



Alabama



Drinking Water State Revolving Fund

Fiscal Year 2025 Annual Report

As of September 30, 2025

Table of Contents

I. INTRODUCTION:	1
II. EXECUTIVE SUMMARY:	1
III. GOALS AND ACCOMPLISHMENTS:	2
A. SHORT TERM GOALS AND ACCOMPLISHMENTS (OUTCOMES)	2
B. LONG TERM GOALS AND ACCOMPLISHMENTS (OUTPUTS)	3
IV. DETAILS OF ACCOMPLISHMENTS	5
A. FUND FINANCIAL STATUS	5
1. <i>Binding Commitments</i>	5
2. <i>Sources of Funds</i>	5
3. <i>Principal Forgiveness Allocation</i>	5
4. <i>Disbursements and Guarantees</i>	6
5. <i>Financial Statements</i>	7
B. ASSISTANCE ACTIVITY	7
C. PROVISIONS OF THE OPERATING AGREEMENT AND GRANT CONDITIONS	7
V. PROGRAM CHANGES:	9
A. COMPARISON WITH THE INTENDED USE PLAN	9
B. MODIFICATION OF GOALS AND OBJECTIVES	9
C. TRANSFER FROM CWSRF TO DWSRF	9
VI. PROPOSED IMPROVEMENTS	10
A. MODIFICATION OF THE PROGRAM	10
B. PER RECOMMENDATIONS	10
C. UPDATE ON BINDING COMMITMENTS	12

EXHIBIT 1:	BINDING COMMITMENTS
EXHIBIT 2:	DWSRF ASSISTANCE TO SMALL SYSTEMS
EXHIBIT 3:	FEDERAL CASH DRAWS
EXHIBIT 4:	LONG TERM CASH FLOW PROJECTIONS
EXHIBIT 5:	INTENDED USE PLANS
EXHIBIT 6:	WATER FESTIVAL APPLICATION FORM
EXHIBIT 7:	FINANCIAL STATEMENTS

I. INTRODUCTION:

The State of Alabama herewith submits the fiscal year 2025 annual report covering the period of October 1, 2024, through September 30, 2025, for the following funding programs:

- Drinking Water State Revolving Fund (DWSRF)
- Drinking Water State Revolving Fund Bipartisan Infrastructure Legislation General Supplemental Appropriation (DWSRF-BIL)
- Drinking Water State Revolving Fund Bipartisan Infrastructure Legislation Lead Service Line Replacement (DWSRF-BIL-LSL)
- Drinking Water State Revolving Fund Bipartisan Infrastructure Legislation Emerging Contaminants (DWSRF-BIL-EC)

This report describes how the State of Alabama has met the goals and objectives of the Drinking Water State Revolving Fund and Bipartisan Infrastructure Legislation (BIL) loan programs as identified in the Intended Use Plans (IUP). The Intended Use Plans (IUP) for each program are included in this report by reference and attached in Exhibit 4 and Exhibit 5.

II. EXECUTIVE SUMMARY:

The Alabama DWSRF received funding from the DWSRF capitalization grant, supplemental appropriations from BIL, and re-allocations from other State DWSRF programs during the period. For fiscal year 2024, Alabama received the allocations listed in Table 1 below. The Department applied for the fiscal year 2025 funding during the period; however, has only been awarded the DWSRF “base” allocation. All other fiscal year 2025 funding is expected to be received during the second year of the appropriation; therefore, fiscal year 2025 allocations and IUPs for DWSRF BIL General Supplemental, Lead Service Line, and Emerging Contaminants will not be referenced in this annual report.

Table 1: Fiscal Year 2024 Allocations

Fund	Allocation
DWSRF-BIL-LSL*	\$31,398,000
DWSRF-BIL-EC	\$13,905,000
DWSRF-BIL	\$40,585,000
DWSRF	\$8,329,000
Grand Total	\$94,217,000

During the reporting period, binding commitments were executed for each program as described in Table 2.

Table 2: Binding Commitments

Fund	Binding Commitments	Funding Amount
DWSRF	14	\$58,190,000

DWBIL LSL	3	\$378,911
DWBIL EC	1	\$16,286,000
DWBIL	3	\$3,457,645
Grand Total	21	\$78,312,556

These binding commitments are enumerated in Exhibit 1.

The state match requirement of \$9,782,800 (\$1,665,800 and \$8,117,000) will be satisfied by carryover funds by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority and an appropriation from the State Legislature. The Authority will issue new state match bonds to satisfy future match requirements as needed.

III. GOALS AND ACCOMPLISHMENTS:

A. Short Term Goals and Accomplishments (Outcomes)

The FY 2024 DWSRF Intended Use Plan describes the short-term goals of the program. The goals included:

1. To provide financial assistance for the construction of public water supply facilities on the DWSRF Priority List.

Alabama provides municipalities with DWSRF loans with an interest rate approximately 1.0%-1.5% less than the most advantageous rates commonly available to local governments: 1.99-2.50% for FY 2024 borrowers. The FY2024 and FY2025 IUPs for Base and IIJA GS, which do not yet include the FY2025 IIJA GS IUP, funds eighty-two (82) loans totaling \$248,674,549. Funding will be provided by the FY2024/FY2025 EPA DWSRF capitalization grant, DWSRF BIL allocation, and previous uncommitted EPA grant funds, interest earnings and direct loan repayments.

2. To provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of 26% (\$2,324,140) and not more than 49% \$(3,128,650) to disadvantaged communities for the construction of eligible DWSRF projects including water treatment plants, distribution system improvements, and storage.

The Department met this goal by offering principal forgiveness exclusively to projects in communities determined to be disadvantaged. Communities that have the highest disadvantaged ranking based on population (small communities less than 10,000), assessment of financial records, ratio of annual average water bill to median household income, and utilization of the Justice 40 map as described in Section IV.B. of the FY2024/FY2025 IUPs will receive up to 100% of project costs in principal forgiveness. The Additional Subsidization allocations are detailed in Table 3 in this report.

3. To implement the State's DWSRF in compliance with the Safe Drinking Water Act, Bipartisan Infrastructure Legislation (BIL), Civil Rights Act, and to ensure conformance with Federal crosscutting requirements. (Deliverable)

All projects are reviewed to ensure compliance with the Safe Drinking Water Act, Bipartisan Infrastructure Legislation, Civil Rights Act, and conformance with federal

crosscutting issues. Comments regarding the environmental impact of proposed projects are solicited via a Finding of No Significant Impact (FNSI) or Categorical Exclusion (CE). Those entities solicited for comments include, but are not limited to, the EPA, the Corps of Engineers, the Fish and Wildlife Service of the U.S. Interior Department, the State Department of Public Health, the State Department of Conservation and Natural Resources, the Alabama Department of Economic and Community Affairs and the State Historical Commission.

4. 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)

The Department implemented the requirements of Build America Buy America (BABA) in fiscal year 2022. The Department requires all projects regardless of equivalency designation to meet the AIS and BABA requirements.

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

The method used in drafting the project priority list and the state review of planning documents submitted with DWSRF loan applications and pre-applications promote the protection of public health and the environment with the funding of cost-effective systems.

6. To provide funding for the State of Alabama Public Water System Supervision (PWSS) program using the 10% State Program Management set-aside.

The Department has met this goal by reserving \$600,000 of the 10% State Program Management set-aside to the state's PWSS program. This funding is to be used for administration of the program.

7. To provide assistance to communities for educational events promoting objectives consistent with the Safe Drinking Water Act through the 15% Local Assistance and Other State Programs Activities set-aside.

The Department is in the process of fully meeting this goal. \$80,000 (\$20,000 in 2023 and \$60,000 in 2024) has been allocated from the 15% Local Assistance and Other State Programs Activities set-aside for the 2023 and 2024 fiscal year. No additional allocations have been requested at this time for FY2025. The Department received sixteen (16) applications from communities during FY2025 and funded twelve (12) of those educational events during FY2025. A copy of the 2025-2026 Festival Grant Application can be seen in Exhibit 6.

B. Long Term Goals and Accomplishments (Outputs)

In its Intended Use Plan for FY 2024, the State of Alabama described long-term goals for the DWSRF program.

These long-term goals included:

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

2. To provide a self-perpetuating source of low interest loans 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.

During the reporting period, Alabama has made progress in implementing the long-term goals of the DWSRF Loan Program as follows:

In its administration of the DWSRF program, the State of Alabama has considered the long-term fiscal health of the DWSRF. No State Match funds have been appropriated (cash match) for the DWSRF program since its inception. The state match requirement will be satisfied by carryover funds by the issuance of revenue bonds by the Alabama Drinking Water Finance Authority. EPA staff reviews and approves application of this process to assure compliance with regulations. Demonstration of compliance with EPA regulations relative to the use of State Match Bonds is achieved by provision of calculations that show that the loan interest repayments are sufficient to amortize the principal and interest payments for the State Match Bonds.

The DWSRF working group includes, as integral members, persons who have extensive experience in the issuance of tax-free bonds, are knowledgeable of the cash flow requirements of such issues, have technical expertise related to the planning and design reviews required by the State and EPA prior to DWSRF funding and are capable of providing assistance in the disbursements of DWSRF funds to the loan recipients.

The Authority continues to set a loan interest rate approximately 1.0-1.5% less than the most advantageous rate commonly available to municipalities: 1.99-2.50% for the FY 2024 project list. The Department's experience with the program indicates that this is a sufficient incentive to seek DWSRF financing for eligible projects.

Alabama's DWSRF is designed to be a perpetual source of low-cost financial assistance for the construction of public water supply facilities needed to meet compliance standards and public health requirements. Once ultimate capitalization has been achieved, the program may utilize the direct loan repayments, undedicated interest from the bond debt service reserve funds and construction funds and assets of the Master State Revolving Account as the source funds to support bond issues and/or to fund direct loans. As of September 30, 2025, the Master State Revolving Fund (MSRF) had a balance of approximately \$457,672,956.06

The State is using its grant funds and bond proceeds in a manner that ensures the timely and expeditious use of DWSRF funds. The use of grant funds to make direct loans is emphasized. Using DWSRF assets in this manner decreases the issuance of debt (bonds) and provides for increased volumes of direct loan repayments that may be recycled into future loans.

Both the method used in drafting the project priority list and the state review of DWSRF loan applications promote protection of the public health and the environment by first providing financial assistance to projects that address the most critical needs.

The nature of the DWSRF program (subsidized interest rates) ensures that applicants are receiving a cost-effective method of financing. In addition, additional subsidization in the form of

principal forgiveness is offered to disadvantaged systems as allowed by the Safe Drinking Water Act.

IV. DETAILS OF ACCOMPLISHMENTS

A. Fund Financial Status

1. Binding Commitments

Loan agreements (binding commitments) with twenty (21) borrowers totaling \$78,312,556 were executed. These binding commitments are enumerated in Exhibit 1.

2. Sources of Funds

The sources of funds used to provide loans during FY 2024 were the EPA Capitalization Grant (DWSRF base and BIL), loan repayments and interest earnings.

Exhibit 1 provides a loan summary including the funding source and funding breakdown for loans executed during the year. Table 2 below shows the amount of repayments received during the reporting period and the fees collected. This administrative fee is used first to pay the trustee expenses associated with administering the DWSRF, build state match funds for future capitalization grants, and support SDWA permitting/enforcement activities. This fee is received by ADEM when semi-annual loan payments become due (February 15 and August 15). All fees collected as a result of open grants are held separately and used only for the administration of the DWSRF.

Fund Source	Repayments	Fees Collected
DWSRF	\$30,891,066.67	\$7,046,345.65
DWSRF - IJJA	\$1,049,658.67	\$318,295.43
DWSRF - IJJA - Lead	\$86,765.50	\$25,420.50
Total	\$32,027,490.84	\$7,390,061.58

3. Principal Forgiveness Allocation

The Department closed loans with the principal forgiveness allocations as shown in Table 3 below. Since multiple fiscal year allocations were executed during the period, rolling totals for each IUP fiscal year and the capitalization grant requirements are included in the Table.

Table 3: Principal Forgiveness Allocations

Fund + IUP FY	Principal Forgiveness Amount	PF Rolling Total	Cap Grant Requirements
DWBIL	\$23,115,324		\$57,109,010
2022	\$14,735,405	\$14,735,405	\$19,005,630
2023	\$6,779,919	\$21,515,324	\$18,216,730
2024	\$1,600,000	\$23,115,324	\$19,886,650
DWBIL EC	\$29,887,000		\$29,887,000
2022	\$16,286,000	\$16,286,000	\$16,286,000
2023	\$13,601,000	\$29,887,000	\$13,601,000

DWBIL LSL	\$18,939,965		\$61,981,570
2022	\$16,411,124	\$16,411,124	\$29,945,860
2023	\$1,320,354	\$17,731,478	\$16,650,690
2024	\$1,208,487	\$18,939,965	\$15,385,020
DWSRF	\$5,051,557		
2022	\$3,927,557	\$3,927,557	\$3,927,830
2023	\$0	\$3,927,557	\$2,267,240 - \$4,272,310
2024	\$1,124,000	\$5,051,557	\$2,156,700 - \$4,064,550

The remaining principal forgiveness amount for the fiscal year(s) will be allocated once the loans are closed or will be re-allocated to the next highest-ranking project as projects are withdrawn, as applicable.

4. Disbursements and Guarantees

DWSRF loan assistance totaling \$70,947,564.63 was disbursed to DWSRF loan recipients during the period.

The table below details ADEM's DWSRF costs for each set-aside that were obligated from the federal capitalization grants for fiscal year 2024.

Table 4: Set-aside obligations

Set-Aside	Amount Obligated
Administrative (4%)	\$2,190,733.04
Public Water System Supervision (PWSS) (10%)	\$3,582,677.18
Small Systems Assistance (15%)	\$14,855.53

The expenditures from each set aside are described in Table 5 below for each program as well as the unliquidated obligations for each set-aside.

Fund	Fiscal Year	Set Aside	Amount Expended	ULO Amount
DWSRF	2024	Administrative (4%)	1,597,434.43	232.50
	2025	Administrative (4%)	-	770,280.00
	2023	Public Water System Supervision (PWSS) (10%)	1,006,922.82	-
	2024	Public Water System Supervision (PWSS) (10%)	1,787,128.74	3,094,271.26
	2025	Public Water System Supervision (PWSS) (10%)	-	1,925,700.00

2022	Small Systems Assistance (15%)	8,865.16	-
2023	Small Systems Assistance (15%)	20,000.00	-
2024	Small Systems Assistance (15%)	10,190.81	49,809.19

5. Financial Statements

The most recent audit of Alabama's DWSRF (through FY 2024) revealed no material weaknesses in the program. A copy of this audit was submitted to EPA. The audit contract for FY 2025 is pending. EPA will receive a copy of the audit when it is available. Draft financial statements can be found in Exhibit 7.

B. Assistance Activity

Loan agreements (binding commitments) with twenty (20) borrowers totaling \$77,994,556 were executed during the fiscal year. These binding commitments are enumerated in Exhibit 1. These loans originated from EPA DWSRF Capitalization Grant funds, repayments, and interest earnings.

The interest rate associated with the loan agreements completed during FY2025 were a combination of 2.2% and 1.99%. The interest rates reflect the condition of the market for tax-exempt bonds and the relative credit quality of the borrowers at the time that the Authority Bonds were sold.

Exhibit 2 breaks down DWSRF assistance by population, as proof of the program meeting EPA requirement that 15% of all assistance be directed to small communities. Combined funding of \$57,600 with 100% principal forgiveness was provided during FY25 for small communities of less than 3,300 service population. Additionally, \$2,763,596 was provided for communities of less than 10,000 service population.

Included in Exhibit 4 are the long-term cash flow projections for the Alabama DWSRF. These cash flows incorporate the loans already made by the Authority and those projected to be offered and show how the DWSRF Master Fund revolves perpetually.

C. Provisions of the Operating Agreement and Grant Conditions

The State of Alabama agreed to several conditions in the DWSRF Operating Agreement and Grant Agreement. The following major conditions have been met as described in the operating and grant agreements:

- Biennial Report
- Binding Commitments
- Timely and Expeditious Use of Funds
- Annual Audit
- Annual Review
- National Reporting Needs
- Records and Data Management
- Attainment of MBE/WBE Goals
- Federal Crosscutting Authorities

- State Environmental Review Process
- Cash Draw Procedures

These conditions have been met as described in detail below:

1. Biennial Report: In lieu of a biennial report ADEM has elected to provide annual reports for each fiscal year.
2. Binding Commitments: The State has entered into 350 binding commitments totaling \$954,081,928 over the life of the program. The total amount of capitalization grants awarded for FY 1997 through FY 2025 is \$677,258,346. The Alabama DWSRF meets the "Binding Commitments" requirement.
3. Timely and Expeditious Use of Funds: DWSRF loan assistance totaling \$70,947,565 was disbursed to DWSRF loan recipients during the reporting period. The pace of expenditure of funds is expected to increase significantly as the State proceeds with implementation of the DWSRF program.

In order to ensure that the loan repayment stream necessary to meet the financial obligations of the Authority's Bonds is met, the Special Conditions Loan Agreement (the legal document which commits DWSRF funds to a project) explicitly specifies the date on which loan repayments are to commence, regardless of the status of construction completion.

1. Annual Audit: The most recent audit of Alabama's DWSRF (through FY 2024) revealed no weaknesses in the program. Draft copies of financial statements are available in Exhibit 7.
2. National Reporting Needs: The Department annually provides EPA with project-level data in its Priority List and the Intended Use Plan. Additionally, information is provided to EPA quarterly and as requested.
3. Records and Data Management: ADEM receives and reviews project documents from loan applicants. These documents, together with the Department's review memos, summary checklists and the loan agreement documentation, are included in the official project files maintained by the State. These files are made available to EPA and the public upon request. Computer databases are maintained for all projects and are backed up regularly by both DWSRF staff and the Department's local area network administrators.
4. The DWSRF capitalization grant specifies that the State require loan recipients to make a good faith effort to achieve 2.5% MBE and 3.0% WBE participation for construction contracts.

MBE contracts awarded during FY 2025 were approximately 20.42% while WBE participation was approximately 2.11%. The total DBE participation rate for the reporting period was approximately 22.53%. The Department continues to ensure that the loan applicants, contractors, and suppliers make and document a good faith effort to meet the goals.

The State of Alabama submits standard Form 5700-20A to EPA Region IV for their review on a quarterly basis to document efforts toward achieving MBE/WBE objectives.

1. **Federal Crosscutting Authorities:** The State of Alabama and all recipients of DWSRF funds have complied with applicable federal authorities (federal crosscutters). Recipients of DWSRF assistance agreed to do this in the loan application as well as the loan agreement between the recipient and the Authority. Projects are required to complete the State Environmental Review Process (SERP) in a manner consistent with cross-cutting requirements.
2. **State Environmental Review Process:** The Department conducts environmental reviews on all funded projects in accordance with the State Environmental Review Process (SERP). Categorical Exclusions (CEs) or Findings of No Significant Impact (FONSI) are issued for each project as applicable.
3. **Cash Draw Procedures:** The State has drawn cash from the Federal Capitalization Grants in a manner consistent with the Capitalization Grant Agreements and the DWSRF ACH Guidance.

The rate of cash draws from the Federal Capitalization Grants is based on the dollar-for-dollar draws of direct loan projects.

Consistent with EPA policy, draws from the federal grant for the direct loan projects are required to be proportional to the disbursement of state match funds to borrowers for eligible project costs. Accordingly, the proceeds of the State Match Bonds are the first funds disbursed to members of the Bond Pool. In this manner, the State manages its disbursements to borrowers to ensure that state funds are spent first; thereby meeting the proportionality requirement. The federal cash draws during the period are detailed in Exhibit 3.

V. Program Changes:

A. Comparison with the Intended Use Plan

No changes to the IUP have been proposed during the fiscal year. Any future changes and final loan amounts will be included in future annual reports.

B. Modification of Goals and Objectives

The basic goals and objectives of the Alabama DWSRF are not expected to vary from those stated previously. The State of Alabama also included funding allocations for the bipartisan infrastructure legislation (BIL) and published the proposed funding allocation in a separate IUP. The BIL will be addressed in future annual reports once loans have been committed and funding has been disbursed.

C. Transfer from CWSRF to DWSRF

As outlined in the FY 2023 and FY 2024 Intended Use Plan, the Department reserves the ability to transfer from the CWSRF to the DWSRF program. Due to immediate Cash Needs \$2,007,890.65 was transferred from CW to DW. The funds transferred were drawn reimbursement from a CW federal grant and were transferred to the DWDL account and recorded as such. See summary below for Fund and Transfer Date (via memo) and memos have been included in Exhibit 9

<u>Grant Number</u>	<u>Transfer Date</u>
FS98447224	6/23/2025
4L02D36824	11/24/2025
FS98447225	11/24/2025
CS01000124	7/25/2025
4C02D36724	11/24/2025
CS01000125	11/24/2025

VI. Proposed Improvements

A. Modification of the Program

No major modifications of the program have been proposed in fiscal year 2025.

B. PER Recommendations

1. EPA recommends that ADEM share their draft Operating Agreement, SERP, and SOPs within 90 days of the date of this report.

Following the FY2024 Annual Review, ADEM's SRF underwent and reorganization and change in leadership; however, as of the date of this report, ADEM has provided EPA with a draft SERP for review. The Operating Agreements and SOPs are currently under review and will be provided to EPA for review once complete to assist in their oversight of the program.

2. The EPA recommends ADEM concentrate on increasing the number of executed loan agreements to boost the pace of the DWSRF program and reduce uncommitted balances. During FY 2024, the DWSRF experienced a notable decline in pace, dropping from 109 percent in FY 2022 and 99 percent in FY 2023 to 88 percent in FY 2024, and a notable increase in uncommitted funds, increasing by \$116 million from FY 2023 to FY 2024. To address this issue, ADEM should consider all available funding sources when entering into binding commitments and strategically manage cash inflows and outflows when allocating funds for projects.

The number of binding commitments during FY2025 increased compared to FY2024. As previously indicated in the 2024 Annual Report, ADEM set expectations in fundability letters that borrowers should close and/or decline SRF funding within 3 months allowing ADEM time to reallocate that funding within the 120-day period. This expectation has continued; however, progress on improving the pace of loan closures continues to be hindered by the impacts of ARPA grants both on the workload of the SRF program and a reduced willingness for recipients to take on loans with reduced or no principal forgiveness. ADEM will continue to assess its process for project selection and loan closures to look for opportunities to decrease the number of recipients withdrawing from funding consideration, reduce or remove obstacles to funding that are not required, and improve the speed at which closure can be reached following a fundability decision. Overall, the largest impact was ARPA, which will be completed on December 31, 2026. ADEM's SRF Branch is actively managing 492 CW and DW ARPA projects ensuring all deadlines outlined by the US Treasury Department and the AL State Legislature are met. The SRF Branch is understaffed to address this short "tidal wave" of work.

The state has identified 3 times the project needs vs. funds available to support state system needs. The ADEM SRF Branch is committed to funding as many projects as the funds allow and meeting all deadlines set forth by the US EPA. ADEM requests patience and understanding during this unprecedented infrastructure funding and resulting increase in workload.

3. The EPA recommends that ADEM intensify efforts to ensure the timely and expeditious expenditure of all available SRF resources, aiming to improve the disbursement ratio and reduce the rate of undisbursed funds to three-year average. At the end of FY 2024, ADEM's DWSRF had an undisbursed funds balance of \$279 million, a significant increase from \$182 million in FY 2023. This rise in undisbursed funds led to higher cash balances on hand, causing the FY 2024 DWSRF rate of undisbursed funds to three-year average to escalate to 5.6 years, up from 3.2 years in FY 2023. The EPA encourages ADEM to target a goal of one to two years. To improve the disbursement ratio, ADEM should focus on executing binding commitments within one year of the award and ensuring that projects are ready to proceed.

ADEM continues to try to maximize the number of projects selected for each year's IUPs and increase the speed from selection to final agreements to ensure timely and expeditious expenditure of funds. Overall, the largest impact to ADEM's ability to improve these metrics was ARPA, which will be completed on December 31, 2026. ADEM's SRF Branch is actively managing 492 CW and DW ARPA projects ensuring all deadlines outlined by the US Treasury Department and the AL State Legislature are met. The SRF Branch is understaffed to address this short "tidal wave" of work. The state has identified 3 times the project needs vs. funds available to support state system needs. The ADEM SRF Branch is committed to funding as many projects as the funds allow and meeting all deadlines set forth by the US EPA. ADEM requests patience and understanding during this unprecedented infrastructure funding and resulting increase in workload.

4. EPA recommends ADEM update their Supplemental General Conditions (SGCs) to ensure that the assistance recipient and their subcontractors are following all the required Civil Rights Laws, including Title VI of Civil Rights Act, Rehabilitation Act, Age Discrimination Act, and Section 13 of the Federal Water Pollution Control Act. In addition, while only required for equivalency projects, include requirements for Section 306 of the Clean Air Act, Section 508 of the Clean Water Act, Uniform Relocation and Real Property Acquisition Policies Act, and the Prohibition on Certain Telecom and Video Surveillance Services in the SGCs. Lastly, ADEM should update the SGCs to reflect that there is no longer special IJA signage required.

As of the date of this report, ADEM SRF has not updated its SGCs to include the EPA recommendations. ADEM's SRF has undergone reorganization and changes in management in addition to the overwhelming increase in workload related to managing 492 ARPA projects as discussed in responses to previous questions. ADEM will assess the recommendations from the FY2024 Annual report and incorporate changes as necessary during FY2026. ADEM requests patience and understanding during this unprecedented infrastructure funding and resulting increase in workload.

5. EPA recommends that when ADEM enters executed assistance agreements into OWSRF, the Department indicate equivalency projects, add estimated project construction start and end dates, enter the bond lawyer fees under upfront fees while the interest rate is split into interest rate and fee rate, and assign additional subsidy to a specific capitalization grant. In addition, EPA will work with ADEM staff on revising past executed agreements on OWSRF to correct missing information.

ADEM is entering data into OWSRF as specified above and will continue to make revisions and improvements to their data entry process as necessary. ADEM is highly interested in any improvements to OWSRF, such as a data migration tool, to avoid errors introduced by manual data entry processes and reduce workload for data entry.

6. EPA recommends that ADEM update its inspection report to include the new signage template, review BABA compliance in addition to Davis Bacon and AIS, and add a corrective action section to document any potential follow up action(s) required by ADEM or the assistance recipient.

As of the date of this report, ADEM SRF has not updated its inspection report to include the EPA recommendations. As mentioned in prior responses, the SRF has undergone reorganization and changes to leadership, which delayed implementation of certain recommendations. The inspection report will be assessed and updated as necessary in FY2026.

C. Update on Binding Commitments

For FY2022 through FY2024 DWSRF funds, ADEM has been undertaking revisions to those IUPs replacing projects that will not be proceeding with those that have committed to utilize the funds to reduce the amount of uncommitted funds from previous fiscal years. For specific funds, such as IIJA EC ADEM has identified and received applications for potential projects and is working to push those forward as expeditiously as possible. For IIJA LSL funds, ADEM is actively working to close loans for FY2022 and FY2023 LSL funds early in FY2026 with FY2024 funds to follow shortly thereafter. As discussed previously in this report, the management of ARPA projects has played a major role in reducing the amount of loan closures and the timeliness of commitments. FY26 and the first quarter of FY27 will be an extremely busy year as ADEM ensures all ARPA funds are disbursed on wastewater, stormwater, and drinking water projects. As ARPA deadlines draw near, we expect more resources to become available and to see improvements in all metrics related to fund commitments.

Exhibit 1: Binding Commitments

SRF Project #	Applicant	City	Project Description	IUP Fiscal Year	Bind Date	Repayment Date	Project Amount	Finance Fee	Capital Interest	Principal Forgiveness Amount	Program	Population	Green Amount	Completion %	Amount Disbursed	Interest Rate
FS010367-01B*	Wolf Creek Water, Sewer & Fire Authority	Pell City	Wolf Creek WS&F Protection Authority Water Storage Tank & Water Main Extensions Project	2022	11/1/2024	8/15/2026	\$ 301,910.50	\$ 11,000.00	\$ 2,089.50	\$ -	DWBIL	1044	\$ -		\$ 300,000.00	1.99%
FS010090-04*	West Morgan-East Lawrence Water & Sewer Authority	Decatur	West Morgan East Lawrence Reverse Osmosis EC	2022	11/6/2024		\$ 16,280,500.00	\$ 5,500.00	\$ -	\$ 16,286,000.00	DWBIL EC	30000			\$ 495,509.15	1.99%
FS010177-02*	Centreville Water & Sewer Board	Centreville	Centreville Cast Iron Main/Lead Service Line Replacement	2022	3/1/2025		\$ 231,324.00	\$ 5,500.00	\$ -	\$ 236,824.00	DWBIL LSL	5985	\$ -		\$ 223,171.60	0.00%
FS010392-01	Old Line Water Authority	Jackson	Old Line Water Authority - New Water Supply Well	2023	2/1/2025		\$ 2,437,145.00	\$ 5,500.00	\$ -	\$ 2,442,645.00	DWBIL	5145			\$ 681,745.47	0.00%
FS010444-03*	City of Eutaw	Eutaw	Eutaw 2023 Lead Service Line Inventory	2023	2/1/2025		\$ 78,987.00	\$ 5,500.00	\$ -	\$ 84,487.00	DWBIL LSL	4764			\$ 74,101.65	1.99%
FS010241-04*	Town of Pine Hill	Pine Hill	Pine Hill (Town of) Lead Service Line Inventory	2023	2/21/2025		\$ 52,100.00	\$ 5,500.00	\$ -	\$ 57,600.00	DWBIL LSL	2361	\$ -		\$ 52,100.00	0.00%
FS010551-02	Town of Arley	Arley	Arley (Town of) - Rehab Storage Tanks and Update WTP Chattahoochee Valley Water Supply District Water Treatment Facility Improvements	2023	7/15/2025	2/15/2026	\$ 203,096.76	\$ 11,000.00	\$ 903.24	\$ -	DWSRF	8673	\$ -		\$ 200,000.00	1.99%
FS010132-03B	The Chattahoochee Valley Water Supply District	Valley		2023	7/2/2025	2/15/2026	\$ 1,102,106.25	\$ 11,000.00	\$ 11,893.75	\$ -	DWSRF	41868	\$ -		\$ 1,102,106.25	2.20%
FS010561-02	Daleville Water & Sewer Board	Daleville	Daleville Water and Sewer Board	2023	7/2/2025	8/15/2026	\$ 1,637,767.35	\$ 11,000.00	\$ 36,232.65	\$ -	DWSRF	10014	\$ -		\$ 655,314.50	1.99%
FS010277-03	Waterworks & Gas Board of Dora	Dora	Dora Water System Improvements	2023	9/15/2025	2/15/2026	\$ 261,714.44	\$ 11,000.00	\$ 2,285.56	\$ -	DWSRF	4083			\$ 260,000.00	2.20%
FS010153-06*	City of Huntsville, Huntsville Utilities	Huntsville	Huntsville Utilities Water System Improvements (2023 Supplemental)	2023	10/30/2024	2/15/2025	\$ 8,599,000.00	\$ 11,000.00	\$ -	\$ -	DWSRF	310107			\$ 8,599,000.00	1.99%
FS010033-04	City of Level Plains	Daleville	Level Plains Water System Improvements	2023	6/1/2025	8/15/2026	\$ 1,767,881.50	\$ 11,000.00	\$ 36,118.50		DWSRF	3819			\$ 568,788.25	1.99%
FS010256-05	Selma, the Waterworks and Sewer Board of the City of	Selma	Selma WW&SB - 2019 Water Production, Treatment & Storage Improvements(Supplemental)	2023	7/15/2025	2/15/2026	\$ 642,158.72	\$ 11,000.00	\$ 1,841.28	\$ -	DWSRF	21834			\$ 642,158.72	2.20%
FS010045-03	City of Sumiton	Sumiton	Sumiton (City of) - Water System Improvements Project	2023	7/2/2025	2/15/2026	\$ 678,314.13	\$ 11,000.00	\$ 5,685.87	\$ -	DWSRF	5994	\$ -		\$ 662,000.00	1.99%
FS010133-04B	Warrior River Water Authority	Bessemer	Warrior River Water Authority - Increase System Redundancy	2023	7/15/2025	8/15/2027	\$ 2,379,723.50	\$ 11,000.00	\$ 84,276.50	\$ -	DWSRF	38700	\$ -		\$ 2,379,723.50	1.99%
FS010387-08	Prichard Water Works & Sewer Board	Prichard	Prichard Lovejoy Loop Preliminary Design	2024	8/19/2025		\$ 700,000.00	\$ -	\$ -	\$ 700,000.00	DWBIL	28803	\$ -		\$ 166,150.00	1.99%
FS010153-06B	City of Huntsville, Huntsville Utilities	Huntsville	Huntsville Utilities Water System Improvements (2024 Supplemental)	2024	7/20/2025	5/15/2025	\$ 7,504,000.00	\$ 11,000.00	\$ -	\$ -	DWSRF	310107			\$ 6,722,078.84	1.99%
FS010096-13	Water & Sewer Commissioners of the City of Mobile	Mobile	Mobile W&SB Commissioner Causeway Waterline (MAWSS) Supplemental Project	2024	3/1/2025	8/15/2025	\$ 1,704,500.00	\$ 5,500.00	\$ -	\$ -	DWSRF	279000	\$ -		\$ 1,700,000.00	1.99%
FS010096-10B*	Water & Sewer Commissioners of the City of Mobile	Mobile	Mobile W&SB Commissioner DWSRF Master Plan Phase 1 (SUPP) (MAWSS)	2024	3/1/2025	8/15/2025	\$ 8,939,500.00	\$ 5,500.00	\$ -	\$ -	DWSRF	279000	\$ -		\$ 8,935,000.00	1.99%
FS010096-11	Water & Sewer Commissioners of the City of Mobile	Mobile	Mobile W&SB Commissioner DWSRF Master Plan Phase II (SUPP) (MAWSS)	2024	3/1/2025	8/15/2025	\$ 20,004,500.00	\$ 5,500.00	\$ -	\$ -	DWSRF	279000	\$ -		\$ 20,000,000.00	1.99%
FS010133-05	Warrior River Water Authority	Bessemer	Warrior River Water Authority - Increase System Redundancy	2024	8/1/2025	2/15/2027	\$ 2,379,648.50	\$ 11,000.00	\$ 69,351.50	\$ -	DWSRF	38700	\$ -		\$ 2,379,648.50	1.99%

*denotes equivalency

Exhibit 2: DWSRF Assistance to Small Systems

System Funding Less than or Equal to 3,300 Population										
SRF Project #	Applicant	City	Project Description	IUP Fiscal Year	Repayment Date	Total	Principal Forgiveness Amount	Program	Bind Date	Population
FS010241-04	Town of Pine Hill	Pine Hill	Pine Hill (Town of) Lead Service Line Inventory	2023		52100	57600	DWBIL LSL	2/21/2025	2361
FS010367-01B	Wolf Creek Water, Sewer & Fire Authority	Pell City	Wolf Creek WS&F Protection Authority Water Storage Tank & Water Main Extensions Project	2022	8/15/2026	300000	0	DWBIL	11/1/2024	1044
System Funding Greater Than 3,300 Population										
SRF Project #	Applicant	City	Project Description	IUP Fiscal Year	Repayment Date	Total	Principal Forgiveness Amount	Program	Bind Date	Population
FS010033-04	City of Level Plains	Daleville	Level Plains Water System Improvements	2023	8/15/2026	1765000		DWSRF	6/1/2025	3819
FS010277-03	Waterworks & Gas Board of Dora	Dora	Dora Water System Improvements	2023	2/15/2026	260000	0	DWSRF	9/15/2025	4083
FS010444-03	City of Eutaw	Eutaw	Eutaw 2023 Lead Service Line Inventory	2023		78987	84487	DWBIL LSL	2/1/2025	4764
FS010392-01	Old Line Water Authority	Jackson	Old Line Water Authority - New Water Supply Well	2023		2437145	2442645	DWBIL	2/1/2025	5145
FS010177-02	Centreville Water & Sewer Board	Centreville	Centreville Cast Iron Main/Lead Service Line Replacement	2022		231324	236824	DWBIL LSL	3/1/2025	5985
FS010045-03	City of Sumiton	Sumiton	Sumiton (City of) - Water System Improvements Project	2023	2/15/2026	675000	0	DWSRF	7/2/2025	5994
FS010551-02	Town of Arley	Arley	Arley (Town of) - Rehab Storage Tanks and Update WTP	2023	2/15/2026	200000	0	DWSRF	7/15/2025	8673
FS010561-02	Daleville Water & Sewer Board	Daleville	Daleville Water and Sewer Board	2023	8/15/2026	1635000	0	DWSRF	7/2/2025	10014
FS010256-05	Selma, the Waterworks and Sewer Board of the City of	Selma	Selma WW&SB - 2019 Water Production, Treatment & Storage Improvements(Supplemental)	2023	2/15/2026	640000	0	DWSRF	7/15/2025	21834
FS010387-08	Prichard Water Works & Sewer	Prichard	Prichard Lovejoy Loop Preliminary Design	2024		700000	700000	DWBIL	8/19/2025	28803
FS010090-04	West Morgan-East Lawrence	Decatur	West Morgan East Lawrence Reverse Osmosis EC	2022		16280500	16286000	DWBIL EC	11/6/2024	30000
FS010133-04B	Warrior River Water Authority	Bessemer	Warrior River Water Authority - Increase System Redundancy	2023	8/15/2027	2375000	0	DWSRF	7/15/2025	38700
FS010133-05	Warrior River Water Authority	Bessemer	Warrior River Water Authority - Increase System Redundancy	2024	2/15/2027	2375000	0	DWSRF	8/1/2025	38700
FS010132-03B	The Chattahoochee Valley Water	Valley	Chattahoochee Valley Water Supply District Water Treatment Facility Improvements	2023	2/15/2026	1100000	0	DWSRF	7/2/2025	41868
FS010096-10B	Water & Sewer Commissioners	Mobile	Mobile W&SB Commissioner DWSRF Master Plan Phase 1 (SUPP) (MAWSS)	2024	8/15/2025	8939500	0	DWSRF	3/1/2025	279000
FS010096-11	Water & Sewer Commissioners	Mobile	Mobile W&SB Commissioner DWSRF Master Plan Phase II (SUPP) (MAWSS)	2024	8/15/2025	20004500	0	DWSRF	3/1/2025	279000
FS010096-13	Water & Sewer Commissioners	Mobile	Mobile W&SB Commissioner Causeway Waterline (MAWSS) Supplemental Project	2024	8/15/2025	1704500	0	DWSRF	3/1/2025	279000
FS010153-06	City of Huntsville, Huntsville	Huntsville	Huntsville Utilities Water System Improvements (2023 Supplemental)	2023	2/15/2025	8599000	0	DWSRF	10/30/2024	310107
FS010153-06B	City of Huntsville, Huntsville	Huntsville	Huntsville Utilities Water System Improvements (2024 Supplemental)	2024	5/15/2025	7500000	0	DWSRF	7/20/2025	310107
						\$	19,749,956.00			

Exhibit 3: Federal Cash Draws

Exhibit 3: Federal Cash Draws

Draw Number	Draw Date	Applicant	Project Name	Draw Amount	Program	IUP FY*
594	1/23/2025	Water & Sewer Commissioners of the City of Mobile	Mobile W&SB Commissioners Lead Service Line Identification (MAWSS) Project	\$125,225.00	DWBIL LSL	2022
594	1/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$27,100.05	DWBIL LSL	2022
594	1/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$312,746.05	DWBIL LSL	2022
594	1/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$73,338.73	DWBIL LSL	2022
594	1/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$183,015.28	DWBIL LSL	2022
594	1/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$18,804.12	DWBIL LSL	2022
594	1/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$143,218.19	DWBIL LSL	2022
595	1/23/2025	Lyeffion Water Authority	Lyeffion Water System Improvements	\$5,940.00	DWBIL	2022
595	1/23/2025	Lyeffion Water Authority	Lyeffion Water System Improvements	\$8,910.00	DWBIL	2022
595	1/23/2025	City Of Reform	Reform (City of) Water System Upgrades Project	\$517,230.97	DWBIL	2022
595	1/23/2025	Utilities Board of the Town of Grove Hill	Grove Hill Water System Upgrades (AMR)	\$23,800.00	DWBIL	2022
595	1/23/2025	Beulah Utilities District	Beulah Utilities District - Water System Improvements	\$208,026.07	DWBIL	2022
596	1/23/2025	West Morgan-East Lawrence Water & Sewer Authority	West Morgan East Lawrence Reverse Osmosis EC	\$368,400.00	DWBIL EC	2022
597	6/23/2025	Beulah Utilities District	Beulah Utilities District - Water System Improvements	\$8,250.00	DWBIL	2022
597	6/23/2025	Lyeffion Water Authority	Lyeffion Water System Improvements	\$14,850.00	DWBIL	2022
597	6/23/2025	City Of Reform	Reform (City of) Water System Upgrades Project	\$331,860.60	DWBIL	2022
597	6/23/2025	Beulah Utilities District	Beulah Utilities District - Water System Improvements	\$913,980.50	DWBIL	2022
598	6/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$281,166.09	DWBIL LSL	2022
598	6/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$164,525.43	DWBIL LSL	2022
598	6/23/2025	Selma Water Main and Lead Service Line Replacement	Selma, WW&SB of the City of - Selma Lead Service Pipe Replacement	\$14,103.09	DWBIL LSL	2022
599	6/23/2025	Town of Pine Hill	Pine Hill (Town of) Lead Service Line Inventory	\$52,100.00	DWBIL LSL	2023
600	6/30/2025	City of Tuscaloosa	Tuscaloosa 2018 DWSRF Projects (SUPP)	\$5,576,204.56	DWSRF	2022
600	6/30/2025	City of Tuscaloosa	Tuscaloosa 2018 DWSRF Projects	\$1,506,735.44	DL:EPA	2018
				\$10,879,530.17		

Exhibit 4: Long Term Cash Flow Projections

Exhibit 4 - Long Term Cash Flows
DWSRF Perpetuity of the Fund Measure

Contributed Capital

*ARRA

FY	Total Grant	Net Grant (minus set asides)	20% Match	Transfer from CWSRF	Total Contributed Capital
1998	\$ 8,465,600.00	\$ 8,126,976.00	\$ 1,693,120.00	\$ 2,793,648.00	\$ 12,613,744.00
1999	\$ 8,872,800.00	\$ 7,810,450.00	\$ 1,774,560.00	\$ 2,928,024.00	\$ 12,513,034.00
2000	\$ 9,221,400.00	\$ 8,249,969.00	\$ 1,844,280.00	\$ 3,043,062.00	\$ 13,137,311.00
2001	\$ 9,259,500.00	\$ 7,855,865.00	\$ 1,851,900.00	\$ 3,055,635.00	\$ 12,763,400.00
2002	\$ 8,052,500.00	\$ 6,685,924.00	\$ 1,610,500.00	\$ 2,657,325.00	\$ 10,953,749.00
2003	\$ 8,004,100.00	\$ 7,523,854.00	\$ 1,600,820.00	\$ 2,641,353.00	\$ 11,766,027.00
2004	\$ 8,303,100.00	\$ 7,970,976.00	\$ 1,660,620.00	\$ 2,740,023.00	\$ 12,371,619.00
2005	\$ 8,997,600.00	\$ 8,666,160.00	\$ 1,799,520.00	\$ 2,969,208.00	\$ 13,434,888.00
2006	\$ 8,229,300.00	\$ 7,900,144.00	\$ 1,645,860.00	\$ -	\$ 9,546,004.00
2007	\$ 8,229,000.00	\$ 7,899,840.00	\$ 1,645,800.00	\$ -	\$ 9,545,640.00
2008	\$ 8,146,000.00	\$ 7,820,160.00	\$ 1,629,200.00	\$ -	\$ 9,449,360.00
2009	\$ 8,146,000.00	\$ 7,820,160.00	\$ 1,629,200.00	\$ -	\$ 9,449,360.00
*2009	\$ 19,500,000.00	\$ 18,720,000.00	\$ -	\$ -	\$ 18,720,000.00
2010	\$ 16,823,000.00	\$ 16,150,080.00	\$ 3,364,600.00	\$ -	\$ 19,514,680.00
2011	\$ 11,674,000.00	\$ 11,207,040.00	\$ 2,334,800.00	\$ -	\$ 13,541,840.00
2012	\$ 11,125,000.00	\$ 10,680,000.00	\$ 2,225,000.00	\$ -	\$ 12,905,000.00
2013	\$ 10,438,000.00	\$ 10,020,480.00	\$ 2,087,600.00	\$ -	\$ 12,108,080.00
2014	\$ 16,892,000.00	\$ 16,216,320.00	\$ 3,378,400.00	\$ -	\$ 19,594,720.00
2015	\$ 16,781,000.00	\$ 16,109,760.00	\$ 3,356,200.00	\$ -	\$ 19,465,960.00
2016	\$ 15,876,000.00	\$ 15,240,960.00	\$ 3,175,200.00	\$ -	\$ 18,416,160.00
2017	\$ 15,740,000.00	\$ 15,110,740.00	\$ 3,148,000.00	\$ -	\$ 18,258,740.00
2018	\$ 23,944,000.00	\$ 21,213,240.00	\$ 4,788,800.00	\$ -	\$ 26,002,040.00
2019	\$ 23,721,000.00	\$ 21,557,160.00	\$ 4,744,200.00	\$ -	\$ 26,301,360.00
2020	\$ 23,736,000.00	\$ 21,661,600.00	\$ 4,747,200.00	\$ -	\$ 26,408,800.00
2021	\$ 23,934,000.00	\$ 22,976,640.00	\$ 4,786,800.00	\$ -	\$ 27,763,440.00
2022	\$ 132,362,000.00	\$ 131,147,760.00	\$ 6,899,900.00	\$ -	\$ 138,047,660.00
2023	\$ 172,043,000.00	\$ 151,996,560.00	\$ 5,505,500.00	\$ -	\$ 157,502,060.00
2024	\$ 95,178,000.00	\$ 88,284,040.00	\$ 9,782,800.00	\$ -	\$ 98,066,840.00
2025	\$ 19,257,000.00	\$ 16,567,320.00	\$ 3,851,400.00	\$ 2,007,890.65	\$ 22,426,610.65

Net Asset of Program (as of 09/30/25)

Direct Loan Principal Outstanding	\$ 415,285,000.00	
IJA Principal Outstanding	\$ 18,320,000.00	
Available Cash and Investments	\$ 62,147,623.31	*
Amount Due to Borrowers:	\$ (136,081,219.29)	
Federal Letter of Credit Outstanding:	\$ 81,991,000.00	**
Total Net Assets	\$ 441,662,404.02	

Exhibit 5: Intended Use Plans

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



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

(334) 271-7711
srf@adem.alabama.gov

DWSRF Intended Use Plan



Fiscal Year 2025
Final – September 2025

Final Amendment - December 2025

Amendments to the IUP were open for public comment from October 22 – November 24, 2025
No comments were received during this public notice period

TABLE OF CONTENTS

I. INTRODUCTION	4
II. PROGRAM GOALS	4
A. SHORT-TERM GOALS (OUTPUTS)	4
B. LONG TERM GOALS (OUTCOMES).....	5
C. PROGRAM CHANGES	5
III. SOURCES AND USES OF FUNDS:	5
A. PROJECTED SOURCES.....	6
B. Projected Uses.....	6
C. LEVERAGING	6
D. TRANSFER OF FUNDS	6
E. ELIGIBLE PROJECTS TO BE FUNDED.....	6
F. FINANCIAL TERMS OF LOANS.....	7
IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS.....	7
A. PRIORITY LIST	7
B. ADDITIONAL SUBSIDIZATION:	7
C. PREVAILING WAGES	9
D. BUILD AMERICA, BUY AMERICA (BABA).....	9
E. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	9
F. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....	9
G. INADEQUATE ALLOCATIONS	10
H. UNANTICIPATED AND UNCOMMITTED FUNDS	10
I. PROJECT BYPASS/REALLOTMENT:	11
V. SET-ASIDE ACTIVITIES.....	11
A. ADMINISTRATIVE SET-ASIDE.....	11
B. 2% SMALL SYSTEMS TECHNICAL ASSISTANCE	11
C. 10% STATE PROGRAM MANAGEMENT	11
D. 15% LOCAL ASSISTANCE AND OTHER STATE PROGRAMS	12
VI. CERTIFICATIONS.....	12
VII. PROGRAM INCOME	13
VIII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES/TIMELINE	13
A. ESTIMATED GRANT DRAW SCHEDULE	13
B. ESTIMATED GRANT DISBURSAL SCHEDULE	14
C. CAPITALIZATION GRANT BUDGET PERIODS:	14
IX. PUBLIC PARTICIPATION	14
X. REPORTING	14

ATTACHMENT 1 – PROJECT PRIORITY LIST

ATTACHMENT 2 – PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION FORM

ATTACHMENT 4 – PWSS GRANT WORKPLAN

I. Introduction

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

The State of Alabama is applying for \$19,257,000 in EPA grant funding that will be used to provide low interest financial assistance from the DWSRF program. 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. In addition, the State of Alabama is applying for \$34,000 from Wyoming's 2021 reallocations. The reallocation has a state match reallocation requirement of 20% in the amount of \$6,800, corresponding to an amount of \$6,800, which will also be fulfilled by the overmatch of State Match bonds.

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

ADEM has set its short- and long-term goals of this IUP to align with EPA's strategic goals and objectives *FY 2022-2026 EPA Strategic Plan*, specifically Goal #5, to ensure clean and safe water for all communities and Objective 5.1 to ensure safe drinking water and reliable water infrastructure. 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

A. Short-term goals (Outputs)

1. To provide financial assistance for DWSRF eligible activities for public water supply facilities on the DWSRF Priority List.
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 protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.

4. To provide funding for the State of Alabama Public Water System Supervision (PWSS) program using the 10% State Program Management set-aside.
5. To provide assistance for educational events promoting objectives consistent with the Safe Drinking Water Act through the 15% Local Assistance and Other State Programs Activities set-aside.

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.
7. 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.

C. Program Changes

No major programmatic changes are proposed for fiscal year 2025.

III. Sources and Uses of 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 2025 EPA Capitalization Grant. Match for the EPA Grant will be fulfilled by a combination of an overmatch of State Match Bonds, State Appropriations, and the Fund Fee. The estimated sources and uses of funds in the FY 2025 DWSRF program are as follows:

A. Projected Sources:

2025 EPA DWSRF Cap Grant:	\$19,257,000
2021 Reallocation	\$34,000
DWSRF State Match:	\$3,858,200
Estimated Loan Repayments and Interest Earnings for 2025 Cap Grant	\$18,626,387 ¹
Loan Repayments and Interest Earnings from Revolving Fund	\$56,880,350
Total:	\$80,029,550
Overall Total:	\$98,655,937 ³

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 funds. These funds will be included in future fiscal year(s)' IUPs as repayments are received.

B. Projected Uses:

Project Assistance:	\$75,403,130
Administrative Set-Aside (4%) ¹	\$763,980
State Program Management Set-Aside (10%) ¹	\$1,925,700
Local Assistance Set-Aside (15%) ¹	\$0
Total	\$78,092,810

Note 1: Set-Aside funding is discussed further in the "Set-Aside" section.

C. Leveraging

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

D. Transfer of Funds

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

E. Eligible Projects to be Funded

Eligible projects include the planning, design, and construction of improvements to:

- 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;
- Install or upgrade water storage tanks to prevent microbiological contaminants from entering the water system;
- Install or replace distribution pipes to prevent contamination caused by leaks or breaks in the pipe.

- 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.

F. 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.

IV. Project Selection and Method for Distribution of Funds

A. Priority List

In order to be considered for DWSRF assistance, projects must be on or added to the Priority List and have a proposed project schedule that coincides with the availability of DWSRF funds. The DWSRF priority list was developed by identifying the priority point rating for each proposed project. The funding of such projects is also subject to the availability of funds. The Mobile Area Waterworks & Sewer System (MAWSS) (\$28,000,000) (\$) will be used as the equivalency project for the fiscal year 2025 capitalization grant.

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

B. Additional Subsidization:

The 2025 EPA Capitalization Grant includes a requirement for a minimum of \$5,013,620 (\$5,006,820 for base and \$6,800 for 2021 reallocation funds) to be provided as assistance with additional subsidy.

For the DWSRF Base Capitalization Grant, a congressional mandatory 14% (\$2,695,980) must be provided as subsidization to eligible recipients. Also, an additional subsidization between 12-35% (\$2,310,840 - \$6,739,950) must be provided to disadvantaged communities. Therefore, a minimum of \$5,006,820 to a maximum of \$9,435,930 must be given out as subsidization from the DWSRF Base Capitalization Grant.

For the DWSRF Reallocation Funds, a congressional mandatory 14% (\$4,760) must be provided as subsidization to eligible recipients. Also, an additional subsidization between 6-35% (\$2,040 - \$11,900) must be provided to disadvantaged communities. Therefore, a minimum of \$6,800 to a maximum of \$16,660 must be given out as subsidization from the DWSRF Rollover Funds.

The Department will meet these requirements by offering the combined amount of additional subsidization exclusively to disadvantaged communities in the form of principal forgiveness.

The Department expects to allocate principal forgiveness to projects in communities determined to be disadvantaged based on the following criteria: small (less than 10,000) communities, assessment of financial records, and ratio of annual average water bill to median household income (MHHI).

The Department will utilize Table 1 to evaluate and score communities to determine principal forgiveness ranking. The highest ranked communities will receive principal forgiveness until it is exhausted (see Attachment 1). Any subsequent revision to this project list will likewise demonstrate 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
Ratio of Water Bill/MHHI	Actual Number

Table 1.

A community is defined as disadvantaged if the sum of the criteria for population or coverage ratio results in a value greater than 1 point or the ratio of water bill to median household income is greater than 1. 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.
- 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 of the system pays more for water than expected based on median household income.

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

C. Prevailing Wages

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

D. Build America, Buy America (BABA)

Build America, Buy America (BABA) apply for fiscal year 2024 and each fiscal year thereafter. BABA will be required for eligible projects funded through the Drinking Water State Revolving Fund (DWSRF) unless a waiver is granted.

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

E. Distribution of Funds to Set-Aside Accounts

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

F. Selection of Systems to Receive Assistance

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

The criteria for ranking projects give priority to projects that:

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

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

Following completion of the ranking process, the priority list will be reviewed to determine if at least 15% of amount projected to be funded is for public water systems which regularly serve fewer than 10,000 people, as required by the SDWA. If this is not the case, the priority list will be adjusted by exchanging the lowest ranking projects above the funding line that serve 10,000 or more with the highest ranking projects below the funding line that serve fewer than 10,000, until the 15% requirement is satisfied.

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. Inadequate Allocations

If the actual federal DWSRF allocations are less than anticipated by the Department in the development of the DWSRF 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 I, below.

H. 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 DWSRF fundable projects or to provide increased assistance to projects which have already received DWSRF assistance.

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

I. Project Bypass/Reallotment:

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

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

V. Set-Aside Activities

A. Administrative Set-Aside (4% or 1/5% of New Position)

SRF Guidelines allow states to set aside 1/5% of the current position or 4% of the Project Assistance Grant for SRF administrative costs. Administrative funds of \$763,980 (4% of the Grant) 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. 2% Small Systems Technical Assistance (2%)

The Department will not reserve any funding to provide small systems technical assistance.

C. State Program Management (10%)

SRF Guidelines allow states to set aside up to 10% of the grant for state program management. The Department will reserve \$1,925,700 to provide funding for the State of Alabama Public Water System Supervision (PWSS) program.

D. Local Assistance and Other State Programs (15%)

SRF Guidelines allow states to set aside up to 15% for local assistance and other state programs. The Department will not reserve any funding in FY25 to provide assistance to communities for educational events promoting objectives consistent with the Safe Drinking Water Act. This is because not all of the money set aside to support these activities has been used from FY24.

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 DWSRF eligible projects in this IUP are on the DWSRF Priority List.
3. The Department certifies that it will implement the State's DWSRF program in compliance with the Safe Drinking Water Act, Infrastructure and Investment Jobs Act (IIJA), Civil Rights Act, and to ensure conformance with Federal crosscutting requirements. (Deliverable)
4. The Department certifies to provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of 26% (\$5,013,620) and not more than 49% \$(9,452,590) to disadvantaged communities for the construction of eligible DWSRF projects including water treatment plants, distribution system improvements, and storage.
5. The Department certifies that it will enter into binding commitments for 120% of each payment under the DWSRF capitalization grant within one (1) year after receipt of each payment.
6. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
7. The Department certifies that all 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.
8. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
9. The Department certifies that is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.
10. The Department certifies that it will comply with all requirements of the 1998 Operating Agreement with EPA. Note: the state is currently working on an updated Operating Agreement with EPA.

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

VII. Program Income

The Alabama Drinking Water Finance Authority, with ADEM as its agent, assesses a fee annually based on outstanding principal. These fees vary based on the fiscal year to which the loan agreement was secured. These fees are collected twice a year, when the recipient initiates repayment of the loan. In accordance with EPA regulations, fees collected from loans sourced from outstanding grants will be used for administration of the SRF fund only. All other fees will be used for activities eligible for the DWSRF grant only. The Department expects to receive fees during FY 2025 as follows:

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$2,893,250.21	\$0.00	\$2,672,250.82

VIII: Estimated DWSRF Capitalization Grant Schedules/Timeline

A. Estimated Grant Draw Schedule

Capitalization Grant

Fiscal Year	Month	Draw
2025	Oct	\$1,604,750
2025	Nov	\$1,604,750
2025	Dec	\$1,604,750
2025	Jan	\$1,604,750
2025	Feb	\$1,604,750
2025	Mar	\$1,604,750
2025	Apr	\$1,604,750
2025	May	\$1,604,750
2025	Jun	\$1,604,750
2025	Jul	\$1,604,750
2025	Aug	\$1,604,750
2025	Sep	\$1,604,750
Total		\$19,257,000

FY21 DW Base Reallocation

Fiscal Year	Month	Draw
2025	Oct	\$2,833
2025	Nov	\$2,833
2025	Dec	\$2,833
2025	Jan	\$2,833
2025	Feb	\$2,833
2025	Mar	\$2,833
2025	Apr	\$2,833
2025	May	\$2,833
2025	Jun	\$2,833
2025	Jul	\$2,833
2025	Aug	\$2,833
2025	Sep	\$2,837
Total		\$34,000

B. Estimated Grant Disbursal Schedule

Capitalization Grant

Payment Quarter	Payment Date	Payment Amount
FY2026/Quarter 1	10/1/2025	\$9,628,500
FY2026/Quarter 2	01/01/2026	\$9,628,500

State Reallocation

Payment Quarter	Payment Date	Payment Amount
FY2026/Quarter 1	10/1/2025	\$17,000
FY2026/Quarter 2	01/01/2026	17,000

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 DWSRF Capitalization Grant
- October 1, 2025 through September 30, 2031

IX. Public Participation

The IUP was provided for public comment on October 22, 2025 for a period of 30 days. No comments were received. 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 DWSRF Capitalization Grant. Each annual report is due on December 31 following each fiscal year period. The annual report for the 2025 DWSRF 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. Subaward (Set-aside) activities reporting will also be provided in the annual report.
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	Population	Disadvantaged Score	Priority Ranking Points	DW SRF % PF	Applied for Project Amount	Interest Rate
FS010169-02	Ariton Water and Sewer Board	Water Well Supply	Ariton	Dale	660	1.72	90	100%	\$1,430,000	NA
FS010476-05	Attalla Water Works Board, City of	Lake Rhea Clearwell No 2	Attalla	Etowah	5,872	2.65	60	70%	\$1,000,000	2.75%
FS010476-04	Attalla Water Works Board, City of	AMR Meter Replacement	Attalla	Etowah	5,872	2.65	60		\$1,389,700	1.99%
FS010562-01	Black, Town of	Water Meter Replacement	Black	Geneva	395	1.80	80	100%	\$319,753	NA
FS010263-03	Calera, Water Works Board of the City of	2022 Water Treatment Plant Improvements	Calera	Shelby	16,126	0.53	SUPP		\$2,250,000	2.20%
FS010064-05	Cullman, City of	Primary Water Transmission Pipeline Replacement	Cullman	Cullman	17,892	0.00	SUPP		\$5,075,000	2.20%
FS010141-05	Dale County Water Authority	Water System Improvements	Ozark	Dale	14,396	1.41	SUPP		\$381,000	1.99%
FS010561-03	Daleville Water and Sewer Board	Well and Tank Improvements	Daleville	Dale	4,912	1.65	SUPP		\$375,000	1.99%
FS010444-02	Eutaw, Water Resiliency Project	Water System Improvements SUPP	Eutaw	Greene	2,890	2.17	SUPP	100%	\$1,299,217	NA
FS010021-03	Five Star Water Supply District	Phase I (Interim) PFAS Treatment	Prattville	Elmore	37,977	0.00	180		\$4,135,000	1.99%
FS010487-02	Haleyville Water Works and Sewer Board	2022 Water System Improvements	Haleyville	Winston	4,343	2.40	130		\$3,060,740	1.99%
FS010027-03	Hurtsboro WW&SB	Water Main Replacement	Hurtsboro	Russell	429	2.63	135	100%	\$849,000	NA
FS010096-13	Mobile Area Waterworks and Sewer System (MAWSS)**	Master Plan SRF Water Projects Phase II - Years 2024-2027	Mobile	Mobile	187,445	0.00	SUPP		\$28,000,000	1.99%
FS010448-02	Montevallo WW&SB	Water System Improvements	Montevallo	Shelby	6,968	1.59	SUPP		\$3,000,000	2.75%
FS010387-10	Prichard Water Works and Sewer Board	PWW&SB Lovejoy Loop Pipe P&D	Prichard	Mobile	19,645	2.51	205	100%	\$100,000	NA
FS010131-05	Quint-Mar Water Authority	Water Main Replacement	Lapine	Crenshaw		2.93	140	100%	\$516,000	NA
FS010089-09	South Alabama Utilities	Water System Improvements	Mobile	Mobile	200,000	0.56	230		\$12,000,000	2.75%
FS010507-03	Stewartville Water Authority	Hanover Water Main Project	Stewartville	Coosa	1,804	2.32	15		\$1,951,600	2.20%
FS010547-01	Walnut Grove, Town of	Water Improvements Project	Walnut Grove	Etowah	901	1.77	45		\$500,000	1.99%
FS010511-03	Weaver, City of	Upgrade of Weaver Well Buildings	Weaver	Calhoun	3,061	1.72	30		\$264,260	2.75%
FS010459-03	North Baldwin Utilities	Water Main Extension	Bay Minette	Baldwin	40,000	0.01	SUPP		\$2,585,000	2.20%
FS010440-02	Uniontown, City of	Uniontown Water System Improvements	Uniontown	Perry	1,875	3.12	25		\$92,500	1.99%
FS010098-05	Daphne, The Utilities Board of the City of(Daphne Utilities)	Various Water System Improvements (new well)	Daphne	Baldwin	27,088	0.55	115		\$1,910,060	2.75%
FS010367-01	Wolf Creek Water, Sewer, and Fire Protection Authority	Water Storage Tank and Water Main Extensions	Pell City	St. Clair	231	0.70	35		\$265,000	1.99%
FS010267-02	Woodland, Town of	Water Main Replacement	Woodland	Randolph	542	2.55	60	100%	\$675,000	NA
FS010522-05	York, City of	Proposed York Water System Infrastructure Project - 2024 SUPP	York	Sumter	2,371	2.56	SUPP	100%	\$1,124,000	NA

28 Total Projects

** MAWSS is the "Equivalency" Project

\$ 7,012,970 \$75,396,830

ATTACHMENT 2 – DW PROJECT PRIORITY DESCRIPTIONS

Ariton, Town of – Water Supply Well

The Town of Ariton proposes to replace two water supply wells that have exceeded their useful life with an new water supply well. The two wells to be replaced are 77 and 68 years old with capacities of 90 gallons per minute each. The old wells have deteriorated casings and are subject to failure. The new well will allow the Town of Ariton to continue to provide safe reliable water to its citizens.

Attalla Water Works Board, City of – AMR Meter Replacement

The Attalla Water Works Board proposes a project to replace all existing water meters in the Attalla Water System with remote-read type meters and upgrade the billing software to be compatible with the new meters. The customers will benefit from the project because it will increase the efficiency of the meter reading process.

Attalla Water Works Board, City of – Lake Rhea Clearwell No. 2

The Attalla Water Works Board proposes a project to construct a new 250,000 gallon ground level clearwell adjacent to the existing clearwell and interconnect the piping such that both tanks will be utilized to store treated water. In addition, the existing clearwell can be finally taken out of service for maintenance for the first time in 20 years and the plant can continue to operate using the new clearwell.

Black, Town of – Water Meter Replacement

The City of Black proposes implementing the new radio read meters, meter boxes, curb stops, and backflow preventers, which will allow the Town to more accurately assess each water bill and isolate problems as they occur, including helping keep the system's water losses to a minimum.

Calera, The City of – Water Supply Tanks and Mains (SUPP)

The City of Calera proposes to continue an ARPA funded project to install new water storage tanks and to loop water mains to supply adequate water pressures to areas that have been served by dead end water mains. Completion of this project will provide safe reliable water supplies to the customers of Calera.

Cullman, City of – Primary Water Transmission Replacement

The City of Cullman proposes to replace the transmission water main from the water treatment plant to the distribution system. Over 50 percent of water purchased from Cullman Utilities is conveyed through the current transmission water main, which has exceeded its operating life. Completion of this project will ensure compliance with drinking water regulations. reduce leaks, unaccounted water loss, and continued provision of adequate safe drinking water to all service areas.

Dale County Water Authority – Water Supply Well & Tank

Dale County Water Authority proposes to continue an ARPA (50% funded) project to install a new water supply well and elevated water storage tank which will provide adequate water pressures to its customers. This is the continuation of a project which was partially funded with an ARPA Grant.

Daleville Water & Sewer Board– Water Supply Well & Tank

The Daleville Water & Sewer Board proposes to continue an ARPA (50% funded) project to install a new water supply well and elevated water storage tank which will provide adequate water pressures to its customers. This is the continuation of a project which was partially funded with an ARPA Grant

Daphne, The Utilities Board of the City of Daphne – Water System Improvements

The Utilities Board of the City of Daphne, Alabama plans to install a new well and associated treatment equipment to provide reliable water service and operational integrity to its customers. This project will allow Daphne Utilities to operate their existing wells at average run times and meet the water needs of existing customers. These improvements will provide an overall benefit to all customers of the system.

Eutaw, Water Resiliency Project - Water System Improvements SUPP

The City of Eutaw proposes improvements to the water service system, which will reduce unaccounted-for water loss, reduce the risk of cross-contamination, and maintain compliance with the ADEM PWSID permit. This improvement included backflow devices, tank.

Five Star Water Supply District Phase I (Interim) PFAS Treatment

Five Star Water Supply District proposes to provide testing and analysis of different PFAS treatment methods at the Five Star water treatment facility. This includes demonstration testing for short term treatment of PFAS contamination as well as a Reverse Osmosis pilot treatment study to help expedite future long-term treatment of PFAS contamination. The purpose of the project is to enable the Water District to comply with the maximum contaminant limits (MCLs) for PFAS analytes and provide safe drinking water for all the municipalities supplied by the Five Star Water District.

Haleyville Water Works and Sewer Board, City of

The City of Haleyville Water Works and Sewer Board proposes a project for equipment related to storage and distribution within its water system. The project scope includes the following: rehabilitation and painting of the Fontaine Water Storage Tank and the Kelly Hill Water Storage Tank; replacement of the Kelly Hill booster station; installation of a new water transmission main to the Kelly Hill booster station; and a new back-up power generator. Completion of this project will greatly benefit system flows and pressures, while increasing system reliability.

Hurtsboro WW&SB, Water Main Replacement

The City of Hurtsboro proposes replacing the existing cast iron water mains with new PVC water mains along the three streets to remove the lead goosenecks and prevent leaks, breaks and discoloration of drinking water from obsolete rusted pipes, including installing new service lines to meter boxes, new curb stop, meter, and dual check valve.

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

The Mobile Board of Water and Sewer Commissioners (MAWSS) proposes implementation of Mobile's DWSRF Master Plan Phase II to address the following projects: Big Creek Lake Boom and Storage for Hazardous Spill Containment, Big Creek Lake Dam Toe of Berm Modification, E.M. Stickney WTP Settling Basin Structural Rehab, Big Creek Lake Early Contaminant Warning System, E.M. Stickney Filter Rehabilitation, Big Creek Lake Emergency By-Pass Connections, Stickney On-Site Hypochlorite Generation, Meyers WTP Filter Rehabilitation, Replace Gaillard Pump Station Pumps, Valves, and Fittings, Stickney WTP Liquid Lime Facility Installation, Stickney WTP Redundant Solids Clarifier, Various Critical Valve Replacement in Distribution System, Various Water Main Replacements, Water Treatment Plant Security Upgrades, Secondary Raw Water Source Treatment and Conveyance Systems, and Water Treatment Plant Paving.

Montevallo WW&SB - Water System Improvements

The proposed project will rehabilitate the water storage tank, replace existing water lines, and upgrade the booster pump stations, including piping, valves, actuators, etc. The project will increase water quality and reliability for all customers.

North Baldwin Utilities – Water Main Extension

The proposed project consists of water line extensions in three areas within the current North Baldwin Utilities (NBU) service areas. The project will make public water services available to over 100 residential customers currently utilizing private water wells. Project will improve service in the area. This project was previously funded with ARPA funds and is a supplemental to the existing project.

Prichard Water Works and Sewer Board Water Distribution System Planning and Design

Prichard WW&SB plans to address water quality, water loss, SCADA, operational integrity, system efficiency, and storage needs throughout the PWW&SB drinking water distribution system. The purpose of this project is to perform the Planning, Design, and Budget Estimates for the project to enable it to go out to bid once project funding has been secured.

Quint-Mar Water Authority - Water Main Replacement

The Quint-Mar Water Authority proposes to extend a 6" water main to allow more flow to head towards the Cool Springs Tank and a second direction of flow for increased reliability. The project includes installing a new PVC water main along Horne Road, installing new service lines to meter boxes, new curb stops, meters, and dual check valves.

South Alabama Utilities Improvement Project

South Alabama Utilities due to the high growth their service area has experienced in the past few years needs to improve its water service capabilities along Airport Road including a new well, treatment facility, and water line upgrades, and Replace and Add Water Meters to ensure proper billing.

Stewartville Water Authority Hanover Water Main

The Stewartville Water Authority (SWA) proposes to install a ductile iron water main from the existing SWA booster pump station at the Northwest intersection of Highway 231 and Coosa County Road 56 toward Central High School, and also connect the new water main to the existing SWA Water Tower. The current lack of redundancy in the system causes the entire town to be without water during repairs. The purpose of the project is to provide reliable potable water services to over 200 customers and prevent school closures related to water line repairs, by rerouting the water main along a more maintenance friendly route and creating system redundancy.

Uniontown, City of – Water System Improvements

The City of Uniontown proposes a project to accurately map the location of water meters, fire hydrants, and valves with the distribution system and install an emergency generator. Completion of this project will allow Uniontown to provide reliable water services during line breaks and power outages.

Walnut Grove, Town of – Water Improvements Project

The Town of Walnut Grove proposes a project for their water system. The project scope of work includes the rehabilitation of a water tank and access road, replacement of water lines with new pipe to help reduce water loss, the addition of a generator to the well, and replacement of existing flush hydrants and valves. These improvements will greatly benefit the system.

Weaver, City of – Well Building Repairs

The City of Weaver proposes to upgrade the existing well buildings and surrounding grounds. The project will rehabilitate the buildings at Wells No. 2 and No.3 and includes improvements to the sidewalks, doors, lighting, chlorinators, scales, windows, roof, chain link fence, heater, vent fan, chlorine leak alarm, and interior and exterior finishing. The project will improve the safety, security, and efficiency of the well buildings.

Wolf Creek Water, Sewer, and Fire Protection Authority – Water Storage Tank and Water Main Extensions

Wolf Creek Water, Sewer, and Fire Protection Authority proposes a project to include the installation of a 100M gallon standpipe water storage tank with associated piping, valves, and telemetry. Improvements also include two extensions to an existing parallel water main along Wolf Creek Rd. The first extension takes place at the Wolf Creek Road/War Eagle Road intersection while the second is located at the Wolf Creek Road/Roberts Mill Pond Road intersection. Both extensions include materials consisting of 6" PVC.

Woodland, Town of – Water Main Replacement

The Town of Woodland proposes a project to replace aging PVC water mains. The scope of the work will be the replacement of approximately 20,000 LF of existing 6” and 3” PVC water mains. This project will ensure that the system stays in compliance and provide water to their customers.

York, City of – Proposed York Water System Infrastructure Project - 2024 SUPP

The City of York proposes to replace approximately 20,000 linear feet of cast iron water mains, install a booster pump station, rehabilitate the two (2) deep finished well water sources, and install SCADA. The proposed project would improve water quality and reliability for all customers throughout the system.



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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was:	
	50% or higher	25
	35% - 49%	20
	20% - 34%	10
	15% - 19%	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.	10
	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.	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.	5
	b) Project envelope is located in a previously developed area.	5
	c) Use of environmentally friendly post-consumer recycled or reclaimed materials.	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.	10
	b) Completion of EPA's Water Quality Scorecard (see http://www.epa.gov/smartgrowth/water_scorecard.htm).	5

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

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

H. Affordability Criteria (Maximum: 60 points)

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

I. Infrastructure Improvement Criteria*

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

Sum the points from each category below.

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

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

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



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

(334) 271-7714
srf@adem.alabama.gov

DWSRF Intended Use Plan



Fiscal Year 2024

TABLE OF CONTENTS

I. INTRODUCTION	3
II. PROGRAM GOALS	3
A. SHORT-TERM GOALS (OUTPUTS)	3
B. LONG TERM GOALS (OUTCOMES).....	4
C. PROGRAM CHANGES	4
III. SOURCES AND USES OF FUNDS:	4
C. LEVERAGING	5
D. TRANSFER OF FUNDS	5
E. ELIGIBLE PROJECTS TO BE FUNDED.....	5
F. FINANCIAL TERMS OF LOANS.....	6
IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS.....	6
A. PRIORITY LIST	6
B. ADDITIONAL SUBSIDIZATION:	6
D. PREVAILING WAGES	8
E. BUILD AMERICA, BUY AMERICA (BABA).....	8
E. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	8
F. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....	8
G. INADEQUATE ALLOCATIONS	9
H. UNANTICIPATED AND UNCOMMITTED FUNDS	9
I. PROJECT BYPASS/REALLOTMENT:	9
V. SET-ASIDE ACTIVITIES.....	10
A. ADMINISTRATIVE SET-ASIDE.....	10
B. 2% SMALL SYSTEMS TECHNICAL ASSISTANCE	10
C. 10% STATE PROGRAM MANAGEMENT	10
D. 15% LOCAL ASSISTANCE AND OTHER STATE PROGRAMS	10
VI. CERTIFICATIONS.....	11
VII. PROGRAM INCOME	12
VIII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES/TIMELINE	12
A. ESTIMATED GRANT DRAW SCHEDULE.....	12
B. ESTIMATED GRANT DISBURSAL SCHEDULE	13
C. CAPITALIZATION GRANT BUDGET PERIODS:	13
IX. PUBLIC PARTICIPATION	13
X. REPORTING.....	13

ATTACHMENT 1 – PROJECT PRIORITY

ATTACHMENT 2 – PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION

ATTACHMENT 4 – SET-ASIDE WORKPLAN

I. Introduction

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

The State of Alabama is applying for \$8,295,000 (\$8,229,000 from the FY2024 EPA Capitalization Grant and \$66,000 from other State's reallocations) in EPA grant funding that will be used to provide low interest financial assistance from the DWSRF program. The 20% state match requirement for the projected grant is \$1,659,000 and will be fulfilled by the overmatch of State Match Bonds.

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

ADEM has set its short- and long-term goals of this IUP to align with EPA's strategic goals and objectives *FY 2022-2026 EPA Strategic Plan*, specifically Goal #5, to ensure clean and safe water for all communities and Objective 5.1 to ensure safe drinking water and reliable water infrastructure. 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 DWSRF eligible activities for public water supply facilities on the DWSRF Priority List.
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 protect the public health and the environment and promote the completion of cost-effective water treatment, storage, and distribution facilities.
4. To provide funding for the State of Alabama Public Water System Supervision (PWSS) program using the 10% State Program Management set-aside.

5. To provide assistance for educational events promoting objectives consistent with the Safe Drinking Water Act through the 15% Local Assistance and Other State Programs Activities set-aside.

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.
7. 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.

C. Program Changes

No major programmatic changes are proposed for fiscal year 2024.

III. Sources and Uses of Funds:

The Department is expected to fund FY 2024 projects using a combination of interest earnings on the Fund, repayments from direct loans, and the 2024 EPA Capitalization Grant. Match for the EPA Grant will be fulfilled by overmatch of State Match Bonds issued in previous years' and a contribution from ADEM State Enforcement Action. The estimated sources and uses of funds in the FY 2024 DWSRF program are as follows:

A. Projected Sources:

2024 EPA DWSRF Cap Grant:	\$8,229,000
2024 Reallocation	\$66,000
DWSRF State Match:	\$1,659,000
Estimated Loan Repayments and Interest Earnings for 2024 Cap Grant	\$8,035,586 ¹
Loan Repayments and Interest Earnings from Revolving Fund	\$76,212,679 ²
Total:	\$86,087,479
Overall Total:	\$94,123,065 ³

Note 1: Estimated future repayments and interest earnings from FY24 loans.

Note 2: Approximate total funds available based on projected fiscal year funding allotments and repayments for FY24. Actual totals are provided in the annual report at the end of each fiscal year.

Note 3: Estimated repayment funds from FY24 Capitalization Grant are not included in project funds. These funds will be included in future fiscal year(s)' IUPs as repayments are received.

B. Projected Uses:

Project Assistance:	\$84,954,619
Administrative Set-Aside (4%) ¹	\$329,160
State Program Management Set-Aside (10%) ¹	\$822,900
Local Assistance Set-Aside (15%) ¹	\$60,000
Total	\$86,087,479

Note 1: Set-Aside funding is discussed further in the "Set-Aside" section.

C. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during fiscal year 2024.

D. Transfer of Funds

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

E. Eligible Projects to be Funded

Eligible projects include the planning, design, and construction of improvements to:

- 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;
- Install or upgrade water storage tanks to prevent microbiological contaminants from entering the water system;
- Install or replace distribution pipes to prevent contamination caused by leaks or breaks in the pipe.

- 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.

F. 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 2024 the Department will maintain an interest rate of 0.1% for all loans. A fee of 2.1% 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.

IV. Project Selection and Method for Distribution of Funds

A. Priority List

In order to be considered for DWSRF assistance, projects must be on or added to the Priority List and have a proposed project schedule that coincides with the availability of DWSRF funds. The DWSRF priority list was developed by identifying the priority point rating for each proposed project. The funding of such projects is also subject to the availability of funds. The City of Huntsville (\$9,595,000) will be used as the equivalency project for the fiscal year 2024 capitalization grant.

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

B. Additional Subsidization:

The 2024 EPA Capitalization Grant includes a requirement for a minimum of \$1,161,300 (\$1,152,060 for base and \$9,240 for 2024 rollover funds) to be provided as assistance with additional subsidy. In addition, America's Water Infrastructure Act of 2018 (AWIA) requires a minimum of \$995,400 (\$987,480 for base and \$7,920 for 2024 rollover funds) and a maximum of \$2,903,250 (\$2,880,150

for base and \$17,160 for 2024 rollover funds) be provided to disadvantaged communities in the form of additional subsidy. The Department will meet these requirements by offering the combined amount of additional subsidization exclusively to disadvantaged communities in the form of principal forgiveness.

The Department expects to allocate principal forgiveness to projects in communities determined to be disadvantaged based on the following criteria: small (less than 10,000) communities, assessment of financial records, ratio of annual average water bill to median household income (MHHI) and utilization of the Justice40 Mapping Tool.

The Department will utilize Table 1 to evaluate and score communities to determine principal forgiveness ranking. The highest ranked communities will receive principal forgiveness until it is exhausted (see Attachment 1). Any subsequent revision to this project list will likewise demonstrate 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, or Justice 40 map coverage results in a value greater than 1 point or the ratio of water bill to median household income is greater than 1. 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 of the system pays more for water than expected based on median household income.

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

C. Prevailing Wages

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

D. Build America, Buy America (BABA)

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

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

E. Distribution of Funds to Set-Aside Accounts

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

F. Selection of Systems to Receive Assistance

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

The criteria for ranking projects give priority to projects that:

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

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

Following completion of the ranking process, the priority list will be reviewed to determine if at least 15% of amount projected to be funded is for public water systems which regularly serve fewer than 10,000 people, as required by the SDWA. If this is not the case, the priority list will be adjusted by exchanging the lowest ranking projects above the funding line that serve 10,000 or more with the highest ranking projects below the funding line that serve fewer than 10,000, until the 15% requirement is satisfied.

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. Inadequate Allocations

If the actual federal DWSRF allocations are less than anticipated by the Department in the development of the DWSRF 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 I, below.

H. 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 DWSRF fundable projects or to provide increased assistance to projects which have already received DWSRF assistance.

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

I. Project Bypass/Reallotment:

The Department may bypass any project on the DWSRF Priority List that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for DWSRF assistance. Bypassed projects will be removed from the priority list. In determining whether or not a project is making satisfactory progress in satisfying the requirements for DWSRF assistance, the Department shall use

the criteria contained in subparagraphs 1- 6 of this paragraph. Funds released through project bypass will be considered as uncommitted and available for redistribution in accordance with this section.

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

V. Set-Aside Activities

A. Administrative Set-Aside (4% or 1/5% of New Position)

SRF Guidelines allow states to set aside 4% of the grant for SRF administrative costs. Administrative funds of \$329,160 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. 2% Small Systems Technical Assistance (2%)

The Department will not reserve any funding to provide small systems technical assistance.

C. State Program Management (10%)

SRF Guidelines allow states to set aside up to 10% of the grant for state program management. The Department will reserve \$822,900 to provide funding for the State of Alabama Public Water System Supervision (PWSS) program.

D. Local Assistance and Other State Programs (15%)

SRF Guidelines allow states to set aside up to 15% for local assistance and other state programs. The Department will reserve \$60,000 to provide assistance to communities for educational events promoting objectives consistent with the Safe Drinking Water Act.

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 DWSRF eligible projects in this IUP are on the DWSRF Priority List.
3. The Department certifies that it will implement the State's DWSRF program in compliance with the Safe Drinking Water Act, Bipartisan Infrastructure Legislation (BIL), Civil Rights Act, and to ensure conformance with Federal crosscutting requirements. (Deliverable)
4. The Department certifies to provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of 26% (\$2,156,700) and not more than 49% \$(4,064,550) to disadvantaged communities for the construction of eligible DWSRF projects including water treatment plants, distribution system improvements, and storage.
5. The Department certifies that it will enter into binding commitments for 120% of each payment under the DWSRF capitalization grant within one (1) year after receipt of each payment.
6. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
7. The Department certifies that all 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.
8. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
9. The Department certifies that is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.
10. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.

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

VII. Program Income

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

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$1,275,458	\$0.00	\$1,275,458

VIII: Estimated DWSRF Capitalization Grant Schedules/Timeline

A. Estimated Grant Draw Schedule

Capitalization Grant

Fiscal Year	Month	Draw
2024	Oct	\$685,750
2024	Nov	\$685,750
2024	Dec	\$685,750
2024	Jan	\$685,750
2024	Feb	\$685,750
2024	Mar	\$685,750
2024	Apr	\$685,750
2024	May	\$685,750
2024	Jun	\$685,750
2024	Jul	\$685,750
2024	Aug	\$685,750
2024	Sep	\$685,750
Total		\$8,229,000

2024 Reallocation

Fiscal Year	Month	Draw
2024	Mar	\$5,500
2024	Apr	\$5,500
2024	May	\$5,500
2024	Jun	\$5,500
2024	Jul	\$5,500
2024	Aug	\$5,500
2024	Sept	\$5,500
2024	Oct	\$5,500
2024	Nov	\$5,500
2024	Dec	\$5,500
2024	Jan	\$5,500
2024	Feb	\$5,500
Total		\$66,000

B. Estimated Grant Disbursal Schedule

Capitalization Grant

Payment Quarter	Payment Date	Payment Amount
FY2024/Quarter 1	10/1/2024	\$8,229,000

State Reallocation

Payment Quarter	Payment Date	Payment Amount
FY2024/Quarter 1	10/1/2024	\$66,000

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

C. Capitalization Grant Budget Periods:

2024 EPA DWSRF Capitalization Grant

October 1, 2024 through September 30, 2030

IX. Public Participation

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

X. Reporting

1. Annual reports are required for the DWSRF Capitalization Grant. Each annual report is due on December 31 following each fiscal year period. The annual report for the 2024 DWSRF funding will include the results from the period of October 1, 2024 through September 30, 2025 and will be submitted on or before December 30, 2025.
2. The Department will submit information on projects into the DWSRF National Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP. 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	Disadvantaged Score	Priority Ranking Points	DW SRF Amount Granted	DW SRF Amount of PF	DW SRF % PF	Applied for Project Amount	Fund
FS010153-06	Huntsville Utilities (2024 SUPP)	Water System Improvements (2024)	Huntsville	Madison	N/A	210,081	0.00	SUPP	\$7,500,000	\$0	0%	\$7,500,000	DWSRF
FS010096-10	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of**	Master Plan Phase I SUPP	Mobile	Mobile	N/A	187,445	0.00	SUPP	\$8,935,000	\$0	0%	\$8,935,000	DWSRF
FS010096-12	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of	Causeway Water Main SUPP	Mobile	Mobile	N/A	187,445	0.00	SUPP	\$1,700,000	\$0	0%	\$1,700,000	DWSRF
FS010096-11	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of	Master Plan Phase II SUPP	Mobile	Mobile	N/A	187,445	0.00	SUPP	\$12,483,768	\$0	0%	\$21,848,988	DWSRF
FS010488-02	Harpersville, Town of	Harpersville Waterline Replacement Project 2024	Harpersville	Shelby	Yes	1,589	2.65	305	\$2,310,000	\$577,500	25%	\$5,265,000	DWSRF/BIL LSL
FS010230-06	North Marshall Utilities Board	Water System Improvements - 2024	Grant	Marshall	Yes	1,524	3.16	240	\$2,500,000	\$0	0%	\$20,227,650	DWSRF
FS010133-05	Warrior River Authority	#1 of 4 WTP Improvements	Bessemer	Jefferson	N/A	26,171	0.99	220	\$2,375,000	\$0	0%	\$9,500,000	DWSRF
FS010522-05	York, City of	Proposed York Water System Infrastructure Project	York	Sumter	Yes	2,371	3.62	215	\$1,124,000	\$1,124,000	100%	\$2,248,000	DWSRF
FS010200-04	Ashville, City of	Water System Improvements	Ashville	St. Clair	Yes	2,096	2.60	185	\$1,853,785	\$0	0%	\$3,707,570	DWSRF
FS010530-02	Clayton WW&SB	Water Supply Well	Clayton	Barbour	N/A	2,512	2.06	180	\$1,230,000	\$0	0%	\$2,460,000	DWSRF
FS010425-02	Bessemer Water Services	Water System Improvements	Bessemer	Jefferson	Yes	26,171	2.01	175	\$2,000,000	\$0	0%	\$42,223,750	DWSRF
FS010064-05	Cullman, City of	Primary Water Transmission Pipeline Replacement	Cullman	Cullman	N/A	17,892	1.37	170	\$5,075,000	\$0	0%	\$10,150,000	DWSRF
FS010124-01	Troy, City of	Well and Storage Tank Rehabilitation	Troy	Crenshaw	No	17,765	0.45	160	\$3,465,000	\$0	0%	\$3,465,000	DWSRF/ARPA
FS010497-01	Northeast Etowah Water Co-op	2" & 3" Main Replacement	Gadsden	Etowah	Yes	4,260	4.88	155	\$999,313	\$999,313	100%	\$999,313	DWSRF
FS010544-02	Talladega County Commission	Water System Improvements	Talladega	Talladega	N/A	15,782	0.79	155	\$3,391,075	\$0	0%	\$6,782,150	DWSRF/ARPA
FS010306-01	Coffee County Water Authority	SRF Well, Tank, and Mains	Elba	Coffee	N/A	3,449	1.89	150	\$600,000	\$0	0%	\$3,526,000	DWSRF/ARPA
FS010239-02	Anniston Water Works and Sewer Board	Paul B. Krebs WTP Improvements	Anniston	Calhoun	Yes	21,455	1.61	120	\$5,945,000	\$0	0%	\$17,090,000	DWSRF/ARPA
FS010072-03	Jackson Water Works and Sewer Board	Water Meter Replacement	Jackson	Clarke	Yes	4,774	3.19	110	\$700,777	\$250,000	36%	\$1,132,055	DWSRF/ARPA
FS010153-07	Huntsville Utilities	Water System Improvements Phase II (2024)	Huntsville	Madison	N/A	210,081	0.43	105	\$11,367,400	\$0	0%	\$56,837,000	DWSRF
FS010060-04	Albertville, Municipal Utilities Board of the City of	Albertville WTP Improvements	Albertville	Marshall	Yes	22,268	1.74	85	\$2,000,000	\$0	0%	\$6,790,000	DWSRF
FS010551-01	Arley, Town of	Water System Improvements	Arley	Winston	N/A	625	2.38	55	\$200,000	\$0	0%	\$1,264,200	DWSRF/ARPA
FS010448-02	Montevallo WW&SB	Water System Line Replacement	Montevallo	Shelby	No	6,968	1.59	55	\$1,500,000	\$0	0%	\$6,000,000	DWSRF/ARPA
FS010426-02	Bessemer, GUSC of the City of	Raw Water Pump Upgrade and High Service Pump Control Valve Replacement	Bessemer	Jefferson	Yes	26,171	2.01	50	\$1,199,501	\$0	0%	\$2,399,002	DWSRF
FS010276-02	Talladega, Alabama, City of	New Water Treatment Plant & System Improvements	Talladega	Talladega	Yes	15,782	1.99	40	\$4,500,000	\$0	0%	\$6,000,000	DWSRF/ARPA
Total	24								\$84,954,619	\$2,950,813	*36%	\$248,050,678	

*Note: Percent additional subsidy is calculated based on capitalization grant amount (\$8,295,000). Amount includes \$17,160 in additional subsidization for the "rollover" funding granted during fiscal year 2024.

**Note (and bold): Equivalency Project

Attachment 2 – DWSRF Project Descriptions

Albertville, Municipal Utilities Board of the City of – WTP Improvements

The Municipal Utilities Board of the City of Albertville proposes improvements at the Albertville WTP include a new 2 MGD clearwell, filter rehabilitation of the four filters at the 9 MGD WTP, and a new backwash pipeline to the 9 MGDWTP filters. The new clearwell will provide redundant storage capability to allow the existing 2MGD clearwell to be removed from service for maintenance or for emergency repairs. The additional clearwell will improve disinfection contact time and permit a wider operating range for clear well storage capacity and disinfection dosage rates. The proposed improvements should increase filter run time and provide a more efficient backwash process. The new backwash pipeline to the 9 MGD WTP will allow the consolidation of the Albertville WTP backwash facilities to one location at the combined Finished Water Pumping Station.

Arley, Town of – Water System Improvements

The Town of Arley proposes a project to rehabilitate multiple tanks, the existing clearwell, and the existing filter/clarifier basins, as well as construct a new clearwell. Completion of this project will improve tank and clearwell reliability and longevity, increase storage capacity, and provide the capability to take one clearwell offline at a time for maintenance. The purpose of the project is to provide improved drinking water reliability within its water system.

Ashville, City of – Water System Improvements

The City of Ashville proposes to upgrade the water treatment plant by increasing treatment capacity, adding a pressure sand filter, chlorination and new pumps. The new pumps will be added to an existing SCADA system for 24-7 monitoring. The proposed work includes the replacement of 3,300 LF of 4" water line along U.S. Highway 231 with a new 6" PVC water line. This will provide a complete loop of 6" water lines along U.S. Highway 231, U.S. Highway 11, and Dietrich Road. This removes the hydraulic restriction with the 4" pipe and allows customers in the area to be fed from two directions to increase pressure and flow. A new booster pump station will be placed on U.S. 231 to boost pressure toward the interstate. The project will restore customer pressures along the U.S. Highway 431 corridor north of Interstate 59.

Anniston Water Works and Sewer Board – Paul B. Krebs WTP Improvements

The Anniston Water Works and Sewer Board proposes to rehabilitate the Paul B. Krebs Water Treatment Plant including a new finished water pump station, new stand-by generator, general site improvements for continued protection of the Coldwater Spring Watershed, and conversion of the Chlorine Gas Disinfection to Bulk Sodium Hypochlorite. The proposed project would address concerns related to the watershed, emergency power, and disinfection system improving water quality throughout the system and multiple other systems which currently purchase water.

Bessemer Water Services – Water System Improvements

Bessemer Water Services proposes to upgrade the water system's metering infrastructure, inventory service line material and condition, install and inventory backflow prevention, system mapping, reduce unaccounted for water, re-allocate system's personnel, and encourage more

responsible water usage. The purpose of the project is to improve water quality and provide a secondary backup to provide water to the existing service area.

Bessemer, GUSC of the City of – Raw Water Pump Upgrade and Control Valve Replacement

The GUSC of the City of Bessemer proposes to rehabilitate and upgrade the raw water pump and high service pump control valve. The purpose of the project is to increase redundancy and reliability of the raw water intake and reduce water loss.

Clayton Water and Sewer Board – Water Supply Well

The Clayton Water and Sewer Board proposes to construct a new water supply well and mains to connect the existing system. The Town's current well is experiencing low capacity and reduced water quality. The purpose of the project is to improve water quality and reliability for the existing customers.

Coffee County Water Authority – SRF Well, Tank, and Mains

The Coffee County Water Authority proposes to install a new storage tank and well to serve the Fairview system and Britt area which are currently experiencing reduced pressures. A new well would also be constructed since the system is rural and spread out, adequate pressures would not be available with just a new storage tank. The proposed project will increase pressure and reliability to the system throughout Fairview and the county.

Cullman, City of – Primary Water Transmission Replacement

The City of Cullman proposes to replace the transmission water main from the water treatment plant to the distribution system. Over 50 percent of water purchased from Cullman Utilities is conveyed through the current transmission water main, which has exceeded its operating life. Completion of this project will ensure compliance with drinking water regulations, reduce leaks, unaccounted water loss, and continued provision of adequate safe drinking water to all service areas.

Harpersville, Town of – Waterline Replacement

The Town of Harpersville proposes to replace the existing asbestos cement water line. The proposed project will increase water quality and reliability for all customers throughout the system.

Huntsville Utilities – 2024 Supplemental

Huntsville Utilities has proposed a project for various water system improvements. The project consists of the construction of a transmission main along Bailey Cove Rd., Swancott Road and Research Park Blvd. The project also includes the construction of a water main along Swancott Road and US Highway 72. Rehabilitation improvements will also be made to the South Parkway Water Treatment Plant and the South West Water Treatment Plant. A water storage tank will also be constructed in order to provide better redundancy and storage to the US Highway 72 West area.

Huntsville Utilities – Water System Improvements 2024

The Huntsville Utilities Improvements Phase 2 consists of projects in two areas. The North Base Water Supply Improvement projects will increase the water supply available to the North Base

Pressure Zone of the distribution system and address issues of water supply, water distribution, lack of redundancies, aging infrastructure, and preparation for possible PFAS regulations. Much of the North Base area falls within Justice 40 disadvantaged areas and such areas will directly benefit from the proposed improvements. The proposed improvements to the western region of Huntsville Utilities' water service area address issues of water supply and transmission, water distribution, and lack of redundancies.

Jackson Water Works and Sewer Board – Water Meter Replacement

The Jackson Water Works and Sewer Board proposed to replace the existing water meters with automated read meters (AMRs) throughout the system. The proposed project would increase reliability and reduce operational costs throughout the system.

Mobile, Board of Water and Sewer Commissioners (MAWSS) – Master Plan Phase I

The Mobile Board of Water and Sewer Commissioners (MAWSS) proposes improvements to Stickney WTP which include installation of VFD and actuator pumps, improvements to Operations Building, HVAC improvements to blower and sludge pump buildings, replacement of six (6) MCCs, new emergency generator, new main electrical and generator building, repairs and renovations to reservoirs, new finished water line to clearwells, new laboratory, security upgrades, new flammable storage building, and sludge removal; solids handling and SCADA improvements at Myers WTP; DC to AC conversion study and emergency by-pass connection at Big Creek Pump Station; development of SCADA change management processes and procedures; design and implementation support of Wide Area Network (WAN) SCADA; development of updated radio telemetry; cybersecurity program design: structural, mechanical, and electrical upgrades to various booster pump stations; and implementation of permanent spill isolation and contamination prevention BMPS at Big Creek Lake. These improvements will insure continued provision of safe drinking water to all service area customers.

Mobile, Board of Water and Sewer Commissioners (MAWSS) - Master Plan SRF Water Project Phase II

The Mobile Board of Water and Sewer Commissioners (MAWSS) proposes improvements to Stickney WTP which include installation of VFD and actuator pumps, improvements to Operations Building, HVAC improvements to blower and sludge pump buildings, replacement of six (6) MCCs, new emergency generator, new main electrical and generator building, repairs and renovations to reservoirs, new finished water line to clearwells, new laboratory, security upgrades, new flammable storage building, and sludge removal; solids handling and SCADA improvements at Myers WTP; DC to AC conversion study and emergency by-pass connection at Big Creek Pump Station; development of SCADA change management processes and procedures; design and implementation support of Wide Area Network (WAN) SCADA; development of updated radio telemetry; cybersecurity program design: structural, mechanical, and electrical upgrades to various booster pump stations; and implementation of permanent spill isolation and contamination prevention BMPS at Big Creek Lake. These improvements will ensure continued provision of safe drinking water to all service area customers.

Mobile, Board of Water and Sewer Commissioners (MAWSS) – Causeway Water Main Replacement

Mobile Board of Water & Sewer Commissioners proposes the emergency replacement and/or rehabilitation of various existing sections of the Causeway Water Main to the Spanish Fort Water System which are experiencing significant water loss. Proposed improvements will include replacing or rehabilitating more than 9,300 LF of 20-inch HDPE main. As MAWSS currently supplies 70% of Spanish Fort's total water supply, these repairs are immediately and urgently needed to eliminate existing water loss.

Montevallo Water and Sewer Board – Water System Line Replacement

The proposed project will rehabilitate the water storage tank, replace existing water lines, and upgrade the booster pump stations including piping, valves, actuators, etc. The project will increase water quality and reliability for all customers.

North Marshall Utilities Board – Water System Improvements

The proposed project will install a new raw water intake at Honeycomb treatment plant, install a new Highway 79 storage tank, replace the Mountainside pump station and water lines throughout the system, and replace the high service pumps at the water treatment plant. The project will increase water quality and pressure, reduce water loss, and increase reliability for all customers.

Northeast Etowah Water Co-op – Main Replacement

The proposed project will install new 2- and 3-inch water main throughout the system. The project will increase water quality and pressure, reduce water loss, and increase reliability for customers.

Talladega County Commission – Water System Improvements

Talladega County Commission proposes to replace a number of water mains where maintenance records clearly point to the areas where there have been line breaks and required repairs, due to the age, materials, and methods used during construction. Some of the mains that will be replaced will require upsizing to increase pipeline capacities to improve flow to existing customers. The final portion of the proposed project will be to install new AMI water meters throughout the system.

Talladega, City of – New Water Treatment Plant and System Improvements

The City of Talladega proposes to install a new water treatment plant and related appurtenances. The existing treatment plant is beyond the useful life and losing capacity. The proposed project would increase reliability and improve water quality throughout the system.

Troy, City of – Well and Storage Tank Rehabilitation

The City of Troy proposes to replace the Park Well vertical turbine pump, rehabilitate the Franklin Drive Well, Braswell Tank, and Park Street Tanks, and replace the East Walnut Street and South Brundidge Street water main. The proposed project would increase reliability and provide adequate pressure throughout the system while decreasing water loss.

Warrior River Authority – WTP Improvements

The Warrior River Water Authority proposes to increase the water treatment plant capacity to provide better redundancy for the loss of a groundwater source. The proposed project would increase system redundancy and resiliency for all customers.

York, City of – Water System Infrastructure Improvements

The City of York proposes to replace approximately 20,000 linear feet of cast iron water mains, install a booster pump station, rehabilitate the two (2) deep finished well water sources, and install SCADA. The proposed project would improve water quality and reliability for all customers throughout the system.



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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was: 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)	
Part B: Drinking Water Contaminants (150 points maximum)	
Part C: Water/Energy Efficiency (45 points maximum)	
Part D: Capacity and Pressure (100 points maximum)	
Part E: System Consolidation (50 points maximum)	
Part F: Sustainability (50 bonus points maximum)	
Part G: Reporting (Maximum Reduction of 30)	
Part H: Affordability (60 points maximum)	
Part I: Infrastructure Improvement	
TOTAL POINTS CLAIMED:	

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

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



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



Capitalization Grant Year 2024

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. ADMINISTRATION AND TECHNICAL ASSISTANCE (4%)	3
A. FUNDING AMOUNT.....	3
B. PROJECTED WORK YEARS FOR IMPLEMENTATION	3
C. GOALS AND OBJECTIVES.....	3
III. SMALL SYSTEM TECHNICAL ASSISTANCE	3
A. FUNDING AMOUNT.....	3
IV. STATE PROGRAM MANAGEMENT	3
A. FUNDING AMOUNT.....	3
V. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS SET-ASIDE	4
A. FUNDING AMOUNT.....	4
REFERENCES	4

I. Introduction

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

II. Administration and Technical Assistance (4%)

A. Funding Amount

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

- \$329,160
- 4% of \$8,229,000

B. Projected Work Years for Implementation

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

C. Goals and Objectives

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

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

III. Small System Technical Assistance

A. Funding Amount

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

IV. State Program Management

A. Funding Amount

A State may reserve up to 10 percent of its Capitalization Grant to develop and implement its drinking water protection, capacity development, operator certification and source water protection programs. A total of \$822,900 was allocated from the 2023 Capitalization Grant. This funding will be used to provide support to the Public Drinking Water System branch of ADEM.

V. Local Assistance and Other State Programs Set-Aside

A. Funding Amount

A state may reserve up to 15 percent of a Capitalization Grant for capacity development and source water protection activities using the Local Assistance and Other State Programs Set-Aside. The Department will reserve \$60,000 to support local water education.

References

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

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



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DWSRF Bipartisan Infrastructure Legislation (BIL) Intended Use Plan



Fiscal Year 2024

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. PROGRAM GOALS.....	3
A. SHORT-TERM GOALS (OUTPUTS)	3
B. LONG TERM GOALS (OUTCOMES)	4
C. PROGRAM CHANGES.....	4
III. SOURCES AND USES OF FUNDS:	4
A. PROJECTED SOURCES	5
B. PROJECTED USES.....	5
C. LEVERAGING.....	5
D. TRANSFER OF FUNDS.....	5
E. ELIGIBLE PROJECTS TO BE FUNDED	5
F. FINANCIAL TERMS OF LOANS	5
IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS	6
A. PRIORITY LIST	6
B. ADDITIONAL SUBSIDIZATION:.....	6
C. PREVAILING WAGES.....	7
D. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	8
E. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....	8
F. INADEQUATE ALLOCATIONS.....	8
G. UNANTICIPATED AND UNCOMMITTED FUNDS	9
H. PROJECT BYPASS/REALLOTMENT:	9
V. SET-ASIDE ACTIVITIES.....	9
A. ADMINISTRATIVE SET-ASIDE.....	9
B. STATE PROGRAM MANAGEMENT	10
C. LOCAL ASSISTANCE	10
VI. CERTIFICATIONS	10
VI. PROGRAM INCOME.....	10
VII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES	11
A. ESTIMATED GRANT DRAW SCHEDULE.....	11
B. ESTIMATED GRANT DISBURSAL SCHEDULE	11
C. CAPITALIZATION GRANT BUDGET PERIODS:	11
VIII. PUBLIC PARTICIPATION	11
IX. REPORTING.....	12

ATTACHMENT 1 – PROJECT PRIORITY

ATTACHMENT 2 - PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION FORM

ATTACHMENT 4 - SET-ASIDE WORKPLAN

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 for the DWSRF program. This Intended Use Plan (IUP) describes how the State intends to use available BIL - DWSRF general supplemental appropriation 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 \$40,585,000 in EPA grant funding that will be used to provide low interest financial assistance from the DWSRF program. The BIL requires a match of 20% after fiscal years 2022 and 2023. Therefore, the State match for fiscal year 2024 of the BIL supplemental general appropriation is 20% of the capitalization grant. The State of Alabama will provide \$8,117,000 by utilizing funds appropriated by the State Legislature to fulfill the match requirement.

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

ADEM has set its short- and long-term goals of this IUP to align with EPA's strategic goals and objectives FY 2022-2026 EPA Strategic Plan, specifically Goal #5, to ensure clean and safe water for all communities and Objective 5.1 to ensure safe drinking water and reliable water infrastructure. 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 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 General Appropriation eligible activities for public water supply facilities on the DWSRF Priority List. Projects which are eligible for traditional DWSRF funding will be eligible for the BIL DWSRF General Appropriation. (Deliverable)
2. To provide financial assistance through the BIL DWSRF Supplemental General Funding to include additional subsidization in the form of principal forgiveness for not less than the required minimum of 49% of the total capitalization grant. The minimum amount of additional subsidization for the 2024 fiscal year is \$19,886,650. (Deliverable)

3. To implement the State's DWSRF in compliance with the Safe Drinking Water Act, BIL, Civil Rights Act, and all applicable Federal crosscutting requirements. (Deliverable)
4. 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)
5. 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 infrastructure by providing funding for projects that ensure compliance with drinking water national primary 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.
7. 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 source of water pollution and projects that ensure water quality standards are protective of the health and environment.

C. Program Changes

No major programmatic changes are proposed for fiscal year 2024.

III. Sources and Uses of Funds:

The Department is expected to fund FY 2024 projects using a combination of the 2024 EPA DWSRF BIL Supplemental Appropriation Capitalization Grant, 2024 Capitalization Grant, and state funds. Match for the EPA Grant will be fulfilled by utilizing state funds appropriated by the State Legislature. The estimated sources and uses of funds in the FY 2024 DWSRF program are as follows:

A. Projected Sources

2024 EPA DWSRF BIL Cap Grant:	\$40,585,000
DWSRF State Match:	\$8,117,000
Direct Loan Repayments, Interest Earnings, and Unobligated Funds	\$24,355,760*
Total:	\$48,702,000
Overall Total:	\$73,057,760**

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

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

B. Projected Uses

Project Assistance:	\$43,020,100
State Program Management (10%):	\$4,058,500
Local Assistance (15%):	\$0
Administrative Cost (4%):	\$1,623,400
Total:	\$48,702,000

C. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2024.

D. 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 Law (CWSRF BIL) to the DWSRF BIL. Funds transferred from the CWSRF BIL to the DWSRF BIL are to be used to fulfill the DWSRF infrastructure financing demand as needed.

E. Eligible projects to be funded

Eligible projects include the planning, design, and construction of improvements to:

- 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;
- Install or upgrade water storage tanks to prevent microbiological contaminants from entering the water system;
- Install or replace distribution pipes to prevent contamination caused by leaks or breaks in the pipe.
- 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.

F. Financial terms of loans

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

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

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

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

IV. Project Selection and Method for Distribution of Funds

A. Priority List

In order to be considered for DWSRF BIL assistance, projects must be on or added to the Priority List and have a proposed project schedule that coincides with the availability of DWSRF BIL funds. The DWSRF BIL priority list was developed by identifying the priority point rating for each proposed project. The funding of such projects is also subject to the availability of funds.

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

B. Additional Subsidization:

The 2024 BIL DWSRF Supplemental Appropriation Capitalization Grant includes a requirement for a minimum \$19,886,650 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. Communities are assessed as disadvantaged based on calculation of the disadvantaged rank. 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 will receive principal forgiveness until it is exhausted (see

Attachment 1). Any subsequent revision to this project list will likewise demonstrate 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: Disadvantaged Ratio

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

E. Selection of Systems to Receive Assistance

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

The criteria for ranking projects give priority to projects that:

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

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

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

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

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 DWSRF allocations are less than anticipated by the Department in the development of the DWSRF 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.

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

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

V. Set-Aside Activities

A. Administrative Set-Aside

BIL and SRF Guidelines allow states to set aside up to a maximum of 4% of the grant for SRF administrative costs. The Department will take an Administrative set-aside of 4% or \$1,623,400 for fiscal year 2024.

B. State Program Management

BIL and SRF Guidelines allow states to set aside up to a maximum of 10% of the grant for state program management. The Department will take a state program management set-aside of 10% or \$4,058,500 for management of the public water supply (PWS) branch.

C. Local Assistance

BIL and SRF Guidelines allow states to set aside up to a maximum of 15% of the grant for local assistance. The Department will not utilize local assistance funds from fiscal year 2024 DWSRF BIL.

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 it will enter into binding commitments for 120% of each payment under the DWSRF capitalization grant within one (1) year after receipt of each payment.
4. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
5. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
6. The Department is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.
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

VI. Program Income

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

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$6,159,780	\$0.00	\$6,159,780
Note: Calculated from interest rate of 2.4% for fiscal year 2024.		

VII: Estimated DWSRF Capitalization Grant Schedules

A. Estimated Grant Draw Schedule

Fiscal Year	Month	Draw
2024	Jan	\$3,382,087
2024	Feb	\$3,382,083
2024	Mar	\$3,382,083
2024	Apr	\$3,382,083
2024	May	\$3,382,083
2024	June	\$3,382,083
2024	July	\$3,382,083
2024	Aug	\$3,382,083
2024	Sep	\$3,382,083
2024	Oct	\$3,382,083
2024	Nov	\$3,382,083
2024	Dec	\$3,382,083
Total		\$40,585,000

B. Estimated Grant Disbursal Schedule

Payment Quarter	Payment Date	Payment Amount
FY2024/Quarter 3	10/01/24	\$20,292,500
FY2024/Quarter 4	01/01/24	\$20,292,500

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

C. Capitalization Grant Budget Periods:

2024 EPA DWSRF BIL Capitalization Grant

October 1, 2024 through September 30, 2030

VIII. Public Participation

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

IX. Reporting

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

Attachment 1: Project Priority List

Project #	Applicant Name	Project Description	City/Town	County	Justice 40 Map Coverage	Population	Disadvantaged Score	Priority Ranking Points	DW BIL Amount Granted	DW BIL Amount of PF	DW BIL % PF	Applied for Project Amount	Fund
FS010483-03	DeKalb-Jackson Water Supply District	Contact Clarifiers for the DJWSD (2024 SUPP)	Idler	Jackson	Yes	604	0.00	SUPP	\$900,000	\$900,000	100%	\$900,000	DWBIL
FS010168-07	Florence, City of**	Supplemental 2024	Florence	Colbert	N/A	39,709	0.00	SUPP	\$7,180,000	\$0	0%	\$7,180,000	DWBIL
FS010096-11	Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of**	Master Plan Phase II SUPP	Mobile	Mobile	N/A	187,445	0.00	SUPP	\$9,365,220	\$0	0%	\$21,848,988	DWSRF/DWBIL
FS010206-02	Heflin Water Works and Sewer Board	Water System Improvements - 2024 SUPP	Heflin	Cleburne	Yes	3,416	2.97	SUPP	\$1,500,000	\$1,500,000	100%	\$1,500,000	DWBIL
FS010387-08	Prichard, The Water Works and Sewer Board of the City of	Lovejoy Loop Preliminary Design	Prichard	Mobile	Yes	19,645	5.00	400	\$700,000	\$700,000	100%	\$700,000	DWBIL
FS010094-02	Kushla Water District	Water Supply Well	Kushla	Mobile	No	6,500	1.63	215	\$2,102,270	\$2,102,270	100%	\$2,108,270	DWBIL
FS010417-01	Washington County Water Authority	Water System Improvements	Chatom	Washington	N/A	789	2.52	210	\$4,591,270	\$3,891,270	85%	\$4,591,270	DWBIL
FS010459-04	North Baldwin Utilities**	Water Tower Improvements	Bay Minette	Baldwin	N/A	7,824	1.55	200	\$5,100,000	\$111,770	2%	\$6,000,000	DWBIL
FS010307-02	Hawk Pride Mountain Water System	Water System Improvements	Tuscumbia	Colbert	N/A	8,977	1.90	195	\$1,281,917	\$1,281,917	100%	\$8,155,368	DWBIL
FS010489-01	Kinston, Town of	Water Improvements - Source & Storage	Kinston	Coffee	Yes	793	2.78	180	\$2,247,224	\$1,347,224	60%	\$2,247,224	DWBIL
FS010324-01	Brewton Water Works	Ridge Road Improvements: Install new well near Damascus Tank(\$1,300,00)	Brewton	Escambia	N/A	5,288	2.08	170	\$1,300,000	\$1,300,000	100%	\$1,300,000	DWBIL
FS010200-05	Ashville, City of	Leaking Water Mains Replacement	Ashville	St. Clair	N/A	2,096	1.60	165	\$999,423	\$999,423	100%	\$999,423	DWBIL
FS010552-01	Bayou La Batre Utilities Board	Vanity Fair Well Replacement and Filtration and Fields Road Well Filtration	Bayou La Batre	Mobile	Yes	2,520	2.92	120	\$4,000,000	\$4,000,000	100%	\$4,000,000	DWBIL
FS010442-02	Autaugaville, Town of	Water System Improvements (2024)	Autaugaville	Autauga	Yes	1,252	3.55	110	\$1,278,000	\$1,278,000	100%	\$1,278,000	DWBIL
FS010194-02	Nauvoo, Town of	Water Storage Tank Rehabilitation	Nauvoo	Walker	Yes	2,100	3.32	95	\$474,776	\$474,776	100%	\$474,776	DWBIL
Total	15								\$43,020,100	\$19,886,650	*49%	\$63,283,319	

*Note: Principal forgiveness percentage is calculated based on original Capitalization Grant amount

**Note (and bold): Equivalency Projects

DWSRF BIL General Supplemental Descriptions

DeKalb-Jackson Water Supply District – New Clarifiers (SUPP)

Dekalb-Jackson Water Supply District proposes to install a new concrete solid contact clarifier for additional pretreatment. The new solids contact clarifier would improve water quality for all customers.

Florence, City of – 2024 Supplemental (SUPP)

The City of Florence proposes a long-range project to upgrade the existing water treatment plants and distribution system. The project will be completed in four phases and consist of replacing aerator, flocculator drives, lime feeder, upgrading the effluent troughs and installing continuous sludge removal equipment at Wilson Lake Water Treatment Plant; improving intake, rapid mixing and settling basins, install static screens, replacing raw water pumps, media, underdrains and lime feeder, upgrade treatment building, upgrade flocculators, upgrading filter pipe gallery and installing a generator at Cypress Creek Water Treatment Plant; replace and upgrade water lines throughout the distribution system; replace and upgrade booster pump stations; abandon, replace and construct water storage tanks throughout the distribution system. Completion of this proposed project will reduce leaks and unaccounted for water loss, resolve pressure issues, provide redundancy in the distribution system and increase the City of Florence ability to meet current and future demands of the water system.

Heflin Water Works and Sewer Board – Water System Improvements (SUPP)

The Heflin Water Works and Sewer Board proposes to construct a new water treatment plant and water intake. The proposed project would improve water quality and reliability for all customers.

Mobile, AL (MAWSS), Board of Water and Sewer Commissioners of the City of - Master Plan Phase II (SUPP)**

The Mobile Board of Water and Sewer Commissioners (MAWSS) proposes improvements to tickney WTP which include installation of VFD and actuator pumps, improvements to Operations Building, HVAC improvements to blower and sludge pump buildings, replacement of six (6) MCCs, new emergency generator, new main electrical and generator building, repairs and renovations to reservoirs, new finished water line to clearwells, new laboratory, security upgrades, new flammable storage building, and sludge removal; solids handling and SCADA improvements at Myers WTP; DC to AC conversion study and emergency by-pass connection at Big Creek Pump Station; development of SCADA change management processes and procedures; design and implementation support of Wide Area Network (WAN) SCADA; development of updated radio telemetry; cybersecurity program design: structural, mechanical, and electrical upgrades to various booster pump stations; and implementation of permanent spill isolation and contamination prevention BMPS at Big Creek Lake. These improvements will ensure continued provision of safe drinking water to all service area customers.

Prichard, The Water Works and Sewer Board of the City of – Lovejoy Loop Preliminary Design

The Prichard Water Works and Sewer Board proposes to conduct the preliminary design for the Lovejoy loop connection. The Lovejoy loop would create looping for the existing customers, reduce pressures, improve water quality, and increase reliability and sustainability throughout the system.

Kushla Water District – Water Supply Well

The Kushla Water District proposes to construct a new water supply well to replace the existing well which has experienced capacity loss and reliability issues. The proposed project would reduce pressure loss, increase capacity, and improve reliability and sustainability for existing customers.

Washington County Water Authority – Water System Improvements

The Washington County Water Authority proposes four primary activities: (1) construct water main interconnections between the WCWA Sunflower system and Hobson Water System along Ala Highway 56 and make public drinking water available to the 17 households along the route; (2) construct a new water storage tank in the Wagarville area to support the new water mains, (3) upgrade the existing 6-inch water main along Sunflower Road from the Sunflower well to the existing 8-inch water main along U.S. Hwy 43 to allow the full production capacity of the well to be utilized, and (4) provide new water service to the households in the Fairhope Church area.

North Baldwin Utilities - Water Tower Improvements**

North Baldwin Utilities proposes to construct two new water storage tanks in order to address increasing demand and existing growth. The new water storage tanks will provide increased capacity, pressure, and reliability and sustainability.

Hawk Pride Mountain Water System – Water System Improvements

The Hawk Pride Mountain Water System proposes to replace the existing water meters with automated read meters (AMR) and rehabilitate the existing storage tanks and SCADA. The proposed project would reduce water loss and provide increased reliability and sustainability for the existing customers throughout the system.

Kinston, Town of – Water Improvements – Storage and Source

The Town of Kinston proposes to construct a new groundwater well and storage tank. The proposed project would increase pressure, capacity, and provide the existing customers with increased reliability and sustainability.

Brewton Water Works – Ridge Road Improvements

The Brewton Water Works proposes to construct a new well to serve customers along the Ridge Road service area. The proposed project would decrease pressure loss, increase capacity, and improve reliability and sustainability for existing customers.

Ashville, City of – Leaking Water Main Replacement

The City of Ashville proposes to replace the water main throughout the downtown portion of the system. The proposed project would reduce water loss, increase pressures, and increase reliability and sustainability for existing customers.

Bayou La Batre Utilities Board – Vanity Fair Well Replacement and Fields Road Well Filtration

The Bayou La Batre Utilities Board proposes to replace the Vanity Fair Well and the filtration at the Fields Road Well. The proposed project would increase capacity, reduce pressure loss, and improve sustainability and reliability for existing customers.

Autagaville, Town of – Water System Improvements

The Town of Autagaville proposes to replace a 6,000' section of 6" PVC water main that blows out routinely, perform mechanical repairs at Well #2, install a generator at Well #2, perform well house maintenance at both wells, and replace the SCADA system. The proposed project would decrease water loss, increase pressures to existing customers, and provide additional reliability.

Nauvoo, Town of – Water Storage Tank Rehabilitation

The Town of Nauvoo proposes to rehabilitate the water storage tank including painting, sandblasting, and inspection. The proposed project would decrease water loss and increase reliability and sustainability throughout the system.

Attachment 3: Pre-application Form



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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was: 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)	
Part B: Drinking Water Contaminants (150 points maximum)	
Part C: Water/Energy Efficiency (45 points maximum)	
Part D: Capacity and Pressure (100 points maximum)	
Part E: System Consolidation (50 points maximum)	
Part F: Sustainability (50 bonus points maximum)	
Part G: Reporting (Maximum Reduction of 30)	
Part H: Affordability (60 points maximum)	
Part I: Infrastructure Improvement	
TOTAL POINTS CLAIMED:	

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

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



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

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DWSRF BIL Set-Aside Workplan



Capitalization Grant Year 2024

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. ADMINISTRATION AND TECHNICAL ASSISTANCE (4%)	3
A. FUNDING AMOUNT.....	3
B. PROJECTED WORK YEARS FOR IMPLEMENTATION	3
C. GOALS AND OBJECTIVES.....	3
III. SMALL SYSTEM TECHNICAL ASSISTANCE.....	3
A. FUNDING AMOUNT.....	3
IV. STATE PROGRAM MANAGEMENT	3
A. FUNDING AMOUNT.....	3
V. LOCAL ASSISTANCE AND OTHER STATE PROGRAMS SET-ASIDE	4
A. FUNDING AMOUNT.....	4
REFERENCES.....	4
Appendix A - Public Water Supply (PWS) Workplan	

I. Introduction

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

II. Administration and Technical Assistance (4%)

A. Funding Amount

A state may reserve up to 4 percent of the DWSRF Capitalization Grant or 1/5 of the current position of the fund for the administration and oversight of its DWSRF project loan fund and set-aside programs to provide technical assistance to public water systems. The total amount allocated can be found below in total and as a percentage of the total 2024 Capitalization Grant.

- \$1,623,400
- 4% of \$40,585,000

B. Projected Work Years for Implementation

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

C. Goals and Objectives

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

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

III. Small System Technical Assistance

A. Funding Amount

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

IV. State Program Management

A. Funding Amount

A State may reserve up to 10 percent of its Capitalization Grant to develop and implement its drinking water protection, capacity development, operator certification and source water protection programs. A total of \$4,058,500 was allocated from the 2024 Capitalization Grant. This funding will be used to provide support to the Public Drinking Water System branch of ADEM.

V. Local Assistance and Other State Programs Set-Aside

A. Funding Amount

A state may reserve up to 15 percent of a Capitalization Grant for capacity development and source water protection activities using the Local Assistance and Other State Programs Set-Aside. The Department will not take local assistance and other state program set-asides for the BIL Capitalization grant.

References

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

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 2024

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. PROGRAM GOAL.....	3
A. SHORT-TERM GOALS (OUTPUTS)	3
B. LONG TERM GOALS (OUTCOMES)	4
C. PROGRAM CHANGES.....	4
III. SOURCES AND USES OF FUNDS:	4
PROJECTED SOURCES:.....	4
PROJECTED USES.....:	5
A. LEVERAGING	5
B. TRANSFER OF FUNDS	5
C. ELIGIBLE PROJECTS TO BE FUNDED	5
D. FINANCIAL TERMS OF LOANS.....	5
IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS.....	6
A. PRIORITY LIST	6
B. ADDITIONAL SUBSIDIZATION:.....	6
C. PREVAILING WAGES.....	7
D. BUILD AMERICA, BUY AMERICA (BABA)	8
E. INADEQUATE ALLOCATIONS.....	8
E. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	8
F. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....	8
G. PROJECT BYPASS/REALLOTMENT:.....	9
V. SET-ASIDE ACTIVITIES	10
A. ADMINISTRATIVE SET-ASIDE.....	10
VI. CERTIFICATION.....	10
VII. PROGRAM INCOME.....	11
VIII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES/TIMELINE	11
A. ESTIMATED GRANT DRAW SCHEDULE	11
B. ESTIMATED GRANT DISBURSAL SCHEDULE	11
C. CAPITALIZATION GRANT BUDGET PERIODS:.....	12
IX. PUBLIC PARTICIPATION	12
X. REPORTING	12

ATTACHMENT 1 – PROJECT PRIORITY

ATTACHMENT 2 – PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION FORM

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 Emerging 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 \$13,490,000 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% (\$3,372,500) 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 the population for each community. As shown in the project priority list, Colbert County Commission will connect a newly constructed Reverse Osmosis (RO) system to multiple smaller communities. In addition, the total funding amount to communities of 25,000 or less is \$9,370,656 (69%) in fiscal year 2024.

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 support American workers, renew the water workforce, and cultivate domestic manufacturing by ensuring compliance with the Davis-Bacon Act and American Iron and Steel (AIS) and Build America Buy America (BABA) requirements. (Deliverable)
2. To Address Polyfluoroalkyl Substances (PFAS) and other emerging contaminants in Drinking Water through the DWSRF-BIL-EC funding.

3. 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.
7. 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.

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.

III. Sources and Uses of Funds:

The estimated sources and uses of funds in the FY 2024 DWSRF-BIL-EC program are as follows:

Projected Sources:

2024 EPA DWSRF BIL EC Cap Grant:	\$13,490,000
DWSRF State Match:	\$0
Interest Earnings, Repayments, and Unobligated Funds	\$0
Total:	\$13,490,000

Projected Uses:

Project Assistance FY24 Cap Grant (DA):	\$13,490,000
10% State Program Management:	\$0
15% Local Assistance:	\$0
Administrative Cost (4%):	\$0
Total:	\$13,490,000

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2024.

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 2024 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 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.
4. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
5. 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.
6. The Department certifies that it will provide financial assistance through the BIL DWSRF Emerging Contaminant Funding to 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 2024 fiscal year is \$13,490,000. 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)
7. 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.
8. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
9. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.
10. The Department certifies that it will implement the State's DWSRF in compliance with the Safe Drinking Water Act, BIL, Civil Rights Act, and all applicable Federal crosscutting requirements. (Deliverable)

11. The Department certifies that 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)
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 for 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	\$1,124,174
2024	Feb	\$1,124,166
2024	Mar	\$1,124,166
2024	Apr	\$1,124,166
2024	May	\$1,124,166
2024	Jun	\$1,124,166
2024	Jul	\$1,124,166
2024	Aug	\$1,124,166
2024	Sep	\$1,124,166
2024	Oct	\$1,124,166
2024	Nov	\$1,124,166
2024	Dec	\$1,124,166
Total		\$13,490,000

B. Estimated Grant Disbursal Schedule

i. FY24 Cap Grant

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 1	10/01/2024	\$6,745,000
FY2025/Quarter 2	01/01/2025	\$6,745,000

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

match. This will be ensured by disbursing all state match funds prior to drawing capitalization grant funds for project disbursements.

C. Capitalization Grant Budget Periods:

2024 EPA DWSRF-BIL-EC Capitalization Grant

October 1, 2024 through September 30, 2030

IX. Public Participation

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

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 2024 DWSRF BIL EC funding will include the results from the period of October 1, 2024 through September 30, 2025 and will be submitted on or before December 30 2025.
2. The Department will submit information on projects into the DWSRF National Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP. 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	Disadvantaged Score	Priority Ranking Points	DW BIL-EC Amount Granted	DW BIL-EC PF	DW BIL EC PF %	Applied for Project Amount	Fund
FS010091-03	Shelby County Water System	South Shelby WTP - PFAS Removal	Columbiana	Shelby	Yes	4,197	2.72	310	\$3,199,196	\$3,199,196	100%	\$7,298,392	DWBIL EC
FS010264-04	Colbert County Commission	Preliminary Design for Connection to Cherokee, Hawk Pride, Town of Leighton, and Leflore - Reverse Osmosis EC (Emerging Contaminants)	Multiple	Colbert	Yes	231	3.06	265	\$450,000	\$450,000	100%	\$450,000	DWBIL EC
FS010345-02	Irondale, City of	PFAS Removal	Irondale	Jefferson	Yes	13,457	1.22	225	\$5,351,460	\$5,351,460	100%	\$5,351,460	DWBIL EC
FS010168-06	Florence, City of	PFAS Treatment	Florence	Lauderdale	Yes	39,709	1.07	215	\$477,600	\$477,600	100%	\$477,600	DWBIL EC
FS010395-02	Muscle Shoals Utilities Board	PFAS Treatment	Muscle Shoals	Colbert	N/A	15,969	0.96	215	\$370,000	\$370,000	100%	\$370,000	DWBIL EC
FS010118-04	Decatur Utilities	PFAS Study and Pilot Testing	Decatur	Morgan	N/A	57,303	0.48	50	\$1,500,000	\$1,500,000	100%	\$1,500,000	DWBIL EC
FS010459-05	North Baldwin Utilities	PFAS Removal Upgrade	Bay Minette	Baldwin	N/A	40,000	0.55	50	\$2,141,744	\$2,141,744	100%	\$15,000,000	DWBIL EC
Total	7								\$13,490,000	\$13,490,000	100%	\$30,447,452	

*Note: All projects considered equivalency.

Attachment 2: Project Descriptions

Shelby County Water System - South Shelby WTP - PFAS Removal Pilot Study

The Shelby County Water System proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

Colbert County Commission - Preliminary Design for Connection to Cherokee, Hawk Pride, Town of Leighton, and Legrange - Reverse Osmosis EC (Emerging Contaminants)

The Colbert County Commission proposes to perform the preliminary engineering for connection of the existing reverse osmosis system to the communities of the Town of Cherokee, Hawk Pride Water System, Town of Leighton, and the Town of Legrange.

Irondale, City of - PFAS Removal

The City of Irondale proposes a project to remove PFAS from finished water by utilizing Granulated Activated Carbon (GAC). The proposed project would improve water quality and remove PFAS to levels that meet and/or exceed the proposed MCL (4 ppt).

Florence, City of - PFAS Treatment Pilot Study

The City of Florence proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

Muscle Shoals Utilities Board - PFAS Treatment Pilot Study

The Muscle Shoals Utilities Board proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

Decatur Utilities - PFAS Study and Pilot Testing

Decatur Utilities proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

North Baldwin Utilities - PFAS Removal Upgrade Pilot Study

North Baldwin Utilities proposes to pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).



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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was: 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)	
Part B: Drinking Water Contaminants (150 points maximum)	
Part C: Water/Energy Efficiency (45 points maximum)	
Part D: Capacity and Pressure (100 points maximum)	
Part E: System Consolidation (50 points maximum)	
Part F: Sustainability (50 bonus points maximum)	
Part G: Reporting (Maximum Reduction of 30)	
Part H: Affordability (60 points maximum)	
Part I: Infrastructure Improvement	
TOTAL POINTS CLAIMED:	

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

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



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

(334) 271-7714
srf@adem.alabama.gov

DWSRF IIJA Emerging Contaminants Intended Use Plan



Fiscal Year 2024

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. PROGRAM GOAL.....	3
A. SHORT-TERM GOALS (OUTPUTS)	3
B. LONG TERM GOALS (OUTCOMES)	4
C. PROGRAM CHANGES.....	4
III. SOURCES AND USES OF FUNDS:	4
PROJECTED SOURCES:.....	5
PROJECTED USES.....:	5
A. LEVERAGING	5
B. TRANSFER OF FUNDS	5
C. ELIGIBLE PROJECTS TO BE FUNDED	5
D. FINANCIAL TERMS OF LOANS.....	5
IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS.....	6
A. PRIORITY LIST	6
B. ADDITIONAL SUBSIDIZATION:.....	6
C. PREVAILING WAGES.....	7
D. BUILD AMERICA, BUY AMERICA (BABA)	8
E. INADEQUATE ALLOCATIONS.....	8
E. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	8
F. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....	8
G. PROJECT BYPASS/REALLOTMENT:.....	9
V. SET-ASIDE ACTIVITIES	10
A. ADMINISTRATIVE SET-ASIDE.....	10
VI. CERTIFICATION.....	10
VII. PROGRAM INCOME.....	11
VIII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES/TIMELINE	11
A. ESTIMATED GRANT DRAW SCHEDULE	11
B. ESTIMATED GRANT DISBURSAL SCHEDULE	12
C. CAPITALIZATION GRANT BUDGET PERIODS:.....	13
IX. PUBLIC PARTICIPATION	13
X. REPORTING	13

ATTACHMENT 1 – PROJECT PRIORITY

ATTACHMENT 2 – PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION FORM

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 Infrastructure and Investment Jobs Acts (IIJA) was implemented on November 15, 2021. The IIJA 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 IIJA-DWSRF Emerging Contaminants (IIJA-DWSRF-EC) funds for the year to meet the objectives of the SDWA and IIJA and further the goal of protecting public health.

The State of Alabama is applying for \$13,905,000 (\$36,000 in fiscal year 2022 reallocations and \$379,000 in fiscal year 2023 reallocations) that will be used to provide financial assistance in the form of 100% principal forgiveness loans from the DWSRF program. The IIJA-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% (\$3,476,250) of the DWSRF IIJA 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 the population for each community. As shown in the project priority list, Colbert County Commission will connect a newly constructed Reverse Osmosis (RO) system to multiple smaller communities. In addition, the total funding amount to communities of 25,000 or less is \$9,370,656 (69%) in fiscal year 2024.

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 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 prohibit discrimination in the provision of services or benefits, on the basis of race, color, national origin, sex, handicap or age.

II. Program Goals

A. Short-term goals (Outputs)

1. To support American workers, renew the water workforce, and cultivate domestic manufacturing by ensuring compliance with the Davis-Bacon Act and American Iron and Steel (AIS) and Build America Buy America (BABA) requirements. (Deliverable)
2. To Address Polyfluoroalkyl Substances (PFAS) and other emerging contaminants in Drinking Water through the DWSRF-IIJA-EC funding.

3. 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.
7. 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.

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.

III. Sources and Uses of Funds:

The estimated sources and uses of funds in the FY 2024 DWSRF-IIJA-EC program are as follows:

Projected Sources:

2024 EPA DWSRF IIJA EC Cap Grant:	\$13,905,000
DWSRF State Match:	\$0
Interest Earnings, Repayments, and Unobligated Funds	\$0
Total:	\$13,905,000

Projected Uses:

Project Assistance FY24 Cap Grant (DA):	\$13,905,000
10% State Program Management:	\$0
15% Local Assistance:	\$0
Administrative Cost (4%):	\$0
Total:	\$13,905,000

A. Leveraging

The Department does not intend to issue DWSRF revenue bonds for new projects during FY 2024.

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 IIJA EC) to the DWSRF IIJA EC. Funds transferred from the CWSRF IIJA EC to the DWSRF IIJA 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 IIJA 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-IIJA-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-IIJA-EC funds. The DWSRF-IIJA-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 IIJA 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 IIJA EC allocation are considered equivalency projects and will meet applicable requirements for equivalency.

B. Additional Subsidization:

The 2024 IIJA-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 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
Ratio of Water Bill/MHHI	Actual Number

Table 1

A community is defined as disadvantaged if the sum of the criteria for population or coverage ratio 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.
- 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 IIJA 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

IIJA 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 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.
4. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
5. To provide financial assistance for IIJA 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 IIJA Emerging Contaminant Funding.
6. The Department certifies that it will provide financial assistance through the IIJA DWSRF Emerging Contaminant Funding to 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 2024 fiscal year is \$13,490,000. At least 25% of the DWSRF IIJA 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)
7. 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.
8. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
9. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.
10. The Department certifies that it will implement the State's DWSRF in compliance with the Safe Drinking Water Act, IIJA Civil Rights Act, and all applicable Federal crosscutting requirements. (Deliverable)

11. The Department certifies that inspection team will perform timely onsite inspections and monitoring to assure compliance with IIJA 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)
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 for which the loan agreement was secured. These fees are collected twice a year, when the recipient initiates repayment of the loan. Since the DWSRF-IIJA-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

2024 Capitalization Grant

Fiscal Year	Month	Draw
2024	Jan	\$1,124,174
2024	Feb	\$1,124,166
2024	Mar	\$1,124,166
2024	Apr	\$1,124,166
2024	May	\$1,124,166
2024	Jun	\$1,124,166
2024	Jul	\$1,124,166
2024	Aug	\$1,124,166
2024	Sep	\$1,124,166
2024	Oct	\$1,124,166
2024	Nov	\$1,124,166
2024	Dec	\$1,124,166
Total		\$13,490,000

2022 Rollover Funds

Fiscal Year	Month	Draw
2025	July	\$3,000
2025	Aug	\$3,000
2025	Sep	\$3,000
2025	Oct	\$3,000
2025	Nov	\$3,000
2025	Dec	\$3,000
2025	Jan	\$3,000
2025	Feb	\$3,000
2025	Mar	\$3,000
2026	Apr	\$3,000
2026	May	\$3,000
2026	Jun	\$3,000
Total		\$36,000

2023 Rollover Funds

Fiscal Year	Month	Draw
2025	Jul	\$31,583
2025	Aug	\$31,583
2025	Sep	\$31,583
2025	Oct	\$31,583
2025	Nov	\$31,583
2025	Dec	\$31,583
2025	Jan	\$31,583
2025	Feb	\$31,583
2025	Mar	\$31,583
2026	Apr	\$31,583
2026	May	\$31,583
2026	Jun	\$31,587
Total		\$379,000

B. Estimated Grant Disbursal Schedule

i. FY24 Cap Grant

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 1	10/01/2024	\$6,745,000
FY2025/Quarter 2	01/01/2025	\$6,745,000

ii. FY22 Rollover

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 1	07/01/25	\$36,000

iii. FY23 Rollover

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 1	07/01/25	\$379,000

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

C. Capitalization Grant Budget Periods:

2024 EPA DWSRF-IIJA-EC Capitalization Grant

October 1, 2024 through September 30, 2030

IX. Public Participation

The IUP will be provided for public notice once finalized. At this time, the IUP is being submitted as draft for a conditional grant award.

X. Reporting

1. Annual reports are required for the DWSRF IIJA EC Capitalization Grant. Each annual report is due on December 30th following each fiscal year period. The annual report for the 2024 DWSRF IIJA EC funding will include the results from the period of October 1, 2024 through September 30, 2025 and will be submitted on or before December 30 2025.
2. The Department will submit information on projects into the DWSRF National Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP. 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 Score	Priority Ranking Points	DW IJA-EC Amount Granted	DW IJA-EC PF	DW IJA EC PF %	Applied for Project Amount	Fund
FS010091-03	Shelby County Water System	South Shelby WTP - PFAS Removal	Columbiana	Shelby	4,197	1.72	310	\$3,199,196	\$3,199,196	100%	\$7,298,392	DWIIJA EC
FS010264-04	Colbert County Commission	Connection to Cherokee, Hawk Pride, Town of Leighton, and Leflore - Reverse Osmosis EC (Emerging Contaminants)	Multiple	Colbert	231	2.06	265	\$450,000	\$450,000	100%	\$450,000	DWIIJA EC
FS010345-02	Irondale, City of	PFAS Removal	Irondale	Jefferson	13,457	1.22	225	\$5,351,460	\$5,351,460	100%	\$5,351,460	DWIIJA EC
FS010168-06	Florence, City of	PFAS Treatment	Florence	Lauderdale	39,709	1.07	215	\$477,600	\$477,600	100%	\$477,600	DWIIJA EC
FS010395-02	Muscle Shoals Utilities Board	PFAS Treatment	Muscle Shoals	Colbert	15,969	0.96	215	\$370,000	\$370,000	100%	\$370,000	DWIIJA EC
FS010118-04	Decatur Utilities	PFAS Study and Pilot Testing	Decatur	Morgan	57,303	0.48	50	\$1,500,000	\$1,500,000	100%	\$1,500,000	DWIIJA EC
FS010459-05	North Baldwin Utilities	PFAS Removal Upgrade	Bay Minette	Baldwin	40,000	0.55	50	\$2,556,744	\$2,556,744	100%	\$15,000,000	DWIIJA EC
Total	7							\$13,905,000.00	\$13,905,000.00	100%	\$30,447,452	

*Note: All projects considered equivalency.

Attachment 2: Project Descriptions

Shelby County Water System - South Shelby WTP - PFAS Removal Pilot Study

The Shelby County Water System proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

Colbert County Commission - Preliminary Design for Connection to Cherokee, Hawk Pride, Town of Leighton, and Legrange - Reverse Osmosis EC (Emerging Contaminants)

The Colbert County Commission proposes to perform the preliminary engineering for connection of the existing reverse osmosis system to the communities of the Town of Cherokee, Hawk Pride Water System, Town of Leighton, and the Town of Legrange.

Irondale, City of - PFAS Removal

The City of Irondale proposes a project to remove PFAS from finished water by utilizing Granulated Activated Carbon (GAC). The proposed project would improve water quality and remove PFAS to levels that meet and/or exceed the proposed MCL (4 ppt).

Florence, City of - PFAS Treatment Pilot Study

The City of Florence proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

Muscle Shoals Utilities Board - PFAS Treatment Pilot Study

The Muscle Shoals Utilities Board proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

Decatur Utilities - PFAS Study and Pilot Testing

Decatur Utilities proposes to perform pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).

North Baldwin Utilities - PFAS Removal Upgrade Pilot Study

North Baldwin Utilities proposes to pilot testing on treatment of PFAS throughout the system. The proposed project would ensure the correct method is chosen in order to meet and/or exceed the proposed MCL limit (4 ppt).



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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was: 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)	
Part B: Drinking Water Contaminants (150 points maximum)	
Part C: Water/Energy Efficiency (45 points maximum)	
Part D: Capacity and Pressure (100 points maximum)	
Part E: System Consolidation (50 points maximum)	
Part F: Sustainability (50 bonus points maximum)	
Part G: Reporting (Maximum Reduction of 30)	
Part H: Affordability (60 points maximum)	
Part I: Infrastructure Improvement	
TOTAL POINTS CLAIMED:	

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

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



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

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



Fiscal Year 2024

TABLE OF CONTENTS

I. INTRODUCTION.....	3
II. PROGRAM GOALS.....	3
A. GOALS (OUTPUTS/OUTCOMES)	3
C. PROGRAM CHANGES.....	4
III. SOURCES AND USES OF FUNDS:	4
PROJECTED SOURCES:.....	4
PROJECTED USES:	4
A. TRANSFER OF FUNDS	4
B. ELIGIBLE PROJECTS TO BE FUNDED.....	5
C. FINANCIAL TERMS OF LOANS.....	5
IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS.....	5
A. PRIORITY LIST	6
B. ADDITIONAL SUBSIDIZATION.....	6
C. PREVAILING WAGES.....	7
D. BUILD AMERICA, BUY AMERICA (BABA).....	7
E. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS	8
F. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....	8
G. PROJECT BYPASS/REALLOTMENT:.....	9
V. SET-ASIDE ACTIVITIES	9
A. ADMINISTRATIVE SET-ASIDE.....	9
VI. CERTIFICATIONS.....	9
VII. PROGRAM INCOME.....	10
VII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES	11
3. ESTIMATED GRANT DRAW SCHEDULE.....	11
4. ESTIMATED GRANT DISBURSAL SCHEDULE	11
C. CAPITALIZATION GRANT BUDGET PERIODS:.....	11
VIII. PUBLIC PARTICIPATION	12
IX. REPORTING.....	12

ATTACHMENT 1 – PROJECT PRIORITY LIST

ATTACHMENT 2 – PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION FORM

I. Introduction

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

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

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

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

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

II. Program Goals

A. Goals (Outputs/Outcomes)

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

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

C. Program Changes

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

III. Sources and Uses of Funds:

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

Projected Sources:

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

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

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

Projected Uses:

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

A. Transfer of Funds

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

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

B. Eligible Projects to Be Funded

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

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

C. Financial Terms of Loans

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

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

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

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

IV. Project Selection and Method for Distribution of Funds

A. Priority List

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

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

B. Additional Subsidization

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

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

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

Table 1

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

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

Each individual category is briefly described below:

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

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

C. Prevailing Wages

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

D. Build America, Buy America (BABA)

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

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

E. Distribution of Funds to Set-Aside Accounts

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

F. Selection of Systems to Receive Assistance

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

The criteria for ranking projects give priority to projects that:

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

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

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

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

G. Project Bypass/Reallotment:

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

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

V. Set-Aside Activities

A. Administrative Set-Aside

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

VI. Certifications

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

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

VII. Program Income

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

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

VII: Estimated DWSRF Capitalization Grant Schedules

3. Estimated Grant Draw Schedule

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

4. Estimated Grant Disbursal Schedule

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 1	10/01/24	\$14,325,000
FY2025/Quarter 2	01/01/25	\$14,325,000

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

C. Capitalization Grant Budget Periods:

2024 EPA DWSRF Bipartisan Infrastructure Law Lead Capitalization Grant

October 1, 2024 through September 30, 2030

VIII. Public Participation

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

IX. Reporting

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

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

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

**Note: All projects considered equivalency

Attachment 2 - DWBIL LSL Project Descriptions

Harpersville, Town of - Harpersville Waterline Replacement Project 2024

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

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

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

Hawk Pride Mountain Water System - Lead Service Line Replacement

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

Marion, City of -Lead Service Line Inventory

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

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

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

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

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

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

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

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

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

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

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

York, City of - Lead Service Line Inventory

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

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

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



Form 370: Drinking Water State Revolving Fund Preapplication

Project Name	
Assistance Amount Requested	\$
Date Submitted	



Submit Complete Preapplication to:	
Preferred method 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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was: 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)	
Part B: Drinking Water Contaminants (150 points maximum)	
Part C: Water/Energy Efficiency (45 points maximum)	
Part D: Capacity and Pressure (100 points maximum)	
Part E: System Consolidation (50 points maximum)	
Part F: Sustainability (50 bonus points maximum)	
Part G: Reporting (Maximum Reduction of 30)	
Part H: Affordability (60 points maximum)	
Part I: Infrastructure Improvement	
TOTAL POINTS CLAIMED:	

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

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



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

(334) 271-7714
srf@adem.alabama.gov

DWSRF Infrastructure and Investment Jobs Acts (IIJA) Lead Service Line (LSL) Intended Use Plan



Fiscal Year 2024

TABLE OF CONTENTS

I. INTRODUCTION.....3

II. PROGRAM GOALS.....3

 A. GOALS (OUTPUTS/OUTCOMES)3

 C. PROGRAM CHANGES.....4

III. SOURCES AND USES OF FUNDS:4

 PROJECTED SOURCES:.....4

 PROJECTED USES:4

 A. TRANSFER OF FUNDS4

 B. ELIGIBLE PROJECTS TO BE FUNDED.....5

 C. FINANCIAL TERMS OF LOANS.....5

IV. PROJECT SELECTION AND METHOD FOR DISTRIBUTION OF FUNDS.....5

 A. PRIORITY LIST6

 B. ADDITIONAL SUBSIDIZATION.....6

 C. PREVAILING WAGES.....7

 D. BUILD AMERICA, BUY AMERICA (BABA).....7

 E. DISTRIBUTION OF FUNDS TO SET-ASIDE ACCOUNTS8

 F. SELECTION OF SYSTEMS TO RECEIVE ASSISTANCE.....8

 G. PROJECT BYPASS/REALLOTMENT:.....8

V. SET-ASIDE ACTIVITIES9

 A. ADMINISTRATIVE SET-ASIDE.....9

VI. CERTIFICATIONS.....9

VII. PROGRAM INCOME.....10

VII: ESTIMATED DWSRF CAPITALIZATION GRANT SCHEDULES11

 3. ESTIMATED GRANT DRAW SCHEDULE.....11

 4. ESTIMATED GRANT DISBURSAL SCHEDULE12

 C. CAPITALIZATION GRANT BUDGET PERIODS:.....12

VIII. PUBLIC PARTICIPATION12

IX. REPORTING.....12

ATTACHMENT 1 – PROJECT PRIORITY LIST

ATTACHMENT 2 – PROJECT DESCRIPTIONS

ATTACHMENT 3 – ALABAMA DWSRF PRE-APPLICATION FORM

I. Introduction

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

The State of Alabama is applying for \$31,398,000 (\$28,650,000 in fiscal year 2024 Capitalization Grant funding and \$2,748,000 in fiscal year 2021 rollover funding) in EPA grant funding to address lead service line replacement that will be used to provide low interest financial assistance from the DWSRF program. No state match is required for the DWSRF IIJA Lead Service Line Capitalization Grant.

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

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

Alabama agrees to comply with all 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 prohibit discrimination in the provision of services or benefits, on the basis of race, color, national origin, sex, handicap or age.

II. Program Goals

A. Goals (Outputs/Outcomes)

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

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

C. Program Changes

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

III. Sources and Uses of Funds:

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

Projected Sources:

2024 EPA DWSRF IIJA Lead Cap Grant:	\$31,398,000
DWSRF State Match:	\$0
Direct Loan Repayments, Interest Earnings, and Unobligated Funds:	\$15,874,426*
Total:	\$31,398,000
Overall Total:	\$47,272,426**

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

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

Projected Uses:

Project Assistance:	\$31,398,000
Funds Reserved for Administrative Cost (4%):	\$0
Total:	\$31,398,000

A. Transfer of Funds

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

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

B. Eligible Projects to Be Funded

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

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

C. Financial Terms of Loans

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

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

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

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

IV. Project Selection and Method for Distribution of Funds

A. Priority List

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

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

B. Additional Subsidization

The 2024 EPA Infrastructure and Investment Jobs Acts Lead Capitalization Grant includes a requirement for a minimum of \$15,385,020 to be provided to disadvantaged communities in the form of additional subsidy. The Department will meet these requirements by offering selected borrowers additional subsidization in the form of principal forgiveness. The Department expects to allocate principal forgiveness to projects in communities determined to be disadvantaged based on the following criteria: small (less than 10,000) communities, assessment of financial records, and ratio of annual average water bill to median household income (MHHI).

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

Criteria	Points
<10,000 population	1
<1.1x coverage ratio	1
Ratio of Water Bill/MHHI	Actual Number

Table 1

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

Each individual category is briefly described below:

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

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

C. Prevailing Wages

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

D. Build America, Buy America (BABA)

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

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

United States.” Therefore, BABA only applies to projects funded in an amount equivalent to the federal capitalization grant.

E. Distribution of Funds to Set-Aside Accounts

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

F. Selection of Systems to Receive Assistance

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

The criteria for ranking projects give priority to projects that:

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

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

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

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

G. Project Bypass/Reallotment:

The Department may bypass any project on the DWSRF Priority List that is not, in the Department's opinion, making satisfactory progress in satisfying requirements for DWSRF assistance. Bypassed projects will be removed from the priority list. In determining whether or not a project is making satisfactory progress in satisfying the requirements for DWSRF assistance, the Department shall use the criteria contained in subparagraphs 1- 6 of this

paragraph. Funds released through project bypass will be considered as uncommitted and available for redistribution in accordance with this section.

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

V. Set-Aside Activities

A. Administrative Set-Aside

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

VI. Certifications

1. The Department certifies that this IUP will be subject to public review and comment with a public notice period of 30 days.
2. The Department certifies that it will provide financial assistance from the DWSRF IIJA Lead Service Line Allocation exclusively for the identification and replacement of lead service lines of public water supply facilities on the DWSRF Priority List.
3. The Department certifies that all drinking water projects in this IUP are on the DWSRF Priority List.

4. The Department certifies that it will provide DWSRF financial assistance to include additional subsidization in the form of principal forgiveness for not less than the required minimum of 49% of the total capitalization grant. The minimum amount of additional subsidization for fiscal year 2024 is \$14,038,500. The additional subsidization will be allocated exclusively to disadvantaged communities for the identification and replacement of lead service lines. (Deliverable)
5. The Department certifies that it will enter into binding commitments for 100% of each payment under the DWSRF capitalization grant within one (1) year after receipt of each payment.
6. The Department certifies that it will expend all funds in the DWSRF in an expeditious and timely manner.
7. The Department certifies that all facilities funded by the DWSRF shall complete a NEPA-like environmental review process.
8. The Department certifies that it is in compliance with the operator certification and capacity development regulations along with the associated reporting requirements.
9. The Department certifies that it will comply with all requirements of the 1997 Operating Agreement with EPA.
10. The Department certifies that it will complete a Benefits Assessment worksheet for each loan agreement executed in order to comply with EPA environmental results reporting requirements.

VII. Program Income

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

Total Program Income	Program Income Collected During Grant Period	Program Income Collected After Grant Period
\$3,414,433.34	\$0.00	\$3,414,433.34

Note: Calculated with an interest rate of 2.2% for fiscal year 2024.

VII: Estimated DWSRF Capitalization Grant Schedules

3. Estimated Grant Draw Schedule

2024 Capitalization Grant

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

2021 Rollover Funds

Fiscal Year	Month	Draw
2025	Jul	\$229,000
2025	Aug	\$229,000
2025	Sep	\$229,000
2025	Oct	\$229,000
2025	Nov	\$229,000
2025	Dec	\$229,000
2025	Jan	\$229,000
2025	Feb	\$229,000
2025	Mar	\$229,000
2026	Apr	\$229,000
2026	May	\$229,000
2026	Jun	\$229,000
Total		\$2,748,000

4. Estimated Grant Disbursal Schedule

2024 Capitalization Grant

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 1	10/01/24	\$14,325,000
FY2025/Quarter 2	01/01/25	\$14,325,000

2021 Rollover Funds

Payment Quarter	Payment Date	Payment Amount
FY2025/Quarter 3	07/01/25	\$2,748,000

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

C. Capitalization Grant Budget Periods:

2024 EPA DWSRF Infrastructure and Investment Jobs Acts Lead Capitalization Grant

October 1, 2024 through September 30, 2030

VIII. Public Participation

The IUP will be provided for public notice for a period of 30 days. Currently, Alabama is submitting the draft IUP to apply for provisional funding. The public notice period and response to comments, if received, will be complete prior to distributing funds.

IX. Reporting

1. Annual reports are required for the IJA DWSRF LSL Capitalization Grant. Each annual report is due on December 30th following each fiscal year period. The annual report for the 2024 DWSRF IJA LSL funding will include the results from the period of October 1, 2024 through September 30, 2025 and will be submitted on or before December 30, 2025.

2. The Department will submit information on projects into the DWSRF National Information Management System (NIMS) as binding commitments are entered into with the borrowers as proposed in this IUP.

Attachment 1: Project Priority List

Project #	Applicant Name	Project Description	City/Town	County	Population	Disadvantaged Score	Priority Ranking Points	DW IJA-Lead Amount Granted	DW IJA LSL Amount of PF	DW IJA LSL PF %	Applied for Project Amount	Fund
FS010488-02	Harpersville, Town of	Harpersville Waterline Replacement Project 2024	Harpersville	Shelby	1,589	2.65	305	\$1,200,000	\$1,200,000	100%	\$5,265,000	DWSRF/DWIIJA LSL
FS010445-02	Fort Payne, Water Works of the City of	Downtown Water Line Replacement Water Line - Lead	Fort Payne	DeKalb	14,730	2.40	150	\$4,078,896	\$1,166,587	29%	\$4,078,896	DWIIJA LSL
FS010307-03	Hawk Pride Mountain Water System	Lead Service Line Replacement	Tuscumbia	Colbert	8,977	1.90	150	\$1,145,625	\$1,145,625	100%	\$695,625	DWIIJA LSL
FS010248-04	Marion, City of	Lead Service Line Inventory	Marion	Perry	3,273	3.67	100	\$26,400	\$26,400	100%	\$31,900	DWIIJA LSL
FS010356-02	Mexia Water System, Inc.	Lead Service Line Inventory (Lead Service Line)	Frisco City	Monroe	1,668	3.73	80	\$22,100	\$22,100	100%	\$27,600	DWIIJA LSL
FS010429-01	Elba Water and Electric Board, City of	Lead/Copper Water Main Replacement	Elba	Coffee	3,449	2.61	65	\$2,395,725	\$2,395,725	100%	\$2,395,725	DWIIJA LSL
FS010337-01	Phil Campbell, Water Works & Sewer Board of the Town of	Cast Iron Water Main/Lead Service Replacement	Phil Campbell	Franklin	725	3.08	60	\$1,281,763	\$1,281,763	100%	\$1,281,763	DWIIJA LSL
FS010423-01	Lanett, City of	Water System Improvements and Lead Service Replacement	Lanett	Chambers	6,821	2.93	55	\$19,227,091	\$6,467,520	34%	\$20,117,300	DWIIJA LSL
FS010315-02	Luverne, City of	6th Street Water System Improvements Lead-Joint Water Main Replacement	Luverne	Crenshaw	2,716	2.52	40	\$1,341,100	\$1,000,000	75%	\$1,341,100	DWIIJA LSL
FS010522-06	York, City of	Lead Service Line Inventory	York	Sumter	2,371	3.56	35	\$19,800	\$19,800	100%	\$25,300	DWIIJA LSL
FS010447-02	Moundville, City of	Market Street (LEAD) Water Main Replacement	Moundville	Hale	2,774	3.13	10	\$659,500	\$659,500	100%	\$659,500	DWIIJA LSL
Total	11							\$31,398,000	\$15,385,020	*49%	\$35,919,709	11

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

**Note: All projects considered equivalency

Attachment 2 - DWIJA LSL Project Descriptions

Harpersville, Town of - Harpersville Waterline Replacement Project 2024

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

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

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

Hawk Pride Mountain Water System - Lead Service Line Replacement

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

Marion, City of -Lead Service Line Inventory

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

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

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

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

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

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

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

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

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

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

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

York, City of - Lead Service Line Inventory

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

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

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



Form 370: Drinking Water State Revolving Fund Preapplication

Project Name	
Assistance Amount Requested	\$
Date Submitted	



Submit Complete Preapplication to:	
Preferred method 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	
Mailing Address		City, Zip Code	
County		UEI Number	
Fax Number		PWSID Number	
AL House District(s)		AL Senate District(s)	
Total Number of System Connections (Current)		Population of System	

Project Engineer:

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

Section 2: Project Information

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

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

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

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

Priority Ranking System

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

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

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

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

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

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

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

Ranking Criteria		Point Value
1	The project significantly reduces water loss. The unaccounted reported water loss during the last 12-month period was:	
	50% or higher	25
	35% - 49%	20
	20% - 34%	10
	15% - 19%	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.	10
	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.	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.	5
	b) Project envelope is located in a previously developed area.	5
	c) Use of environmentally friendly post-consumer recycled or reclaimed materials.	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.	10
	b) Completion of EPA's Water Quality Scorecard (see http://www.epa.gov/smartgrowth/water_scorecard.htm).	5

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

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

H. Affordability Criteria (Maximum: 60 points)

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

I. Infrastructure Improvement Criteria*

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

Sum the points from each category below.

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

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

Exhibit 6: Water Festival Application Form

ADEM Groundwater Festival Grant Application 2025-2026

Applications are accepted continuously. Applicants will be notified of the award via email and postal mail at the address provided below. Please return the signed grant offer via postal mail.

Funds are available as small grants of up to \$2,500 to eligible entities. This grant will subsidize the expenses incurred in implementing one Groundwater Festival for elementary and middle school students. These expenses include educational materials and T-shirts. Educational materials may include such items as supplies for building aquifers, wetlands, watersheds, filtration systems, and for demonstrating the water cycle.

October 1 - Grant Opportunity Opens - Applicants submit details via form for Fall and Spring Festivals May 1 - Grant Opportunity Closes - No more applications for this academic year June 30 - Supporting documentation due to ADEM
July 1 - ADEM starts processing grant applications September 30 - All funding disbursed to grantees

If you have any questions, please email waterfestival@adem.alabama.gov or call the Operator Certification Program at (334) 271-7796.

When you submit this form, it will not automatically collect your details like name and email address unless you provide it yourself.

* Required

Grantee's Information for Grant Contract Agreement

The organization, authorized representative, and Tax ID must be consistent with information in STAARS.

Nonprofit organizations are not eligible for this grant.

1. Legal Name of the Organization *

The organization name must be consistent with the information in STAARS.

Enter your answer

2. Mailing Address *

(Example: 1234 Street, Montgomery, AL 36110) -The address must be consistent with the information in STAARS.

Enter your answer

3. Authorized Representative *

The authorized representative must be consistent with the information in STAARS.

The authorized representative would be signing the agreement.

Enter your answer

4. Telephone Number *

(Example: 334-123-4567)

Enter your answer

5. Email address

Enter your answer

6. Applicant's Federal Tax ID Number *

The Federal Tax ID must be consistent with the information in STAARS. (Example: 63-1234567)

Enter your answer

7. Applicant's STAARS Vendor ID *

(Format Example: VC000000000)

Enter your answer

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Exhibit 7: Financial Statements

FY25 Balance Sheet

Alabama Drinking Water Finance Authority

Current Assets

<i>Cash and Cash Equivalents</i>	91,912,804.81
<i>Accrued Interest Receivable on Investments</i>	26,760.65
<i>Accrued Interest Receivable on Loans</i>	1,140,548.66
<i>Loans Receivable current</i>	23,795,000.00
<i>Principal Forgiveness EPA</i>	56,186,769.00
<i>Due from (Various detailed seperately)</i>	13,097.46
<i>TVA Grant</i>	-0.23

Current Assets

173,074,980.35

Other Assets

<i>U S Treasury Slugs</i>	1,047,840.00
<i>U S Treasury Bonds</i>	14,973,450.00
<i>Loans Receivable</i>	413,660,000.00
<i>Unamortized Loan Premium</i>	-4,086,672.16
<i>Unamortized Deferred Refunding Cost</i>	48,150.72

Other Assets

425,642,768.56

Current Liability

<i>Accrued bond interest payable</i>	-15,692.19
<i>Bonds Payable current</i>	-2,055,000.00
<i>Due to (Various Detailed seperately)</i>	-64,929.52

Current Liability

-2,135,621.71

Long Term Liabilities

<i>Payable to Borrowers</i>	-136,081,219.29
<i>Unamortized premium on bonds payable</i>	-62,951.85
<i>Bonds Payable</i>	-2,765,000.00

Long Term Liabilities

-138,909,171.14

Net Assets

457,672,956.06

FY25 Balance Sheet

Alabama Drinking Water Finance Authority

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
Current Assets			
	<i>Cash and Cash Equivalents</i>		
DW D L & ADEM &	BONY Direct Loans	132590	6,394,624.78
2013 A Refunding (	Debt Service Interest Act	160282	14,616.87
2015 A Refunding (	Debt Service Interest Act	506895	608.16
2013 A Refunding (	Debt Service Reserve Fund Additional	160285	3,626.47
DW D L & ADEM &	Invested funds	322353	33,183,070.63
DW D L & ADEM &	Loan Repayment Fund	132577	81,857.71
2013 A Refunding (	Operating Fund	132602	29,221.04
DW D L & ADEM &	State Match Funds	808854	52,204,275.48
DW D L & ADEM &	USBank Direct Loans	5176896901	903.67
Total	<i>Cash and Cash Equivalents</i>		91,912,804.81
	<i>Accrued Interest Receivable on Investments</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	26,760.65
Total	<i>Accrued Interest Receivable on Investments</i>		26,760.65
	<i>Accrued Interest Receivable on Loans</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	1,140,548.66
Total	<i>Accrued Interest Receivable on Loans</i>		1,140,548.66
	<i>Loans Receivable current</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	23,795,000.00
Total	<i>Loans Receivable current</i>		23,795,000.00
	<i>Principal Forgiveness EPA</i>		
DW D L & ADEM &	BONY Direct Loans	132590	20,286,556.00
DW D L & ADEM &	BONY Direct Loans	132590	35,900,213.00
Total	<i>Principal Forgiveness EPA</i>		56,186,769.00
	<i>Due from (Various detailed seperately)</i>		
DW D L & ADEM &	Loan Repayment Fund	132577	35.87
DW D L & ADEM &	Loan Repayment Fund	132577	10,385.31
DW D L & ADEM &	Loan Repayment Fund	132577	2,676.28
Total	<i>Due from (Various detailed seperately)</i>		13,097.46
	<i>TVA Grant</i>		
DW D L & ADEM &	BONY Direct Loans	132590	-0.23
Total	<i>TVA Grant</i>		-0.23
Total	Current Assets		173,074,980.35

Other Assets

	<i>U S Treasury Slugs</i>		
2013 A Refunding (	Debt Service Reserve Fund Additional	160285	16,765.00
2015 A Refunding (	Debt Service Reserve Fund Additional	506897	27,575.00
2013 A Refunding (	Debt Service Reserve Fund Bond Pro	160284	1,003,500.00
Total	<i>U S Treasury Slugs</i>		1,047,840.00
	<i>U S Treasury Bonds</i>		

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
DW D L & ADEM &	Invested funds	322353	14,973,450.00
Total	<i>U S Treasury Bonds</i>		14,973,450.00
	<i>Loans Receivable</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-23,795,000.00
2013 A Refunding (	Loan Repayment Fund	160290	505,000.00
DW D L & ADEM &	Loan Repayment Fund	132577	398,275,000.00
DW D L & ADEM &	Loan Repayment Fund	132577	-23,025,000.00
2015 A Refunding (	Loan Repayment Fund	506894	3,345,000.00
DW D L & ADEM &	Loan Repayment Fund	132577	58,190,000.00
DW D L & ADEM &	USBank Direct Loans	5176896901	165,000.00
Total	<i>Loans Receivable</i>		413,660,000.00
	<i>Unamortized Loan Premium</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-3,673,083.31
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-413,588.85
Total	<i>Unamortized Loan Premium</i>		-4,086,672.16
	<i>Unamortized Deferred Refunding Cost</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	48,150.72
Total	<i>Unamortized Deferred Refunding Cost</i>		48,150.72
Total	Other Assets		425,642,768.56

Current Liability

	<i>Accrued bond interest payable</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-15,692.19
Total	<i>Accrued bond interest payable</i>		-15,692.19
	<i>Bonds Payable current</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-2,055,000.00
Total	<i>Bonds Payable current</i>		-2,055,000.00
	<i>Due to (Various Detailed seperately)</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-60.38
DW D L & ADEM &	Loan Repayment Fund	132577	-5.00
DW D L & ADEM &	Loan Repayment Fund	132577	-55.00
DW D L & ADEM &	Loan Repayment Fund	132577	-220.00
DW D L & ADEM &	Loan Repayment Fund	132577	-273.00
DW D L & ADEM &	Loan Repayment Fund	132577	-110.00
DW D L & ADEM &	Loan Repayment Fund	132577	-5,000.00
DW D L & ADEM &	Loan Repayment Fund	132577	-56,737.50
DW D L & ADEM &	USBank Direct Loans	5176896901	-2,468.64
Total	<i>Due to (Various Detailed seperately)</i>		-64,929.52
Total	Current Liability		-2,135,621.71

Long Term Liabilities

	<i>Payable to Borrowers</i>		
DW D L & ADEM &	BONY Direct Loans	132590	-136,081,219.29
Total	<i>Payable to Borrowers</i>		-136,081,219.29
	<i>Unamortized premium on bonds payable</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-62,951.85

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
Total	<i>Unamortized premium on bonds payable</i>		-62,951.85
	<i>Bonds Payable</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	2,055,000.00
2013 A Refunding (	Loan Repayment Fund	160290	-1,495,000.00
2015 A Refunding (	Loan Repayment Fund	506894	-3,325,000.00
Total	<i>Bonds Payable</i>		-2,765,000.00
Total	Long Term Liabilities		-138,909,171.14
<i>Net Assets</i>			457,672,956.06

FY25 Income Statement

Alabama Drinking Water Finance Authority

	<i>Investment Earnings</i>	-4,431,505.21
	<i>Market Value adjustment</i>	-796,777.78
	<i>Loan Premium accretion</i>	-609,875.44
	<i>Loan Interest income</i>	-9,085,228.34
	<i>Accrued Loan Interest Income</i>	-1,140,548.66
	<i>Accrued Prior Interest receivable investme</i>	153,058.53
	<i>Accrued Prior interest receivable loans</i>	1,101,514.17
	<i>Accrued Investment Income</i>	-26,760.65
	<i>Bond premium accretion</i>	-81,912.00
Operating Revenue		-14,918,035.38
	<i>Bond Interest expense</i>	220,568.86
	<i>Accrued Bond Interest expense</i>	15,692.19
	<i>Bond Discount amortization</i>	25,150.80
	<i>Administrative expense</i>	707,663.24
	<i>Accrued Prior Year Bond Interest expense</i>	-27,571.10
Operating Expense		941,503.99
	<i>Prior grant revenue receivable</i>	145,014.36
	<i>Grant Revenue</i>	-11,503,544.53
	<i>State Revenue</i>	-11,060,424.00
Non Operating Revenue		-22,418,954.17
	<i>Transfer to Master (Treasurer)</i>	0.00
	<i>Transfer to (from) other account</i>	0.00
	<i>Transfer Admin Fee</i>	7,320,227.74
	<i>Transfer to Drinking Water</i>	-2,007,890.65
Transfers		5,312,337.09
	<i>Beginning Net Assets</i>	-426,589,807.59
Net Assets		-426,589,807.59
Ending Net Assets		-457,672,956.06

FY25 Income Statement

Alabama Drinking Water Finance Authority

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
Operating Revenue			
	<i>Investment Earnings</i>		
2012A Refunding(9	Loan Repayment Fund	157079000	-0.55
2012A Refunding(9	Debt Service Principal Act	157079002	-0.17
2012A Refunding(9	Project Fund BPA	157079009	-0.06
2013 A Refunding (	Debt Service Reserve Fund Additional	160285	-738.03
2013 A Refunding (	Debt Service Reserve Fund Bond Pro	160284	-28,991.12
2013 A Refunding (	Operating Fund	132602	-5,027.53
2015 A Refunding (	Debt Service Reserve Fund Additional	506897	-1,019.90
DW D L & ADEM &	Invested funds	322353	-864,500.00
DW D L & ADEM &	BONY Direct Loans	132590	-736,333.83
DW D L & ADEM &	USBank Direct Loans	5176896901	-45.46
DW D L & ADEM &	Invested funds	322353	-824,102.03
DW D L & ADEM &	Loan Repayment Fund	132577	-56,308.18
DW D L & ADEM &	State Match Funds	808854	-1,914,438.35
Total	<i>Investment Earnings</i>		-4,431,505.21
	<i>Market Value adjustment</i>		
DW D L & ADEM &	Invested funds	322353	-796,777.78
Total	<i>Market Value adjustment</i>		-796,777.78
	<i>Loan Premium accretion</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-609,875.44
Total	<i>Loan Premium accretion</i>		-609,875.44
	<i>Loan Interest income</i>		
2013 A Refunding (	Loan Repayment Fund	160290	-15,920.00
2015 A Refunding (	Loan Repayment Fund	506894	-96,817.50
DW D L & ADEM &	Loan Repayment Fund	132577	-8,966,190.84
DW D L & ADEM &	USBank Direct Loans	5176896901	-6,300.00
Total	<i>Loan Interest income</i>		-9,085,228.34
	<i>Accrued Loan Interest Income</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-1,140,548.66
Total	<i>Accrued Loan Interest Income</i>		-1,140,548.66
	<i>Accrued Prior Interest receivable investments</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	153,058.53
Total	<i>Accrued Prior Interest receivable investme</i>		153,058.53
	<i>Accrued Prior interest receivable loans</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	1,101,514.17
Total	<i>Accrued Prior interest receivable loans</i>		1,101,514.17
	<i>Accrued Investment Income</i>		

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-26,760.65
Total	<i>Accrued Investment Income</i>		-26,760.65
	<i>Bond premium accretion</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-81,912.00
Total	<i>Bond premium accretion</i>		-81,912.00
Total	Operating Revenue		-14,918,035.38
Operating Expense			
	<i>Bond Interest expense</i>		
2013 A Refunding (	Loan Repayment Fund	160290	23,423.11
2013 A Refunding (	Debt Service Reserve Fund Additional	160285	18,442.13
2013 A Refunding (	Debt Service Reserve Fund Bond Pro	160284	28,991.12
2015 A Refunding (	Debt Service Interest Act	506895	322.35
2015 A Refunding (	Debt Service Reserve Fund Additional	506897	50,219.90
2015 A Refunding (	Loan Repayment Fund	506894	99,170.25
Total	<i>Bond Interest expense</i>		220,568.86
	<i>Accrued Bond Interest expense</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	15,692.19
Total	<i>Accrued Bond Interest expense</i>		15,692.19
	<i>Bond Discount amortization</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	25,150.80
Total	<i>Bond Discount amortization</i>		25,150.80
	<i>Administrative expense</i>		
2013 A Refunding (	Loan Repayment Fund	160290	248.74
2015 A Refunding (	Loan Repayment Fund	506894	1,241.24
DW D L & ADEM &	Loan Repayment Fund	132577	102,808.72
DW D L & ADEM &	BONY Direct Loans	132590	348,030.97
DW D L & ADEM &	BONY Direct Loans	132590	255,074.88
DW D L & ADEM &	USBank Direct Loans	5176896901	258.69
Total	<i>Administrative expense</i>		707,663.24
	<i>Accrued Prior Year Bond Interest expense</i>		
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	-27,571.10
Total	<i>Accrued Prior Year Bond Interest expense</i>		-27,571.10
Total	Operating Expense		941,503.99
Non Operating Revenue			
	<i>Prior grant revenue receivable</i>		
DW D L & ADEM &	BONY Direct Loans	132590	145,014.36
Total	<i>Prior grant revenue receivable</i>		145,014.36
	<i>Grant Revenue</i>		
DW D L & ADEM &	ADEM DW Master	101	2,007,890.65
DW D L & ADEM &	ADEM DW Master	101	-13,511,435.18
Total	<i>Grant Revenue</i>		-11,503,544.53

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
<i>State Revenue</i>			
DW D L & ADEM &	ADEM DW Master	101	-11,060,424.00
Total	<i>State Revenue</i>		-11,060,424.00
Total	Non Operating Revenue		-22,418,954.17
Transfers			
<i>Transfer to Master (Treasurer)</i>			
2013 A Refunding (	Loan Repayment Fund	160290	34.39
2015 A Refunding (	Loan Repayment Fund	506894	409.75
DW D L & ADEM &	BONY Direct Loans	132590	-35,744,064.25
DW D L & ADEM &	Loan Repayment Fund	132577	22,676,234.93
DW D L & ADEM &	ADEM DW Master	101	-34,950.00
DW D L & ADEM &	ADEM DW Master	101	-34.39
DW D L & ADEM &	ADEM DW Master	101	-409.75
DW D L & ADEM &	USBank Direct Loans	5176896901	34,950.00
DW D L & ADEM &	ADEM DW Master	101	-22,676,234.93
DW D L & ADEM &	ADEM DW Master	101	35,744,064.25
DW D L & ADEM &	State Match Funds	808854	-11,060,424.00
DW D L & ADEM &	ADEM DW Master	101	11,060,424.00
DW D L & ADEM &	BONY Direct Loans	132590	-479,000.00
DW D L & ADEM &	ADEM DW Master	101	479,000.00
Total	<i>Transfer to Master (Treasurer)</i>		0.00
<i>Transfer to (from) other account</i>			
2012A Refunding(9	Loan Repayment Fund	157079000	62.66
2012A Refunding(9	Debt Service Interest Act	157079001	0.52
2012A Refunding(9	Debt Service Principal Act	157079002	19.15
2012A Refunding(9	Project Fund BPA	157079009	4.30
DW D L & ADEM &	BONY Direct Loans	132590	78,062,967.15
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	413,588.85
DW D L & ADEM &	USBank Direct Loans	5176896901	-86.63
DW D L & ADEM &	Loan Repayment Fund	132577	-78,062,967.15
DW D L & ADEM &	Loan Repayment Fund	132577	20,286,556.00
DW D L & ADEM &	Loan Repayment Fund	132577	2,010,073.12
DW D L & ADEM &	Loan Repayment Fund	132577	-413,588.85
DW D L & ADEM &	State Match Funds	808854	1,665,800.00
DW D L & ADEM &	BONY Direct Loans	132590	-1,665,800.00
DW D L & ADEM &	BONY Direct Loans	132590	-10,000,000.00
DW D L & ADEM &	BONY Direct Loans	132590	-20,286,556.00
DW D L & ADEM &	BONY Direct Loans	132590	-2,010,073.12
DW D L & ADEM &	Invested funds	322353	10,000,000.00
Total	<i>Transfer to (from) other account</i>		0.00
<i>Transfer Admin Fee</i>			
2013 A Refunding (	Loan Repayment Fund	160290	7,213.76
2015 A Refunding (	Loan Repayment Fund	506894	35,996.26
DW D L & ADEM &	USBank Direct Loans	5176896901	978.30

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Thursday, December 18, 2025

Page 3 of 4

<i>Description</i>	<i>Account Description</i>	<i>Trustee Account #</i>	<i>amount</i>
DW D L & ADEM &	Loan Repayment Fund	132577	7,276,039.42
Total	<i>Transfer Admin Fee</i>		7,320,227.74
	<i>Transfer to Drinking Water</i>		
DW D L & ADEM &	ADEM DW Master	101	-2,007,890.65
Total	<i>Transfer to Drinking Water</i>		-2,007,890.65
Total	Transfers		5,312,337.09
Net Assets			
	<i>Beginning Net Assets</i>		
2012A Refunding(9)	Loan Repayment Fund	157079000	-62.11
2012A Refunding(9)	Debt Service Interest Act	157079001	-0.52
2012A Refunding(9)	Debt Service Principal Act	157079002	-18.98
2012A Refunding(9)	Project Fund BPA	157079009	-4.24
2013 A Refunding (	Loan Repayment Fund	160290	975,000.00
2013 A Refunding (	Debt Service Reserve Fund Bond Pro	160284	-1,003,500.00
2013 A Refunding (	Operating Fund	132602	-24,193.51
2013 A Refunding (	Debt Service Interest Act	160282	-14,616.87
2013 A Refunding (	Debt Service Reserve Fund Additional	160285	-38,095.57
2015 A Refunding (	Debt Service Interest Act	506895	-930.51
2015 A Refunding (	Loan Repayment Fund	506894	-60,000.00
2015 A Refunding (	Debt Service Reserve Fund Additional	506897	-76,775.00
DW D L & ADEM &	Invested funds	322353	-55,671,140.82
DW D L & ADEM &	Loan Repayment Fund	132577	-398,325,211.84
DW D L & ADEM &	USBank Direct Loans	5176896901	-193,189.93
DW D L & ADEM &	DW Non cash-accruals and adjustmen	102	3,127,579.86
DW D L & ADEM &	BONY Direct Loans	132590	65,610,565.58
DW D L & ADEM &	State Match Funds	808854	-40,895,213.13
Total	<i>Beginning Net Assets</i>		-426,589,807.59
Total	Net Assets		-426,589,807.59
<i>Net Assets</i>			-457,672,956.06

Exhibit 8: Disbursements

Project No	Applicant Name	Fund Source	FY IUP	Payment Date	Amount
FS010033-04	City of Level Plains	DWSRF	2023	8/1/2025	345223.3
FS010033-04	City of Level Plains	DWSRF	2023	8/15/2025	74415
FS010042-02	The Russell County Water Authority	DL:EPA	2021	10/29/2024	89273
FS010045-03	City of Sumiton	DWSRF	2023	7/17/2025	446955
FS010045-03	City of Sumiton	DWSRF	2023	9/10/2025	119050
FS010055-02	The Utilities Board of the City of Oneonta, Alabama	DL:EPA	2020	1/24/2025	284573.34
FS010055-02	The Utilities Board of the City of Oneonta, Alabama	DL:EPA	2020	1/24/2025	461130.85
FS010055-02	The Utilities Board of the City of Oneonta, Alabama	DL:EPA	2020	3/14/2025	259717.26
FS010055-02	The Utilities Board of the City of Oneonta, Alabama	DL:EPA	2020	5/30/2025	30344.58
FS010085-04	City of Tuscaloosa	DWSRF	2022	2/6/2025	5576204.6
FS010085-04	City of Tuscaloosa	DWSRF	2022	6/6/2025	4536737.7
FS010085-04	City of Tuscaloosa	DWSRF	2022	9/10/2025	1691639.6
FS010090-04	West Morgan-East Lawrence Water & Sewer Authority	DWBIL EC	2022	12/30/2024	368400
FS010092-02	Turnerville Water & Fire Protection District	DL:EPA	2019	9/12/2025	105629.78
FS010096-04	Mobile Board of Water & Sewer Commisisoners (MAWS)	DL:EPA	2021	2/21/2025	9618843.6
FS010108-02	Green Pond Water System, Inc.	DL:EPA	2011	4/3/2025	55681.8
FS010123-02	Dothan, City of	DWSRF	2022	7/9/2025	9247460.8
FS010127-05	Town of Hayneville	DWSRF	2022	10/15/2024	8550
FS010127-05	Town of Hayneville	DWSRF	2022	3/5/2025	101483.75
FS010127-05	Town of Hayneville	DWSRF	2022	3/27/2025	227767.1
FS010127-05	Town of Hayneville	DWSRF	2022	4/11/2025	452849.15
FS010127-05	Town of Hayneville	DWSRF	2022	5/20/2025	71846.4
FS010127-05	Town of Hayneville	DWSRF	2022	6/17/2025	47550
FS010127-05	Town of Hayneville	DWSRF	2022	9/12/2025	356277.9
FS010133-04B	Warrior River Water Authority	DWSRF	2023	9/10/2025	2379723.5
FS010153-06	City of Huntsville, Huntsville Utilities	DWSRF	2023	12/10/2024	8599000
FS010153-06B	City of Huntsville, Huntsville Utilities	DWSRF	2024	9/11/2025	6722078.8
FS010168-04	City of Florence	DWSRF	2022	10/7/2024	342963.12
FS010168-04	City of Florence	DWSRF	2022	12/13/2024	1272734.1
FS010168-04	City of Florence	DWSRF	2022	12/18/2024	237554.51
FS010168-04	City of Florence	DWSRF	2022	1/24/2025	685687.3
FS010168-04	City of Florence	DWSRF	2022	2/28/2025	1036341.6
FS010168-04	City of Florence	DWSRF	2022	4/9/2025	182923.25
FS010168-04	City of Florence	DWSRF	2022	5/13/2025	736240.11
FS010168-04	City of Florence	DWSRF	2022	5/27/2025	90987
FS010168-04	City of Florence	DWSRF	2022	6/4/2025	696440.18
FS010168-04	City of Florence	DWSRF	2022	7/8/2025	8006.5
FS010168-04	City of Florence	DWSRF	2022	9/11/2025	2258.75
FS010168-04	City of Florence	DWSRF	2022	9/11/2025	7634.5
FS010168-04	City of Florence	DWSRF	2022	9/24/2025	933.88
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	11/4/2024	57000
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	12/4/2024	49932
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	1/29/2025	117048.87
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	2/28/2025	115720
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	2/28/2025	165718
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	3/27/2025	117648
FS010175-02	West Lawrence Water Authority	DL:EPA	2020	5/2/2025	76295.57
FS010193-02	City of Moulton	DL:EPA	2020	10/7/2024	170624.57

FS010193-02	City of Moulton	DL:EPA	2020	12/3/2024	12094.76
FS010197-02	Utilities Board of the Town of Grove Hill	DWBIL	2022	12/31/2024	23800
FS010197-02	Utilities Board of the Town of Grove Hill	DWBIL	2022	8/21/2025	166863
FS010227-02	The Utilities Board of the Town of Gilbertown	DL:EPA	2021	10/22/2024	255854.5
FS010227-02	The Utilities Board of the Town of Gilbertown	DL:EPA	2021	12/13/2024	48774
FS010241-04	Town of Pine Hill	DWBIL LSL	2023	3/11/2025	52100
FS010252-02	Citizens Water Service, Inc.	DL:EPA	2020	10/7/2024	10196.67
FS010253-02	Buhl Elrod Holman Water Authority	DL:EPA	2021	3/4/2025	97451.59
FS010255-01	City of York	DL:EPA	2019	3/7/2025	242495.95
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	11/14/2024	183015.28
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	11/27/2024	143218.19
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	12/31/2024	18804.12
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	2/28/2025	164525.43
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	4/2/2025	281166.09
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	6/5/2025	14103.09
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	7/1/2025	14103.09
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	7/31/2025	9402.06
FS010256-04	Selma Water Main and Lead Service Line Replacement	DWBIL LSL	2022	8/29/2025	9402.06
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	1/17/2025	161727.88
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	1/17/2025	255555.52
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	1/24/2025	305486.59
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	4/3/2025	572549.27
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	4/18/2025	548010.31
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	8/27/2025	99863.94
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	8/29/2025	16958.75
FS010263-01	City of Calera Water Works Board	DL:EPA	2019	8/29/2025	112745.66
FS010269-01	Town of Cleveland	DL:EPA	2020	3/31/2025	5854
FS010269-01	Town of Cleveland	DL:EPA	2020	3/31/2025	30125
FS010270-01	Greenpond Water System, Inc.	DL:EPA	2020	6/5/2025	679566.34
FS010270-01	Greenpond Water System, Inc.	DL:EPA	2020	6/23/2025	853645.56
FS010272-01	Parrish Waterworks & Sewer Board	DL:EPA	2020	6/5/2025	20315.59
FS010275-01	The Town of Summerdale	DL:EPA	2020	4/7/2025	93546
FS010277-01	Waterworks & Gas Board of Dora	DL:EPA	2020	1/9/2025	30054.92
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	1/24/2025	18498.92
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	1/24/2025	127410.51
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	5/30/2025	15250
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	6/12/2025	290608.81
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	9/23/2025	117523.65
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	9/24/2025	63106.9
FS010288-01	Southwest Alabama Water Authority	DL:EPA	2021	9/24/2025	321571.46
FS010310-01	Lyeffion Water Authority	DWBIL	2022	4/30/2025	14850
FS010359-01	City Of Reform	DWBIL	2022	10/25/2024	517230.97
FS010359-01	City Of Reform	DWBIL	2022	4/18/2025	331860.6
FS010392-01	Old Line Water Authority	DWBIL	2023	4/29/2025	159029.48
FS010392-01	Old Line Water Authority	DWBIL	2023	9/12/2025	132826.59
FS010424-01B	Beulah Utilities District	DWBIL	2022	3/31/2025	913980.5
FS010424-01B	Beulah Utilities District	DWBIL	2022	5/13/2025	8250
FS010424-01B	Beulah Utilities District	DWBIL	2022	7/22/2025	11480.51
FS010444-03	City of Eutaw	DWBIL LSL	2023	7/7/2025	70844.75

FS010444-03	City of Eutaw	DWBIL LSL	2023	8/11/2025	3256.9
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	12/11/2024	888200
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	12/19/2024	503740.5
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	1/24/2025	128167.68
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	2/7/2025	243146.72
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	3/10/2025	157941.74
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	4/29/2025	383646.54
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	5/11/2025	384157.42
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	6/13/2025	279271.57
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	7/10/2025	394541.3
FS010483-01	Dekalb-Jackson Water Supply District	DWBIL	2023	8/20/2025	193107.35
FS010561-02	Daleville Water & Sewer Board	DWSRF	2023	8/14/2025	187529.5
FS010561-02	Daleville Water & Sewer Board	DWSRF	2023	9/12/2025	104060

Exhibit 9: Transfer Memos



Alabama Department of Environmental Management
adem.alabama.gov

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

MEMORANDUM

TO: Ms. Bibi Mursalin
VP, Senior Specialist – Client Service

FROM: Pamela D Cousins
Fiscal Officer

A handwritten signature in blue ink that reads "Pamela D Cousins".

Date: June 23, 2025

SUBJECT: Transfer of Match Funds

Please make the following transfer for required match funds for FS98447224.

\$1,659,000.00 from DW Match Account #808854 to the DWDL #132590.

Thank you and please do not hesitate to contact me if you have any questions or concerns.



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
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Coastal Office
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Mobile, AL 36605
(251) 450-3400
(251) 479-2593 (FAX)



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

MEMORANDUM

TO: Ms. Bibi Mursalin
VP, Senior Specialist – Client Service

FROM: Pamela D Cousins
Fiscal Officer

Date: July 25, 2025

SUBJECT: Transfer of Match Funds

Please make the following transfer for required match funds for CS01000124.

\$1,825,800.00 from CW Match Account #808856 to the CWDL #132668.

Thank you and please do not hesitate to contact me if you have any questions or concerns.



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MEMORANDUM

TO: Ms. Bibi Mursalin
VP, Senior Specialist – Client Service

FROM: Pamela D Cousins
Fiscal Officer

Date: November 24, 2025

SUBJECT: Transfer of Match Funds

Please transfer \$9,203,294 from the DW Match Account #808854 to DWDL#132590 for the required match funds for the following grants:

4D02D36834 - \$8,117,000

FS98447225 – \$1,086,294 balance due (\$2,765,106 GF deposited directly from Master on 10/28/25. Total \$3,851,400)

Thank you and please do not hesitate to contact me if you have any questions or concerns.



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MEMORANDUM

TO: Ms. Bibi Mursalin
VP, Senior Specialist – Client Service

FROM: Pamela D Cousins
Fiscal Officer

Date: November 24, 2025

SUBJECT: Transfer of Match Funds

Please transfer \$6,930,962 from the CW Match Account #808856 to CWDL#132668 for the required match funds for the following grants:

4C02D36724 - \$5,085,800

CS01000125 – \$1,845,162 balance due (\$1,702,838 GF deposited directly from Master on 10/28/25, Total - \$3,548,000)

Thank you and please do not hesitate to contact me if you have any questions or concerns.



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EDWARD F. POOLOS
DIRECTOR

JEFFERY W. KITCHENS
DEPUTY DIRECTOR



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(334) 271-7700 ■ FAX (334) 271-7950

KAY IVEY
GOVERNOR

October 27, 2025

M E M O R A N D U M

TO: Debra Arrington
State Treasurer's Office

THUR: Amanda Johnston, State Treasurer's Office
Susan McAfoos, BONY-Mellon
Bibi Mursalin, BONY-Mellon
Toya LaBostrie – BONY-Mellon
Charlotte Kardatzke – BONY-Mellon
Matthew Kuper, BONY-Mellon

FROM: Pamela D. Cousins
Fiscal Officer

You are authorized to wire transfer a sum of \$5,721,500.27 to the Bank of New York – Mellon, on Tuesday, October 28, 2025, or thereafter as soon as funds become available pursuant to the following wire instructions:

The Bank of New York
New York, New York
ABA Routing Number: 021000018
Account Number: 3919348400
For credit to Alabama Drinking Water Finance Authority and/or
Alabama Clean Water Finance Authority

Deposit funds in the following account(s):

CWSRF Direct Loan Account Number: 1326688400:	\$1,702,838.00
DWSRF Direct Loan Account Number: 1325908400:	\$4,018,662.27
CWSRF Custody Account Number: 322352	\$0.00
DWSRF Custody Account Number: 322353	\$0.00



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STATE OF ALABAMA
DEPARTMENT OF FINANCE
Division of Control and Accounts

REQUEST FOR ELECTRONIC WARRANT

Submit to Comptroller's Office
NOTE: All areas must be completed

Agency Name Alabama Department of Environmental Management -- 059 _____

Requested by Diane Lockwood _____ Phone #334-271-7815 _____

Date Requested 10/27/2025 _____ Scheduled Process Date 10/28/2025 _____

Amount of Electronic Warrant _____ \$5,721,500.27 _____
(Cash must be available before submitting this document)

Investments Debt Service XX Other (Detail Explanation required)

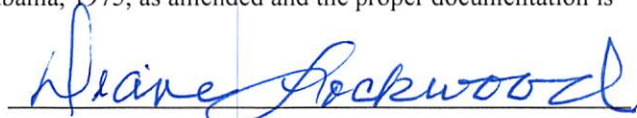
Explanation/Purpose: EIN #13-5160382 The Bank of New York _____

Note: Supporting documentation must be attached to substantiate these payments.

I certify that purchases were received and/or services were performed in the official business of the State of Alabama by the agency named above and are approved for payments.

X - I, the undersigned hereby certify that the transaction under which this payment is requested is not subject to the requirements of Section 31-13-9(a) and (b), Code of Alabama, 1975, as amended.

☐ I, the undersigned hereby certify that the transaction under which this payment is requested is subject to the requirements of Section 31-13-9(a) and (b), Code of Alabama, 1975, as amended and the proper documentation is on file in the agency.



Authorized Departmental Approval

Wiring Instructions:

Receiving Bank: _____ The Bank of New York _____

Receiving Bank ABA: 021000018 For Credit to GLA: 211065, FFC: 391934 ATTN: Toya LaBostrie

For Account Name: CWSRF State Match: Account #808856 \$0.00
CWSRF Direct Loan: Account #132668 \$1,702,838.00

DWSRF State Match: Account#808854 \$0.00
DWSRF Direct Loan: Account#132590 \$4,018,662.27

Account Number (s) DL BNY Accounts: 132668 & 13259 MDW1: 059, 26000000001 _____

Is this wire recurring? _____ if so frequency _____ Bi-Annually _____ No _____

Lockwood, Diane

From: Cousins, Pam
Sent: Monday, October 27, 2025 7:01 AM
To: Lockwood, Diane
Subject: Transfer of Funds

Good morning Diane,
Please double check my numbers and if correct transfer \$1,702,838 from 0453 to BNY Mellon CWDL#132668.
Also transfer \$4,018,662.27 from 0939 to BNY Mellon DWDL#132590.

Thank you,

Pamela D Cousins

Fiscal Officer
Alabama Department of Environmental Management
PO Box 301463
Montgomery, AL 36130-1463
Phone & Fax: (334) 270-5654

