)

4. To protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

B. Long term goals (Outcomes)

1. To maintain the DWSRF program and the long-term fiscal integrity of the fund.

2. To provide a self-perpetuating source of financial assistance for the construction of public water treatment and distribution facilities needed to meet the public health goals of the Safe Drinking Water Act.

3. To fund projects which will have a positive impact on public health and ensure compliance with the Safe Drinking Water Act.

4. To assist systems in ensuring affordable water supply.

5. To ensure safe drinking water and reliable water infrastructure by providing funding for projects that ensure compliance with drinking water national primary drinking water rules or return systems to compliance.

6. To protect and restore waterbodies and watersheds by addressing sources of water pollution and ensure water quality standards are protective of the health and needs of all people and ecosystems.

The Department shall comply with all of the requirements of the Operating Agreement made with EPA dated August 8, 1998, including the assurances contained therein. The Operating Agreement is incorporated by reference.

The Department is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.

C. Program Changes

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

III. Sources and Uses of Funds:

The estimated sources and uses of funds in the FY 2023 DWSRF-BIL-EC program are as follows:

Projected Sources:

2022 EPA DWSRF BIL EC Reallocation:	$111,000
2023 EPA DWSRF BIL EC Cap Grant:	$13,490,000
DWSRF State Match:	$0
Interest Earnings, Repayments, and Unobligated Funds	$0
Total:	$13,601,000

Projected Uses:

Project Assistance FY23 Cap Grant (DA):	$13,490,000
Project Assistance FY22 Reallocation (DA):	$111,000
10% State Program Management:	$0
15% Local Assistance:	$0
Administrative Cost (4%):	$0
Total:	$13,601,000

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2023.

B. Transfer of Funds

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

C. Eligible Projects to be Funded

For a project or activity to be eligible for funding under this appropriation, it must otherwise be DWSRF eligible and the primary purpose must be to address emerging contaminants found on the EPA Contaminant Candidate Lists (CCL) to meet the congressional intention of the BIL EC Capitalization Grant, in drinking water. These projects include, but are not limited to, the planning, design, and construction of improvements to eliminate emerging contaminants such as:

- Rehabilitate or develop water sources to replace contaminated sources;
- Install or upgrade treatment facilities if the project would improve the quality of drinking water to comply with primary or secondary standards;

- Consolidate water supplies when customers have an inadequate quantity of water, the water supply is contaminated, or the system is unable to maintain compliance for financial or managerial reasons; and
- Other projects meeting the priority objectives of the program.

D. Financial terms of loans

The Fund will offer loans for up to 100 percent of allowable project costs for projects addressing emerging contaminants in drinking water. Such loans must be made such that the total amount of funding is provided with 100 percent principal forgiveness.

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

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

IV. Project Selection and Method for Distribution of Funds

A. Priority List

In order to be considered for DWSRF-BIL-EC assistance, the project must be addressing emerging contaminants found on EPA's CCL in drinking water, must be on or added to the Priority List, and have a proposed project schedule that coincides with the availability of DWSRF-BIL-EC funds. The DWSRF-BIL-EC priority list was developed by identifying the priority point rating for each proposed project. By prioritizing ECs on the EPA CCL to meet the congressional intention of the BIL EC Capitalization Grant, any regulated contaminant will be ineligible for this funding. Additionally, ranking of potential projects was based on the detected concentration of an EC listed on EPA CCL. The funding of such projects is also subject to the availability of funds.

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

All projects funded from the DWSRF BIL EC allocation are considered equivalency projects and will meet applicable requirements for equivalency.

B. Additional Subsidization:

The 2023 BIL-DWSRF-EC Capitalization Grant includes a requirement for a minimum of $13,601,000 (100%) be provided as assistance with additional subsidy. The Department will meet these requirements by offering selected borrowers additional subsidization in the form of principal forgiveness. The Department expects to allocate principal forgiveness to projects in communities determined to be disadvantaged and/or for those communities implementing projects that have the largest reduction in emerging contaminants. Communities are assessed as disadvantaged based on calculation of the disadvantaged rank and eligibility of the project. The ranking takes into consideration the following factors:

- Size of the Community

- Financial Capability
- Current Rates for Drinking Water (Annual average water bill and Median Household Income)
- The Project is Addressing a Disadvantaged Area as Determined by the Justice 40 Map.

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

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

Table 1

A community is defined as disadvantaged if the sum of the criteria for population, coverage ratio, and Justice 40 map coverage results in a total value greater than 1 point or the ratio of water bill to median household income is greater than 1. A community can be defined as disadvantaged based on an individual category (i.e., financially disadvantaged, small, etc.); however, the disadvantaged rank will be determined based on the sum of the categories above, when possible.

Each individual category is briefly described below:

• <10,000 population – this is considered a “small” community. Since maintenance and cost of water system improvements is generally based on economy of scale (i.e., higher tax base results in higher tax revenue), a small community would be considered disadvantaged when compared to larger communities.

• <1.1x coverage ratio – A coverage ratio is defined as a borrower’s revenue divided by debt. This metric is meant to capture financial affordability. If a coverage ratio is 1.1x, a community would make 10% more in revenue than they expend in debt. The Department analyzes rate structures and frequency of rate increases to determine if the coverage ratio can be modified. A borrower cannot “afford” a loan if the coverage ratio is less than 1.1x.

• Justice 40 Map – the Department utilizes the data and census information provided by the White House’s Justice 40 Map. If a project’s area is within a disadvantaged area as defined by the map criteria, the community is considered disadvantaged.

• Ratio of Water Bill/MHHI – Along with coverage ratio, this metric determines a community’s ability to increase revenue through rate increases. If a coverage ratio is 1.00 then the rates are appropriate for the median household income of the area. If the rates are higher than one (1) then the applicant may have the ability to increase rates without burdening the service area population. If the ratio is less than one (1), then the population provided water by the project pays more for water than expected based on median household income.

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

C. Prevailing Wages

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

D. Build America, Buy America (BABA)

The Department will implement the Build America Buy America Act (BABA) as stated in 41 USC 8301 for projects funded through DWSRF BIL Emerging Contaminants.

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

E. 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 DWSRF 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.

F. Unanticipated and Uncommitted Funds

E. Distribution of Funds to Set-Aside Accounts

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

F. Selection of Systems to Receive Assistance

Both federal and state law require that a project priority ranking system be developed to determine the priority order of projects to be funded through the DWSRF program. To the maximum extent possible, the DWSRF gives priority for the use of funds to projects that address the most serious risk to human health and are necessary to ensure compliance with the Safe Drinking Water Act. As called for by section 1452(b) of the SDWA, the priority ranking system is designed so that the greatest priority is given to projects that:

1. Address the detection of an EC listed on EPA CCLs.

2. Address the most serious risks to human health and provide the highest nature of benefit

3. Benefit the most people per dollar expended

4. Assist systems most in need on a per household affordability basis as required by the Safe Drinking Water Act

5. Use consolidation with other systems to correct existing deficiencies and improve management.

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

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

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

G. Project Bypass/Reallotment:

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

1. Any project on the DWSRF Priority List may be bypassed if the applicant fails to submit a complete DWSRF application.

2. The Department may use individual project schedules developed by the Department to determine whether or not the project is making satisfactory progress during the fiscal year.

3. In order to comply with EPA certification restrictions related to equivalency requirements, it may be necessary to bypass projects which have not complied with Title II requirements and other federal authorities.

4. Any project on the DWSRF Priority List may be bypassed if the applicant fails to demonstrate the ability to repay the loan.

5. To maintain the fiscal integrity of a leveraged loan program or provide funds for new construction, the Department may choose to bypass projects which involve refinancing of existing debt.

6. Projects may be removed from the priority list at the request of the applicant or if the Department finds that the project is ineligible for DWSRF assistance.

7. Any changes to projects or allocations within the IUP will be provided for public comment and review at that time. No major changes in projects, scope, or allocations will be made without first soliciting the IUP for public comment for a period of at least 30 days.

V. Set-Aside Activities

A. Administrative Set-Aside

BIL and SRF Guidelines allow states to set aside up to a maximum of 4% of the grant for SRF administrative costs. The Department is reserving the authority to take the 4% administrative set-aside for future capitalization grants.

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 drinking water treatment facility projects in this IUP are on the DWSRF Priority List.

3. The Department certifies that financial assistance through the BIL DWSRF Emerging Contaminant Funding will include additional subsidization in the form of principal forgiveness for not less than the required minimum of 100% of the total capitalization grant. The minimum amount of additional subsidization for the 2023 fiscal year is $13,601,000. At least 25% of the DWSRF BIL EC Capitalization Grant additional subsidization will be provided to the state-defined disadvantaged communities OR communities serving a population of 25,000 or less. (Deliverable)

4. The Department certifies that the program will be implemented in compliance with the Safe Drinking Water Act, BIL, Civil Rights Act, and all applicable Federal crosscutting requirements. (Deliverable)

5. The Department certifies that the inspection team will perform timely onsite inspections and monitoring to assure compliance with BIL BABA, Davis-Bacon wage rules, and American Iron and Steel requirements, and provide deliverables such as notes, checklists, and photos, outlining items in the inspection, staff in attendance and any deviations from the requirements that require addressing. (Deliverable)

6. The Department certifies that Alabama will ensure Clean and Safe Water for All Communities by funding projects that prioritize Safe Drinking Water and Reliable Water Infrastructure and Protect and Restore Waterbodies and Watersheds by addressing sources of water pollution and projects that ensure water quality standards are protective of the health and environment. (Deliverable)

7. The Department certifies that it will enter into binding commitments for 100% of each payment under the DWSRF capitalization grant within one (1) year after receipt of each payment.

8. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.

9. The Department certifies that all drinking water 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.

10. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.

11. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.

12. The Department certifies that it will complete a Benefits Assessment worksheet for each loan agreement executed in order to comply with EPA environmental results reporting requirements.

VII. Program Income

The Alabama Drinking Water Finance Authority, with ADEM as its agent, assesses a fee annually based on outstanding principal. These fees vary based on the fiscal year to which the loan agreement was secured. These fees are collected twice a year, when the recipient initiates repayment of the loan. Since the DWSRF-BIL-EC funds are required to be distributed with 100% additional subsidization, no fees are expected to be collected from these funds.

VIII: Estimated DWSRF Capitalization Grant Schedules/Timeline

A. Estimated Grant Draw Schedule

Fiscal Year	Month	Draw
2024	Jan	$1,133,425
2024	Feb	$1,133,425
2024	Mar	$1,133,425
2024	Apr	$1,133,425
2024	May	$1,133,425
2024	Jun	$1,133,425
2024	Jul	$1,133,425
2024	Aug	$1,133,425
2024	Sep	$1,133,425
2024	Oct	$1,133,425
2024	Nov	$1,133,425
2024	Dec	$1,133,425
Total		$13,601,000

B. Estimated Grant Disbursal Schedule

i. FY23 Cap Grant

Payment Quarter	Payment Date	Payment Amount
FY2024/Quarter 3	05/01/2024	$6,745,000
FY2024/Quarter 4	07/01/2024	$6,745,000

ii. FY22 Reallocation

Payment Quarter	Payment Date	Payment Amount
FY2024/Quarter 3	05/01/2024	$111,000

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:

2023 EPA DWSRF-BIL-EC Capitalization Grant

October 1, 2023 through September 30, 2029

IX. Public Participation

The IUP was provided for public notice and comment on June 21, 2024. Comments were received and the responses are attached. No significant changes were made to the IUP as a result of the comments; however, small changes were made to the formatting and location of items throughout the IUP. These changes were made for clarity and did not modify any information originally proposed in the draft.

X. Reporting

1. Annual reports are required for the DWSRF BIL EC Capitalization Grant. Each annual report is due on December 30th following each fiscal year period. The annual report for the 2023 DWSRF BIL EC funding will include the results from the period of October 1, 2023 through September 30, 2024 and will be submitted on or before December 30 2024.

2. The Department will submit information on projects into the DWSRF National Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP. 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	Justice 40 Map Coverage	Population	Financial Rank	DW Ratio	EC Level (PPT)	Disadvantged Rank	Priority Ranking Points	DW BIL-EC FY	DW BIL-EC Amount Granted	DW BIL-EC % of PF (min 100%)	Applied for Project Amount
FS010090-04	West Morgan-East Lawrence Water & Sewer Authority**	Removal of EC and Interconnection for West Lawrence, Hartselle, and Falkville	Decatur	Lawrence,Morgan	Yes	57,303	0	1.23	0.00	1.23	145	2023	$13,601,000	100%	$13,601,000
FS010090-04	Falkville, Town of*	Interconnection to WM/EL	Falkville	Morgan	Yes	1,347	1	0.92	9.00	2.92	145	2023	N/A	N/A	N/A
FS010090-04	Hartselle, City of*	Interconnection with WM/EL	Hartselle	Morgan		15,308	0	0.62	9.00	0.62	145	2023	N/A	N/A	N/A
FS010090-04	West Lawrence Water Authority*	Water System Improvements	Mount Hope	Lawrence		12,670	1	1.67	6.00	2.67	145	2023	N/A	N/A	N/A
Total	**4**														**$13,601,000**

*Note: WM/EL proposes to interconnect to the listed communities. Only WM/EL will receive funding.

**Note: Equivalency Project

Attachment 2: Project Descriptions

West-Morgan/East Lawrence Water Authority – EC Removal and Interconnection to West Lawrence, Hartselle, and Falkville Water Systems

The West-Morgan/East Lawrence Water Authority proposes to interconnect with the West Lawrence Water Authority and Hartselle Utilities water systems. West Lawrence currently purchases water from the City of Moulton. Hartselle currently purchases water from Decatur Utilities and provides water exclusively to the Town of Falkville. Both sources have been tested and revealed to have emerging contaminants within the drinking water. WM/EL operates a reverse osmosis system which eliminates emerging contaminants from drinking water. Interconnection to WM/EL would provide the communities with increased water quality and allow the systems to comply with the proposed MCL standard for PFOA and PFAS contaminants.

Form 370: Drinking Water State Revolving Fund Preapplication

Project Name	
Assistance Amount Requested	$
Date Submitted	

Submit Complete Preapplication to:	
Preferred method **By email:**	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	
Physical Address		Mailing Address	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

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

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

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

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

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

F. Sustainability Criteria (50 possible bonus points) *

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

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

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

H. Affordability Criteria (Maximum: 60 points)

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

I. Infrastructure Improvement Criteria*

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

Sum the points from each category below.

Part A: Enforcement and Compliance (50 points maximum)	0
Part B: Drinking Water Contaminants (150 points maximum)	0
Part C: Water/Energy Efficiency (45 points maximum)	0
Part D: Capacity and Pressure (100 points maximum)	0
Part E: System Consolidation (50 points maximum)	0
Part F: Sustainability (50 bonus points maximum)	0
Part G: Reporting (Maximum Reduction of 30)	0
Part H: Affordability (60 points maximum)	0
Part I: Infrastructure Improvement	0
TOTAL POINTS CLAIMED:	0

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

Attachments to be included with this form:

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

Preliminary Engineering Report Outline:

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

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

Signature of Authorized Representative	Print or Type Name
Title	Date

Alabama Rivers Alliance

Victoria Miller
Alabama Rivers Alliance
2014 6th Ave. S.
Birmingham, AL 35203

July 23, 2024

Brian Espy
SRF Section
Permits and Services Division
Alabama Department of Environmental Management
P.O. Box 301463
Montgomery, AL 36130

via electronic mail only: bespy@adem.alabama.gov; srf@adem.alabama.gov

RE: FY 2023 Draft CWSRF and DWSRF Emerging Contaminants IUPs

Mr. Espy,

On behalf of the eight undersigned organizations and individuals, Alabama Rivers Alliance ("ARA") submits the following comments concerning the FY 2023 draft Intended Use Plans ("IUPs") released by the Alabama Department of Environmental Management ("ADEM" or "the Department") for the Clean Water State Revolving Fund ("CWSRF") and the Drinking Water State Revolving Fund ("DWSRF") Bipartisan Infrastructure Law ("BIL") Emerging Contaminants ("EC") programs.

Alabama Rivers Alliance is a state-wide network of groups working to protect and restore all of Alabama's water resources through building partnerships, empowering citizens, and advocating for sound water policy. ARA has a long history of working with communities and in partnership with ADEM on drinking and wastewater infrastructure issues in Alabama. We have also worked on issues related to emerging contaminants throughout the state.

PFAS Contamination Requires a Systematic, State-wide Approach

The BIL included the first-ever federal investments into mitigating emerging contaminants like PFAS (per- and poly-fluorinated alkyl substances) from drinking

water and wastewater treatment.[1] We are glad to see ADEM make use of these funds to fund projects to remove PFAS in drinking water. We also understand the urgency of spending this time-constrained funding before it expires in 2026.

ARA appreciates all efforts to ensure Alabamians have clean, safe drinking water, free from PFAS and other contaminants. We also recognize that the $15,868,000 available in the EC IUP during fiscal year 2023 is not enough to bring all public drinking water systems into compliance prior to the 2029 deadline established by EPA's PFAS National Primary Drinking Water Regulation.[2] While we assume further EC IUP funds will be released in FY 2024, 2025 and 2026, we do not anticipate that those funds will be enough to fully address Alabama's PFAS contamination issues.[3]

As it stands, dozens of drinking water utilities in Alabama are failing to meet the National Primary Drinking Water Regulations ("NPDWR") that will come into force in 2029.[4] These systems are very diverse. These systems are not confined to any specific geographic area of the state, they are of varying sizes, and they serve communities with differing socio-economic characteristics. PFAS is a problem throughout the state of Alabama. Unfortunately, for the second consecutive year, the EC IUP only addresses concerns in two communities in North Alabama. Addressing PFAS contamination in Alabama requires a systematic approach.

Opportunities to Organize a Systematic State-wide response to PFAS

Fortunately, BIL EC funds contain the ability to set-aside funding for activities that can inform a more systematic approach to mitigating PFAS in

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[1] P.L. 117-58; 135 Stat. 1401

[2] 40 CFR § 141.900 *et seq.*

[3] E.g., Alex Brown, *States need to keep PFAS 'forever chemicals' out of the water. It won't be cheap.* Stateline, May 21 2024. Available at: https://stateline.org/2024/05/21/states-need-to-keep-pfas-forever-chemicals-out-of-the-water-it-wont-be-cheap (EPA Office of Water policy staff estimates the need at $1.5 billion dollars annually for the next 80 years. Simply dividing this need by 50 states yields a conservative estimate of $30 million per year to fully remediate PFAS in Alabamians' drinking water. ARA views this estimate as conservative because Alabama has higher levels of PFAS contamination in the environment than other states, *See* NB Khanal, L Elbakidze, *Peril in the Pipeline: Unraveling the threads of PFAS contamination in U.S. drinking water systems.* PLoS ONE (2024) available at: https://doi.org/10.1371/journal.pone.0299789)

[4] Environmental Protection Agency, UCMR 5 Occurrence Data (2024), available at: https://www.epa.gov/dwucmr/occurrence-data-unregulated-contaminant-monitoring-rule (Asbury Water System, Belforest Water System, Beulah Utilities District, Colbert County Rural Water System, Holtville Water System, Huntsville Utilities, Marbury Water System, South Marengo County Water & Fire Protection Authority, and the Thomasville Waterworks & Sewer Board all had positive test results for PFOA and PFOS, two of the PFAS regulated by 40 CFR § 141.900 *et seq.*; Belforest Water System, Bridgeport Utilities Board, East Alabama Water & Fire Protection District, Eclectic Water & Sewer Board, Wastewater & Sewer Board of the City of Hanceville, Jackson County Water Authority, LaFayette Water Works, Lanett Water Works, Scottsboro Water Works, and South Alabama Utilities Water System all had positive test results for other PFAS. This only includes UCMR-5 data and does not reflect other testing for PFAS throughout the state.)

drinking water. Set-aside funding may be used in order to develop statewide plans and prepare for forthcoming compliance issues that will arise once PFAS NPDWR takes full effect. This would also be an opportunity to leverage EC-specific funding beyond the deadline in the BIL. By establishing a framework to prioritize funding for utilities struggling to meet the NPDWR requirements, the time-constrained BIL funding can have an impact long past its expiration date in FY 2026.

A first step to achieve a comprehensive state-wide plan for addressing PFAS in Alabamians' drinking water would be outreach to communities and utilities impacted by PFAS contamination as indicated by UCMR-5 monitoring. Based on conversations ARA and our member groups have had with community members and leaders, communities with PFAS are not always aware of their eligibility for SRF funding. Likewise, they are often unaware of the availability of PFAS-specific funding through these EC IUPs. The rapidly shifting policy landscape around PFAS and emerging contaminants, as well as the rapid increase in federal funding is no doubt responsible for much of this confusion. ADEM has the opportunity to use set-asides to increase outreach and alleviate this lack of awareness among some Alabama utilities and communities.

Another step that would help systematize ADEM's approach to addressing PFAS and other emerging contaminants through IUPs would be adding points to SRF ranking criteria for utilities that show sampling results for regulated PFAS at or near regulated levels.

We also ask whether ADEM plans to use any of its CWSRF EC funding to support POTWs, specifically those with industrial indirect dischargers whose effluent contains PFAS. As with many other water quality issues, solutions to PFAS contamination in drinking water can often be found upstream. In the case of PFAS, CWSRF EC funds could be targeted to utilities with industrial indirect dischargers.

Conclusion

The time-constrained supplemental federal funds provided by the BIL will not be enough to provide all Alabamians with safe, clean, drinking water free from emerging contaminants like PFAS. Increased funding at the state and federal level is necessary. We commend ADEM's membership in the "Save the SRFs" Coalition at the federal level, and encourage ADEM to continue to pursue increased funding to provide clean water for Alabamians from Congress and the Alabama Legislature.

Alabama Rivers Alliance and the other signatories to this comment appreciate ADEM's past responses to PFAS, which have better positioned us to deal with these issues than many of our neighboring states, and look forward to working with the Department to address the monumental challenge of compliance with the PFAS NPDWR.

If you would like to discuss these comments further, please reach out to the Alabama Rivers Alliance at any time.

Sincerely,

Victoria Miller, Director of Advocacy Research

Alabama Rivers Alliance

Black Warrior Riverkeeper

Blackbelt Women Rising

Cahaba River Society

Cahaba Riverkeeper

Kathleen Kirkpatrick, Environmental Engineer

Lynn Phillips, Environmental Engineer

Southern Environmental Law Center

Voters Legal Justice Watch Group

CC: Johnnie Purify

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September 12, 2024

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

Re: FY 2023 Draft CWSRF and DWSRF Emerging Contaminants IUPs Comments

Comment: The BIL included the first-ever federal investments into mitigating emerging contaminants like PFAS (per- and poly-fluorinated alkyl substances) from drinking water and wastewater treatment.[1] We are glad to see ADEM make use of these funds to fund projects to remove PFAS in drinking water. We also understand the urgency of spending this time-constrained funding before it expires in 2026. ARA appreciates all efforts to ensure Alabamians have clean, safe drinking water, free from PFAS and other contaminants. We also recognize that the $15,868,000 available in the EC IUP during fiscal year 2023 is not enough to bring all public drinking water systems into compliance prior to the 2029 deadline established by EPA's PFAS National Primary Drinking Water Regulation.[2] While we assume further EC IUP funds will be released in FY 2024, 2025 and 2026, we do not anticipate that those funds will be enough to fully address Alabama's PFAS contamination issues.[3]

As it stands, dozens of drinking water utilities in Alabama are failing to meet the National Primary Drinking Water Regulations ("NPDWR") that will come into force in 2029.[4] These systems are very diverse. These systems are not confined to any specific geographic area of the state, they are of varying sizes, and they serve communities with differing socio-economic characteristics. PFAS is a problem throughout the state of Alabama. Unfortunately, for the second consecutive year, the EC IUP only addresses concerns in two communities in North Alabama. Addressing PFAS contamination in Alabama requires a systematic approach.

The SRF works closely with the Drinking Water and Municipal compliance and permitting branches to ensure the funds are targeted to communities with the greatest need. The State of Alabama has completed multiple rounds of testing for per-and polyfluoroalkyl substances (PFAS) compounds in finished water[1]. Additionally, the SRF staff have met with multiple communities in an effort to form a "regional" approach to discuss possible solutions. A viable solution is to promote the consolidation and/or purchase of water from communities who have previously remediated emerging contaminants from their drinking water or do not have emerging contaminants present in their drinking water.

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The projects which were funded in previous years took this regional approach and ensured that smaller communities benefited from a large community's remediation efforts. This also ensures the funds are maximized - multiple remedial systems are not constructed in the same area; therefore, this approach increases the benefit and reduces the cost of treating for emerging contaminants. This approach results in projects that will have a positive impact for multiple small communities throughout the area in the future.

The Emerging Contaminant funds from the Bipartisan Infrastructure Legislation (BIL-EC) are only allocated through fiscal year 2026; however, since PFAS[2] have been regulated through the National Primary Drinking Water Regulations, projects addressing those regulated contaminants would be eligible through traditional SRF funding going forward. Funding is also available to communities through other methods such as legal action and the SRF is determined to use our resources where funding is not available through other means.

Comment: Fortunately, BIL EC funds contain the ability to set-aside funding for activities that can inform a more systematic approach to mitigating PFAS in drinking water. Set-aside funding may be used in order to develop statewide plans and prepare for forthcoming compliance issues that will arise once PFAS NPDWR takes full effect. This would also be an opportunity to leverage EC-specific funding beyond the deadline in the BIL. By establishing a framework to prioritize funding for utilities struggling to meet the NPDWR requirements, the time-constrained BIL funding can have an impact long past its expiration date in FY 2026. A first step to achieve a comprehensive state-wide plan for addressing PFAS in Alabamians' drinking water would be outreach to communities and utilities impacted by PFAS contamination as indicated by UCMR-5 monitoring.

Based on conversations ARA and our member groups have had with community members and leaders, communities with PFAS are not always aware of their eligibility for SRF funding. Likewise, they are often unaware of the availability of PFAS-specific funding through these EC IUPs. The rapidly shifting policy landscape around PFAS and emerging contaminants, as well as the rapid increase in federal funding is no doubt responsible for much of this confusion. ADEM has the opportunity to use set-asides to increase outreach and alleviate this lack of awareness among some Alabama utilities and communities. Another step that would help systematize ADEM's approach to addressing PFAS and other emerging contaminants through IUPs would be adding points to SRF ranking criteria for utilities that show sampling results for regulated PFAS at or near regulated levels. We also ask whether ADEM plans to use any of its CWSRF EC funding to support POTWs, specifically those with industrial indirect dischargers whose effluent contains PFAS. As with many other water quality issues, solutions to PFAS contamination in drinking water can often be found upstream. In the case of PFAS, CWSRF EC funds could be targeted to utilities with industrial indirect dischargers.

As noted in a previous comment, the funds available for emerging contaminants are limited. Since sampling was previously required, the Department has a comprehensive list of systems which are impacted by emerging contaminants. The SRF has attempted to and/or communicated with all 587 water systems throughout the state. This effort will continue as long as funding is available. The SRF does plan to utilize set-aside funding in future fiscal years for technical assistance and guidance for

smaller communities. The request for proposal should be out within the first quarter of 2025 for the small systems technical assistance set-aside. In addition, the Alabama Rivers Alliance (ARA)_ is welcome to assist with this technical assistance. ARA's support will save the SRF funds and will allow additional funds to be placed into projects. Please contact the Department if ARA wishes to support these efforts with your expertise.

The SRF and enforcement branches (Drinking Water and Municipal) have solicited each permitted entity and each entity which has shown to have emerging contaminants in their drinking water through sampling. Furthermore, the SRF solicits to each city, municipality, county, and water system annually to ensure that communities are aware of SRF funding. As mentioned above, in addition to conference attendance, the SRF has also been meeting with regional representatives from drinking water/wastewater systems to discuss possible solutions using the funds available through the program.

The SRF is open to all funding options for the clean water emerging contaminant funding (CWBIL-EC). The program has been marketed to traditional SRF eligible borrowers as well as entities such as landfills and disposal entities for destruction purposes. No applications for such a project have been submitted to date.

Sincerely,

Russell Kelly, Chief
Permits and Services Division
ADEM

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

1: ADEM required all sources of finished water to sample in 2020 and/or 2022. The results are published on the ADEM website.
2: EPA established National Primary Drinking Water Regulation for six PFAS – PFOA, PFOS, PFHxS, PFNA, "GenX", and mixtures containing two or more of PFHxS, PFNA, HFPO-DA, and PFBS. 40 CFR Parts 141 and 142