ALASKA CLEAN WATER FUND

STATE REVOLVING FUND

Intended Use Plan for
State Fiscal Year 2023 and
Federal Fiscal Year 2022 Grant Allotment

Submitted to the U.S. Environmental Protection Agency
By
Alaska Department of Environmental Conservation
Division of Water
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Acronyms

AAC	Alaska Administrative Code
ACWF	Alaska Clean Water Fund
ADEC	Alaska Department of Environmental Conservation
ADWF	Alaska Drinking Water Fund
AIS	American Iron and Steel
AWIA	America's Water Infrastructure Act
AWWU	Anchorage Water and Wastewater Utility
BABA	Build America, Buy America Act
BIL	Bipartisan Infrastructure Law
CBR	Clean Water Benefits Reporting
CE	Categorical Exclusion
COVID-19	Coronavirus Disease of 2019
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DBE	Disadvantaged Business Enterprise
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
FFATA	Federal Funding Accountability Transparency Act
FFY	Federal Fiscal Year
FOCUS	Financial Operations and Cash Flow Utilization System
GPR	Green Project Reserve
IUP	Intended Use Plan
MHI	Median Household Income
OASys	Online Application System
PPL	Project Priority List
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund

PROGRAM OVERVIEW

In 1987, Congress amended the federal Clean Water Act (CWA), authorizing the Clean Water State Revolving Fund (CWSRF), a low interest loan program to assist public entities with the financing of publicly owned treatment facilities (Section 212) and nonpoint source management activities (Section 319). The 1987 CWA Amendments authorized the US Environmental Protection Agency (EPA) to award capitalization grants to states to provide seed money for the low-interest loan program. While the 1987 Amendments only authorized funding for the first several years of the loan program, Congress continues to provide funding as part of its annual appropriations. The Alaska Department of Environmental Conservation (ADEC) State Revolving Fund (SRF) Program administers this funding source through the Alaska Clean Water Fund (ACWF) on behalf of the State of Alaska.

This Intended Use Plan (IUP) describes how Alaska intends to use available CWSRF funds during State Fiscal Year 2023 (SFY23), July 1, 2022 through June 30, 2023. This IUP will be submitted to the EPA as part of the application for the CWSRF Federal Fiscal Year 2022 (FFY22) capitalization grant. Alaska's allotment for FFY22 is $6,925,000.

PROGRAM UPDATES

ADEC continues to make updates to the SRF Program in an effort to improve service to funding recipients and meet program goals.

- The SRF Program issued the third Programmatic Financing (Pro Fi) loan to its largest borrower, Anchorage Water and Wastewater Utility (AWWU) in May 2022. Pro Fi offers an alternative to project-by-project financing by funding eligible work within the utility's capital improvement project portfolio. AWWU is planning for submittal of an application for a fourth Pro Fi agreement.
- During SFY19 and SFY20, the SRF Program developed a framework for providing Micro Loans to rural Alaska communities. To date, three drinking water infrastructure Micro Loans have been issued with interest increasing for additional applications. The Micro Loan Program offers up to $500,000 per project with terms of up to 20 years and principal forgiveness ranging from 50% to 90%. Each applicant is required to meet a minimum Operations and Maintenance Best Practices score before a loan agreement is offered.
- In an effort initiated in SFY22 and continuing in SFY23, the SRF Program offers up to $75,000 in principal forgiveness per borrower for Sustainable Infrastructure Planning Projects (SIPP). In the first year, three SIPP projects were funded. Currently, four planning projects are proposed to make use of this financial assistance opportunity.
- Under the Bipartisan Infrastructure Law (BIL), also known as the Infrastructure Investment and Job Act, Alaska's SRF Program will be allocated increased funding through FFY26. The SRF Program intends to initiate the application process for the additional funding in SFY23, once sufficient guidance is available from EPA.
- During SFY23, the SRF Program will develop and release guidance related to BIL funding opportunities and will establish an opportunity for eligible borrowers to submit project questionnaires for funding consideration.

- Alongside BIL, Congress passed the Build America Buy America (BABA) Act which expands domestic preference purchasing requirements to all federal funding, including federal funds distributed by the SRF Program. Effective May 14, 2022, BABA applies to procurement of iron and steel products, manufactured products, and construction materials such as glass, concrete, lumber, and plastics when federal funds are used. As guidance materials for implementation of this requirement are made available, the SRF Program will be working to provide that information to borrowers and to implement BABA requirements for applicable projects.
- The SRF Program proposes revisions to the scoring criteria used to evaluate project questionnaires. Each questionnaire submittal is evaluated to determine the eligibility of the project and to score and rank the project with regard to established criteria. The proposed revisions involve changes to the water quality considerations and are intended to more closely align with water quality standards and the Alaska Nonpoint Source Strategy. In addition, the scoring criteria has been revised to add extra points for those projects designated at the questionnaire stage to meet all federal equivalency requirements. The revised scoring criteria is included in Appendix 1.

PROGRAM GOALS

ADEC has identified several long- and short-term goals intended to promote sustainable improvements to the state's infrastructure and help ensure maximum environmental and public health benefits.

Long-Term Goals

1. Ensure full compliance with all applicable requirements for all SRF loans.
2. Foster coordination with other programs and agencies to improve assistance to water systems in their efforts to achieve compliance and improve capacity.
3. Maintain a working relationship with other infrastructure funding authorities, including but not limited to U.S. Department of Agriculture (USDA) Rural Development, to coordinate financial assistance for drinking water projects.
4. Develop program guidelines to improve the pace of loan projects.
5. Establish a marketing and outreach plan to expand program awareness, inform current and potential borrowers of the SRF's wide variety of funding options and benefits, and thereby, expand the borrower pool.
6. Pursue methods for encouraging borrowers to pursue Green and Sustainable projects.
7. Fully implement the Financial Operations and Cash Flow Utilization System (FOCUS), a cash flow model for forecasting fund usage to allow for improved planning and funding allocation decisions and implementation of a long-term lending strategy.
8. Utilize a portion of the capitalization grant for set-aside activities that provide eligible borrowers with guidance and technical assistance.

Short-Term Goals

1. Prepare for the BIL supplemental grant application and implementation.

2. Recruit and hire additional program support and engineering staff to accommodate implementation of SRF BIL funding.
3. Ensure that the SRF Program is meeting capitalization grant requirements for the allocation of additional subsidy.
4. Review current subsidy allocation methods to strategically use the CWSRF additional subsidy to achieve affordable compliance, especially for small, disadvantaged communities.
5. Identify workflow processes needed to update and utilize FOCUS, including an improved method to track both the allocation and disbursement of additional subsidy.
6. In coordination with completion of a revised Capacity Development Strategy, consider methods for supporting wastewater utilities in their efforts to build and maintain capacity to successfully operator their systems in the long term, as well as encourage borrowers of the ACWF to pursue asset management.
7. Complete revisions to the ACWF Operating Agreement.
8. Pursue revisions to the regulations at 18 AAC 76 to increase the SRF Program's agility in response to the needs of borrowers, as well as federal grant conditions.
9. Pursue revisions to Alaska Statute at AS 46.03, to broaden ACWF eligibility for private wastewater systems and tribally owned utilities.
10. Develop and distribute guidance materials to current and potential borrowers, including Davis-Bacon guidance materials.
11. Conduct a survey of potential borrowers to assist with developing effective marketing materials and targeting their distribution to improve outreach to potential borrowers.
12. Develop an online resource for borrowers about all potential sources of infrastructure funding.
13. Initiate enhancements to the online payment request and quarterly report system to improve the user experience and data collection.
14. Building on the technical assistance provided through an EPA pilot program, continue efforts to identify potential partners for conduit lending to provide financing to private homeowners for onsite decentralized wastewater treatment system and underground fuel storage repairs or replacement.
15. In coordination with the Divisions of Air Quality and Spill Prevention and Response and the Division of Water's Non-Point Source Program pursue an avenue for funding conversion of home heating in the Fairbanks area from wood stoves and diesel fired boilers to natural gas in an effort to improve air quality in the PM2.5 Nonattainment Area, as well as reduce nonpoint source pollution in nearby waterbodies.

FUNDS AVAILABLE

Amount of Capitalization Grant

Alaska's allotment from the FFY22 federal appropriation is $6,925,000.

State Match Requirement

Alaska must deposit into the ACWF an amount equal to at least 20% of the federal capitalization grant. ADEC will provide the required state match of $1,385,000 from short term bonding. The state match deposit is anticipated to be made by November 2022. The interest income of the Fund is used as collateral to acquire bond receipts and avoids use of any general funds from the State budget. This process effectively substitutes bond receipts for interest income. ADEC is required to document that sufficient interest income exists in an amount equal to or greater than the proposed bonding amount, and that this process will still allow the Fund to grow in perpetuity. ADEC's program audits have documented the availability of the required amount of interest.

Administrative Fees

Since December 29, 2000, assistance recipients have been assessed an administrative fee in the amount of 0.5% of the principal loan balance as prescribed in Title 18, Chapter 76 of Alaska Administrative Code (18 AAC 76). Fee revenue is kept in the ACWF Fee Account, separate from the regular loan fund, and is used exclusively to pay program administrative costs.

As noted in 18 AAC 76.086, ADEC will use administrative fees for direct costs including salaries, supplies, travel, and professional service contracts. For several years, most ADWF administrative expenses have been paid from the ACWF Fee Account because it had a larger balance than the ADWF Fee Account. Current account balances are shown in Table 1.

Table 1. ADWF and ACWF Fee Accounts

Fee Account Information	ADWF Fee Account	ACWF Fee Account
Fee Account Balance (6/29/2022)	$6,653,987	$5,735,427

In SFY23, the SRF Program intends to charge approximately half of ADWF administrative expenses to the ADWF Fee Account. The remaining charges, estimated at approximately $400,000, will be charged to the ACWF Fee Account. All expenses for administration of the ACWF will be charged the 4% Clean Water Administrative Set-Aside. In adopting this model, the SRF Program draws relatively equal amounts from each fee account, while slowly increasing the balance in each. If the demand for loans from the ACWF increases such that use of the 4% Administrative Set-Aside limits the SRF Program's ability to meet borrower demand, this strategy will be revisited.

Cash Draw Proportionality

Draws for loan funding are split between federal funding and the state match following the grant-specific proportionality rate method. The loan funding ratio is currently 83.33% federal and 16.67% state match. Alaska's proposed payment schedule (Table 2) for the FFY22 grant

allotment was developed based on projected needs for project construction and execution of loan agreements.

Table 2. SFY23 Estimated Schedule of Payments for FFY22 Capitalization Grant

Federal Quarter Beginning	FFY22 Grant Payment
7/1/2022	$6,925,000
10/1/2022	$0
1/1/2023	$0
4/1/2023	$0
Total	**$6,925,000**

Fund Transfer

Under the SDWA, the state is allowed to transfer fund assets of the DWSRF program and the CWSRF program. ADEC may take advantage of this flexibility between the CWSRF and DWSRF programs in order to assure adequate capacity to meet all funding demands. In accordance with the SDWA Section 302 fund transfer provisions, ADEC hereby reserves the authority "to transfer an amount up to 33 percent of the DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program."

Program and Non-Program Income

In SFY23, program income is estimated to total $34,625 (0.5% of the capitalization grant award of $6,925,000). Program income is defined at 40 CFR 31.25(b) as “gross income received by the grantee or subgrantee directly generated by a grant supported activity or earned only as a result of the grant agreement during the grant period.”

Non-program income is estimated based on the difference between total anticipated deposits to the ACWF Fee Account less the program income. Based on all pending SFY23 repayments, fees collected will total $1,410,574 in SFY23. Non-program income is estimated at $1,375,949 (ACWF Fees of $1,410,574 less the program income of $34,625).

Administrative Set-Aside (4%)

For the Administrative Set-Aside, there are three options with regard the amount used:

- Four percent of the capitalization grant,
- Flat $400,000, or
- 1/5 percent of the ACWF total Net Position.

In SFY23, ADEC plans to use $400,000, to pay for all expenses related to administration of the ACWF.

Technical Assistance Set-Aside (2%)

For the first time, each state is allowed to use up to 2% of its capitalization grant to provide technical assistance to borrowers. In SFY23, ADEC will be using the 2% Set-Aside, $138,500, to fund technical assistance to eligible borrowers.

Loan Terms and Interest Rates for Eligible Projects

ADEC adopted revisions to the finance charge calculations in 18 AAC 76 on September 10, 2017. The revised regulations modified the calculation of finance charges to reflect current market trends based on the Bond Buyer's Municipal Bond Index, as shown in Table 3. The revised regulations also increase the allowable financing term from 20 years to 30 years.

The finance rate includes the interest rate and an administrative fee.

Table 3. Finance Rates (effective September 10, 2017)

Loan Term	Finance Rate for any Bond Rate* Less than 4 %	Finance Rate for Bond Rate* Greater than 4 %
20-30 Years	2	2 + (0.75 x (Bond Rate* – 4))
5-20 Years	1.5	1.5 + (0.625 x (Bond Rate* – 4))
0-5 Years	1	1 + (0.5 x (Bond Rate* – 4))
<1 Year	0.5	0.5

*Bond Buyer's Municipal Bond Index Current Day – Yield to Maturity

Estimated Funds Available – SFY23

In SFY23, the amount available for loans is the difference between the funds available and total program commitments, plus two years of projected future loan repayments, for a total of approximately $94.1 million. Table 4 summarizes funding sources, loan commitments, and expenditures since the inception of the ACWF.

Table 4. Estimated Available Funding

Sources of CWSRF Funds	
Federal Grants Received (cumulative through SFY22)	$295,285,962
FFY 22 Federal Capitalization Grant	6,925,000
FFY 22 Bond Proceeds (State Match)	1,385,200
State Match, prior years	54,732,187
Investment Income	55,413,556
Repayments through SFY22 (principal + interest collected)	296,679,452
Projected Repayments SFY23	15,270,342
Projected Repayments SFY24	14,598,985
Subtotal	*$740,290,484*
Uses of CWSRF Funds	
Existing Loan Commitments	$570,155,264
Transfer from ACWF to ADWF (SFY08)	29,000,000
Administrative Set-Aside	10,327,014
Previous Bonding and Transaction Costs	35,020,359
SFY23 Bonding and Transaction Costs	1,685,000
Subtotal	*$646,064,637*
Total Available for CWSRF Loans	**$94,102,847**

CRITERIA AND METHOD FOR FUND DISTRIBUTION

Project Priority List

For a project to be considered for funding from the ACWF, it must be included in the State's Project Priority List (PPL) of CWSRF projects. The process is initiated when an eligible applicant completes a project questionnaire through the ADEC Online Application System (OASys).

In an effort to make loan funds more accessible, and to facilitate prioritization of construction-ready projects, ADEC implemented a revised schedule for questionnaire submittal beginning in January 2018. Questionnaires are now accepted year-round through OASys rather than during one or two limited solicitation periods during the year. Newly submitted questionnaires are reviewed by a scoring committee on a quarterly basis. The submittal deadlines for questionnaire reviews are: February 28, May 31, August 31, and November 30. A letter was sent to eligible applicants in January 2022 providing information about the schedule and inviting submittal of project questionnaires to be considered for SFY23 funding assistance.

Under the CWA, and in accordance with the Code of Federal Regulations (CFR) §35.3120(b), CWSRF funds may be used by a publicly owned system to refinance existing local debt obligations for a project that would otherwise be eligible for SRF funding. Cross-cutter requirements, including environmental review requirements, American Iron and Steel, and Davis-Bacon wage rate requirements apply to these projects. Documentation of an approved environmental determination at the time the project was initially financed must be provided. American Iron and Steel requirements apply to projects with construction after June 10, 2014. Davis-Bacon wage rate requirements apply to projects with construction after October 30, 2009. Refinancing requests will not be eligible to receive principal forgiveness unless the subsidy is committed as part of a coordinated multi-agency funding package prior to initiation of the project.

The project scoring committee, made up of representatives from the SRF Program, as well as the ADEC Drinking Water, Wastewater, Source Water Protection, and Nonpoint Source Programs, evaluates the project questionnaires based on the CWSRF criteria and assigns a numeric score to each project. The rating criteria for both point source and nonpoint source projects are provided in Appendix 1. Projects are added to the PPL in rank order.

Based on the financial data provided in Table 4, approximately $94.1 million is currently available for new loans. Because the total available funding exceeds the total need identified in the first quarter SFY23 questionnaire submittal, all projects on the first quarter PPL will be eligible to submit applications immediately.

Amendments to the Project Priority List

ADEC will amend the funding list to include additional projects after each quarterly review and scoring of new project questionnaires. In the second, third and fourth quarters of SFY23, any projects reviewed and scored will be added to the PPL in ranked order. The amended funding list will be publicly noticed for 10 days.

Project Readiness Bypass Procedures

When available funding exceeds demand, ADEC awards funding to ready-to-proceed projects without regard to project score or ranking because the Program has sufficient funds to finance all projects. This ensures timely utilization of federal funds.

In the event the SRF Program does not have sufficient funds available to offer loans to all projects that are ready to proceed, ADEC will work with potential borrowers with the highest ranked projects on the PPL to ensure that those projects are given a chance to be funded first. However, the final funding selection of projects from the PPL will be based primarily on the projects' readiness to proceed. Projects that are ready to proceed are prepared to begin design and/or construction and are immediately ready, or poised to be ready, to execute a loan agreement with ADEC. If, for whatever reason, an applicant is not ready to proceed with completing a loan application and initiating a project, the ADEC may select a lower ranking project for funding based on its ability to proceed in a timely manner. This bypass procedure is necessary to ensure that the available funds will be disbursed in a timely manner.

ADEC reserves the right to fund lower priority projects over higher priority projects if in the opinion of ADEC, a higher priority project has not taken the steps necessary to expeditiously prepare for funding and project initiation (e.g., ADEC has not received the required documents to execute a loan agreement, the project is not ready to proceed with construction, or the applicant withdraws the project for consideration).

In addition, a project may be bypassed as necessary for the state to meet federal grant requirements for equivalency and additional subsidy. In the event that two or more projects have the same ranking, preference will be given to projects with the following criteria and in this order: ready to proceed; response to a compliance or legal order with a specific deadline; and inclusion of a Green component.

SRF Program staff will regularly evaluate the status of available principal forgiveness funds and the outstanding projects list on the PPL. The intent of this evaluation is to determine if the projects currently identified as receiving principal forgiveness actually are capable of applying for and entering into a loan agreement within the current program year. If during this evaluation, a project is determined to be incapable of meeting the requirements of the program, that project may be bypassed and the corresponding principal forgiveness. may be awarded to other eligible projects on the PPL. In addition to readiness-to-proceed, a project may be bypassed due to an applicant's inability to meet all other program requirements, failure to develop an approvable, implementable project, or for other reasons applicable under state or federal law. Any projects bypassed during the program year may be reconsidered for principal forgiveness funds in a future year.

Emergency Procedures

For purposes of the SRF Program, an emergency refers to a natural disaster or manmade disaster that damages or disrupts normal wastewater system operations and requires immediate action to protect public health and safety. Upon issuance of an emergency declaration by a federal or state emergency response official, or upon a finding by ADEC, funds may be made available for

projects not currently described in an IUP. Bypass procedures may be waived under direct threat of severe public or environmental harm. Reasonable efforts to fund projects in priority order will still be followed under emergency situations.

Removing Projects from the Project Priority List

Projects on the PPL will be monitored to ensure that applicants are proceeding with their projects in a timely fashion. A project may remain on the PPL for a maximum of two years (eight quarters). Projects will retain the same score originally assigned unless a revised questionnaire is submitted and reviewed by the project scoring committee. If an application has not been submitted for a project within eight quarters, the project will be removed from the list and a new questionnaire will be required to relist the project.

Amendments to Existing Loans

A borrower may request an amendment to an existing loan agreement to modify the project scope, increase the loan amount, or both. Amendments that solely increase the loan amount by no more than 10% of the original loan amount, up to $100,000, may be completed through an informal request for a loan amendment with the SRF Program Manager's approval. Similarly, minor scope changes that do not affect the location or purpose of the originally proposed project may also proceed with an informal request for a loan amendment with the SRF Program Manager's approval. Amendments that will increase the loan amount by more than 10% of the original loan, or more than $100,000, and/or include scope modifications that affect the footprint or purpose of the project, are required to be public noticed in a PPL update before the loan amendment is issued.

GREEN PROJECT RESERVE AND ADDITIONAL SUBSIDY

Each year, ADEC identifies funding levels for Green Project Reserve and additional subsidization based on administrative and funding requirements.

Green Project Reserve (GPR)

The FFY22 capitalization grant requires ADEC to use at least 10% of the grant for eligible projects as specified by the 2012 EPA Green Project Reserve Guidance. Alaska's required SFY23 GPR amount is $692,500. To incentivize borrowers to include such aspects in their projects, ADEC awards 25 additional points in the project questionnaire scoring process for eligible GPR work. GPR projects are listed on the PPL by green project type: green infrastructure; water or energy efficiency improvements; or other environmentally innovative activities.

At the time this IUP was drafted, two projects had been initially identified to satisfy the federal grant GPR requirement (see Table 5). These projects will be further reviewed during the loan application process to ensure that each project, in whole or in part, qualifies for the GPR. Applicants will be required to provide to ADEC a Green Project Assessment form with applicable backup documentation. Several additional projects also will potentially qualify as

GPR projects, and as more cost information becomes available, the GPR applicability will be defined for those projects moving forward with applications.

As necessary, ADEC will seek out other potential GPR eligible projects not initially listed in the IUP, which meets GPR project eligibility, to make up any shortfall in meeting current or past GPR requirements.

Table 5. SFY23 GPR Projects

Applicant - Project Name	Loan Request	Green Component
Anchorage Water and Wastewater Utility SFY23 Pro Fi Projects	$22,511,580	$2,000,000
Nome Joint Utility System Equipment Response / Storage / Office Facility	$5,025,000	$1,000,000

Additional Subsidy – Disadvantaged Community Assistance

Under the FFY22 federal capitalization grant, a minimum of 20% to a maximum of 40% of the grant will be offered in the form of additional subsidy. The SRF Program plans to offer additional subsidy to disadvantaged communities.

A utility is considered disadvantaged if it meets one or more of the following criteria:

- Median Household Income (MHI) is less than the state average MHI that is currently published by the Alaska Department of Labor and Workforce Development, Research and Analysis.
- Rate of unemployment is above the state average unemployment rate that is currently published by the Alaska Department of Labor and Workforce Development, Research and Analysis.
- The five-year population trend for the community is outside the range defined by the state five year population trend, plus or minus 5%. Data is provided from the Alaska Department of Labor and Workforce Development, Research and Analysis Section.
- The activity to be carried out in an economically distressed area as described in section 301 of the Public Works and Economic Development Act of 1965 (42 U.S. Code 3161).

Subsidy funding will be awarded to disadvantaged entities proposing traditional projects according to overall project ranking on the PPL, from highest to lowest, until all funding is utilized. ADEC will offer borrowers that meet the disadvantaged community criteria subsidy of 50% of the total project costs, up to a cumulative maximum of $500,000 per utility.

The PPL shows the proposed allocation of principal forgiveness to projects. Several of these projects will be used to fulfill the subsidy allocation requirement associated with previous grant years. Based on currently listed projects, the minimum subsidy requirement will be met and exceeded with 20.9% of the FFY22 capitalization grant allocated as subsidy for traditional wastewater projects.

Subsidy allocations for Micro Loan projects will range from 50% to 90% of the total project cost. Two Micro Loan projects are included on the PPL (Appendix 2). If additional Micro Loan

projects are proposed during subsequent updates to the PPL during the rest of SFY22, principal forgiveness will be offered to each Micro Loan project. The amount of subsidy offered will be determined based on the community's capacity as demonstrated by the Operation and Maintenance Best Practices score and the affordability of the utility's current user rates. The Operation and Maintenance Best Practices is a criteria developed in 2015 by the ADEC Facilities Programs in collaboration with the Rural Utility Business Advisor Program and the Alaska Native Tribal Health Consortium. The Best Practices criteria is used to assess operations and maintenance capacity of rural water and wastewater utility.

In 2018, ADEC developed an affordability indicator for use in determining whether a community's users can afford the annual operation, maintenance, repair, equipment and capital replacement costs of their water, wastewater, or solid waste facilities. This Alaska Village Rate Affordability Index (Figure 1) will be used as a factor in determining the amount of subsidy to be allocated to Micro Loan projects.

Projects that are initially identified to receive principal forgiveness must meet the following milestones in order to retain eligibility of subsidy:

- Submit a loan application within six months of the project being listed on the PPL; otherwise, subsidy funds may be made available to the next highest ranked eligible project.
- Initiate design and/or construction of the project within one year of completion of a loan agreement; otherwise, the loan agreement may be amended to remove principal forgiveness.

		Best Practices Score	
		50-75 pts	76-100 pts
Affordability of User Rates	Unaffordable (High Burden)	**70%**	**90%**
	Mid-Affordable (Medium Burden)	**50%**	**70%**

Figure 1. Micro Loan Subsidy Matrix

Any uncommitted subsidies that exist after one year of publication of the IUP will be distributed to projects with existing subsidies, or to those projects which are the furthest along in completion of construction. The SRF Program will aim to allocate required subsidy as quickly as reasonably possible; all required subsidy will be allocated within three years of the grant award to ensure compliance with the federal grant conditions.

Sustainable Infrastructure Planning Projects

ADEC offers a program to assist wastewater systems with loan financing for wastewater system planning and related activities that promote sustainable infrastructure. For each Sustainable Infrastructure Planning Projects (SIPP) on the PPL, a maximum of $75,000 in loan principal may be forgiven for those borrowers that are considered disadvantaged communities.

A maximum of $75,000 in loan forgiveness for SIPP will be allotted to per project and per borrower during SFY23. If one borrower submits multiple planning projects for consideration,

the $75,000 in potential loan forgiveness will be divided between the SIPP projects. A maximum of $1,000,000 in SIPP loan forgiveness has been allotted by the SRF Program for SFY23.

Examples of eligible projects are described below:

- Feasibility Studies to evaluate infrastructure project feasibility. Studies may also include the evaluation of resiliency measures and continuity of operations, including identification of needed infrastructure improvements.
- Asset Management Plans for managing wastewater system infrastructure assets.
- Consolidation Studies to evaluate potential for wastewater system consolidation.
- Wastewater Rate Analysis to evaluate wastewater system rate charges, structure and adequacy.
- Infiltration and Inflow Studies to detect inflows and identify potential solutions.
- Wastewater System Master Plan to evaluate the needs of the wastewater system in the long term and make recommendations for future improvements.

Any wastewater system receiving a loan that includes principal forgiveness for a SIPP must enter into a loan agreement within six months of receiving notification that the project has been added to the PPL. The project must be completed within two years after signing the loan agreement. ADEC will allocate $1,000,000 in subsidy funding for SIPPs during SFY23.

ASSURANCES AND SPECIFIC PROPOSALS

The Operating Agreement specifies numerous conditions that must be met. Each capitalization grant typically contains additional conditions that must be met. ADEC is committed to being in compliance with all conditions in both the Operating Agreement and capitalization grant.

Expeditious and Timely Expenditure

ADEC will enter into binding commitments to provide assistance in an amount equal to 120% of the FFY22 federal capitalization grant within one year after receipt of the grant payment. The PPL includes an estimated date for the beginning of construction for each project to indicate a proposed project schedule.

Additionally, to assure expeditious and timely expenditure of funds, ADEC continues to require that applicants initiate the project within one year of execution of the loan agreement and submit the first disbursement request within two years of execution of the loan agreement. If either condition is not met, ADEC may take action to recall the loan; however, an extension may be granted upon an applicant's request, if there is reasonable justification.

Federal Equivalency Requirements

Per EPA's Standard Operating Procedures for the CWSRF, specific requirements, often referred to as federal equivalency requirements, apply only to a subset of loans equal to the amount of the capitalization grant, rather than to all loans funded by the SRF Program. In SFY23, ADEC intends to take full advantage of the flexibility offered by equivalency to reduce the burden of the

federal grant conditions, listed above, for most applicants. For SFY23, the Anchorage Water Wastewater Utility (AWWU) Pro Fi loan will be required to meet all federal grant conditions.

For the CWSRF, these specific equivalency requirements are:

- Architectural and engineering (A/E) services procurement
- Disadvantaged Business Enterprises (DBE)
- Federal cross-cutters
- Signage to enhance public awareness of SRF assistance agreements
- Single Audit
- Federal Funding Accountability and Transparency Act (FFATA)
- BABA

Architectural and Engineering Services Procurement

Loan recipients identified by ADEC as equivalency projects are required to procure A/E services in accordance with federal requirements found in Chapter 11 of Title 40 U.S. Code. These services include, but are not limited to: program management, construction management, feasibility studies, preliminary engineering design, engineering, surveying, mapping, and architectural-related services. ADEC includes provisions addressing the requirements in funding agreements for equivalency projects.

Disadvantaged Business Enterprise

Loan recipients and their contractors must comply with the federal DBE requirements throughout the life of equivalency projects.

Federal Cross-cutters – Environmental Review

At a minimum, CWSRF projects funded to an amount equal to the federal capitalization grant must comply with the federal cross cutter laws including the environmental cross cutters.

Signage to Enhance Public Awareness

To enhance public awareness of EPA assistance agreements in Alaska, ADEC posts detailed project notices on the following ADEC website: https://dec.alaska.gov/water/technical-assistance-and-financing/state-revolving-fund/project-posting-notices.

Single Audit

Borrowers who have received federal funds through ADEC's SRF Program may be subject to the requirements of the Single Audit Act and 2 CFR 200. ADEC monitors borrowers' compliance with those requirements in an amount equal to the capitalization grant.

Federal Funding Accountability Transparency Act

FFATA reporting requirements apply in an amount equal to the capitalization grant. ADEC will report loans with a dollar value equaling the most recent federal capitalization grant award to comply with FFATA requirements. Information will be reported no later than the end of the month following the date of the finalized loan agreement.

Additional loans may be identified to include all federal requirements (including those associated with equivalency) to ensure that the ADEC has sufficient projects to report for FFATA in case any projects fail to fully disburse the loan amount as initially planned.

Build America, Buy America Act

This provision that was included in the BIL requires domestic preference procurement for iron and steel products, manufactured products, and construction materials. When EPA provides guidance documents, and as waivers are finalized, the SRF Program will be working to understand compliance issues for funded equivalency projects.

ADDITIONAL REQUIREMENTS

American Iron and Steel

All recipients of SRF funding for wastewater and stormwater facility construction projects must meet the American Iron and Steel (AIS) requirements. Projects may use only specific iron and steel produced in the United States. ADEC includes provisions addressing the AIS requirements in all funding agreements.

Cost and Effectiveness Certification

In accordance with amendments to Section 602(b)(9) of the CWA effective June 10, 2014, funding recipients are required to submit a certification, signed by a professional engineer, stating that a cost and effectiveness study has been completed.

Davis-Bacon Act Wages

ADEC will require borrowers to include specific EPA Davis-Bacon language in bid specifications and contracts for all treatment works projects and will confirm that these contracts include the correct wage determinations. In addition, ADEC will collect certifications of Davis-Bacon compliance via online project quarterly report statements.

Environmental Review

All CWSRF-funded projects involving the construction of treatment works, regardless of the source of the funding (e.g. capitalization grant, prior year appropriations, state match, interest earnings, principal repayments, etc.), must undergo an environmental review in conformance with the EPA-approved State Environmental Review Process (SERP).

Federal Reporting

EPA's SRF Data System (previously identified as the Clean Water Benefits Reporting (CBR) database) collects project level information and anticipated environmental benefits associated with CWSRF projects. This system is also used to collect annual financial information which was formerly collected through the National Information Management System (NIMS). This annual information submittal is used to produce annual reports that provide a record of progress and accountability for the Program. EPA uses the information provided to oversee the CWSRF state programs and develop reports to the US Congress concerning activities funded by the CWSRF Program. ADEC commits to entering benefits information on all projects into the SRF

Data System by the end of the quarter in which the assistance agreement is signed. ADEC also commits to entering all program information into the SRF Data System on an annual basis as EPA requests.

Generally Accepted Accounting Principles

Amendments to Section 602(b)(9) of the CWA, effective June 10, 2014, require States to have loan recipients maintain project accounts per Generally Accepted Accounting Principles as issued by the Governmental Accounting Standards Board. This provision requires assistance recipients to use standards relating to the reporting of infrastructure assets. ADEC includes this information in the loan agreements and reviews compliance annually during Single Audit reviews.

Fiscal Sustainability Plans

The CWA requires CWSRF loan recipients for publicly owned treatment works (POTW) projects to develop and implement a Fiscal Sustainability Plan (FSP) that includes the following minimum elements:

- An inventory of critical assets that are part of the system;
- An evaluation of the condition and performance of the critical assets;
- A plan to maintain, repair and replace the critical assets and to fund those activities; and
- A certification that the assistance recipient has evaluated and will be implementing water and energy conservation efforts as part of the plan.

Applicants can self-certify that the FSP, or its equivalent, has been developed and implemented prior to the final disbursement for the project.

Sustainability Policy

ADEC is committed to promoting sustainable design and management of wastewater utilities and clean water resources. Projects that meet ADEC's sustainability criteria are eligible for up to 50 bonus points in the priority ranking system.

PUBLIC REVIEW AND COMMENTS

A notice of the draft IUP was emailed directly to an email list of potential SRF borrowers throughout the state. The notice of public comment was also be posted on the ADEC Public Notice website. The draft IUP was available on the ADEC SRF Program website throughout the 30-day public comment period.

Nine public comments were received in regard to the draft IUPs for the ADWF and ACWF. All of these comments expressed support for financing proposed infrastructure improvements in Kotzebue.

Appendix 1

Ranking Criteria: Point Source and Nonpoint Source Projects

Division of Water
State Revolving Fund Program

Alaska Clean Water State Revolving Fund

Priority Criteria for Point Source Project – Reference Sheet

	PUBLIC HEALTH CONSIDERATIONS *(Select only one)*	POINTS
1	This project will correct the cause of a human disease event documented by ADEC or a recognized public health organization. Documentation required to receive 350 points. ***Examples:*** • *Outbreaks of Hepatitis, Giardiasis or Cryptosporidiosis.* • *Upgrading facilities to meet new EPA/ADEC regulations or resolve violation(s) of a wastewater permit with short term compliance deadline (≤ 1 year).* • *Installation of new sewer mains in an area where there is documented well contamination resulting from sewer main leaks.*	350
2	This project will correct conditions severe enough that a disease event may occur, although an event may have not yet been reported. ***Examples:*** • *Violations of a wastewater permit with longer term compliance deadlines (> 1 year). Documented failure of on-site disposal systems.* • *Correction of documented Inflow and Infiltration issues that prevent the WWTP from meeting permit limits.* • *Construction to address documented surface water contamination violation.*	300
3	This project will minimize public health threats where the potential for a disease event exists. ***Examples:*** • *Correction of documented issues with a high potential to violate a wastewater permit condition or ADEC design criteria.* • *Replacement of pipes or facilities with documented leaks or constructed of inferior materials (example – asbestos cement pipe, structurally impaired lift station wet well).* • *Improvements to a collection system prone to freeze-up.* • *Installation of new sewer mains to an area that is currently served by on-site systems and has a high potential of regulated contaminants exceeding safe standards.*	200
4	This project will minimize potential future public health problems. There is no current threat of a disease event. ***Examples:*** • *Replacement of collection system components that are at end of life, but no documentation of significant failure. Wastewater Treatment Facility upgrades to increase capacity and/or replace obsolete equipment that is not related to a permit violation correction.* • *Improve system security, such as fencing, remote monitoring, access cards, etc. SCADA upgrades, backup power to a critical system component.*	100
5	This project will not address any significant health related issues. ***Examples:*** • *Sewer main alignment changes (rerouting mains that have little to no improvement on operation). Sewer main expansion for future development.* • *Wastewater treatment plant or collection system studies, unless required by compliance conditions.* • *Master plans, backup power to a tangential facility.*	0
	WATER QUALITY CONSIDERATIONS *(Select only one)*	
	PROTECTION	
1	This project's main emphasis is prevention of point source water pollution in an unimpaired waterway (Category 2 or Category 3) as reported in the Integrated Report.	250
	RESTORATION	
	The goal of the proposed project is to reduce pollution/improve water quality in a waterbody identified as impaired or polluted (Category 4 or Category 5) in the Integrated Report.	
2	Reduces pollution specifically related to the impairment.	250
3	Reduces pollution to the waterbody that may not be specifically related to impairment.	200
4	This project will minimize the potential for future pollution event.	100
5	This project has minimal impact on future pollution event.	0
	RECEIVING WATERS	
	This project addresses the following adverse impacts to receiving waters. *(Select only one)*	
1	Direct impacts to surface water or groundwater.	10
2	Direct impacts to marine waters or estuaries.	5
3	Indirect impacts to surface water or groundwater.	5
4	This project will not address adverse impacts to receiving waters.	0

ADMINISTRATIVE		POINTS
PROJECT READINESS *(Select only one)*		
1	Engineering plans and specifications have been approved by the ADEC Engineering Support and Plan Review (ESPR) Program in addition to having an approved environmental review. Documentation is required for both.	50
2	Engineering plans and specifications have been approved by the ADEC ESPR Program. Documentation is required.	40
3	Substantial engineering plans and specification (at least 65% complete) have been prepared and provided to ADEC ESPR Program. Documentation is required.	30
4	A feasibility study, facility plan and/or set of engineering plans and specifications (at least 35% complete) have been prepared and are attached. Documentation is required.	20
5	An up-to-date comprehensive study, master plan, a current project cost estimate, and/or approved environmental review has been prepared and is attached. Documentation required.	10
6	No project development has been accomplished.	0
FUNDING COORDINATION *(Select only one)*		
1	This loan will be used to match other state or federal funds, or this project will be coordinated with another municipal/state/federally funded project (e.g. DOT road construction). Documentation is required to identify each funding source.	15
2	Other funding sources have not been identified.	0
ABILITY TO REPAY *(Select only one)*		
1	The source, amount and year of repayment funds has been identified and are available now. This does not include anticipated funds from future year funding or appropriations. Documentation required.	10
2	Repayment funds have not yet been identified.	0
SUSTAINABILITY PROJECTS *(Select only one)*		
1	Fix it First Projects – These are projects currently located in an established area which is still suitable for use and should be encouraged over project in undeveloped areas. The repair, replacement and upgrade of infrastructure in these types of areas are encouraged.	50
2	Effective Utility Management – Plans, studies and projects that improve the technical, managerial and financial capacity of assistance recipients to operate, maintain and upgrade their infrastructure. Improved stewardship of the existing infrastructure will help improve sustainability and extend the useful life of the system.	25
3	Planning – Preliminary planning, development of alternatives, and capital projects that reflect the full life cycle cost of infrastructure, conserve natural resources or use alternative approaches to integrate natural systems in the built environment.	25
4	Not applicable.	0
OPERATOR CERTIFICATION *(Select only one)*		
1	The system employs, or has on contract, an operator certified to the level of the system.	5
2	The system does not employ, or have on contract, an operator certified to the level of the system.	0
AFFORDABILITY CRITERIA *(Select only one)*		
1	Loan cost to population benefiting ratio: $0 - $400 per person	15
2	Loan cost to population benefiting ratio: $400 - $4,000 per person	10
3	Loan cost to population benefiting ratio: > $4,000 per person	5

To Be Completed by ADEC

GREEN PROJECTS		
1	The applicant has sufficiently demonstrated eligible Green components under the project.	25
EQUIVALENCY		
1	This project will be used as an equivalency project.	50

Resources

- **Integrated Report** can be found on the following webpage: https://dec.alaska.gov/water/water-quality/

Division of Water
State Revolving Fund Program

Alaska Clean Water State Revolving Fund

Priority Criteria for Nonpoint Source Project – Reference Sheet

	WATER QUALITY CONSIDERATIONS	POINTS
PROTECTION *(Select only one)*		
1	This project's main emphasis is prevention of nonpoint source water pollution in an unimpaired waterway (Category 2 or Category 3) as reported in the Integrated Report.	60
2	This project has minimal impact protecting water quality.	0
RESTORATION *(Select only one)*		
The goal of the proposed project is to reduce pollution/improve water quality in a waterbody identified in the Integrated Report as impaired or polluted (Category 4 or Category 5).		
1	Reduces pollution specifically related to the impairment.	75
2	Reduces pollution to the waterbody that may not be specifically related to impairment.	50
3	This project has minimal impact on restoring water quality.	0
	ADMINISTRATIVE	
PROJECT READINESS *(Select only one)*		
1	Engineering documents have been prepared and are attached. Documentation is required.	15
2	Preliminary engineering documents have been prepared and are attached. Documentation is required.	10
3	Key planning document(s) (e.g. TMDL, Watershed Plan, Corrective Action Plan, Comprehensive Plan) have been prepared and are attached. Documentation is required.	5
4	A feasibility study that demonstrates the need and costs for the project have been prepared and are attached. Documentation is required.	2
5	No project development has been accomplished.	0
FUNDING COORDINATION *(Select only one)*		
1	This loan will be used to match other state or federal funds. Documentation is required to identify each funding source.	5
2	Other funding sources have not been identified.	0
ABILITY TO REPAY *(Select only one)*		
1	The source, amount and year of repayment funds has been identified and are available now. This does not include anticipated funds from future year funding or appropriations. Documentation required.	5
2	Repayment funds have not yet been identified.	0

To Be Completed by ADEC

	2021 – 2025 NONPOINT SOURCE STRATEGY IDENTIFIED PRIORITIES	
1	The project is located in an underserved community.	15
2	The project monitors waters for Best Management Practices (BMP) Effectiveness at reducing nonpoint source pollution.	10
3	The project conducts education or outreach related to reducing nonpoint source pollution.	10
4	The project evaluates which BMPs are most effective for Alaska's environment to reduce nonpoint source water pollution.	10
	GREEN PROJECT	
1	The applicant has sufficiently demonstrated eligible Green components under the project.	25
	EQUIVALENCY	
1	This project will be used as an equivalency project.	50

Resources

- **Integrated Report** can be found on the following webpage: https://dec.alaska.gov/water/water-quality/
- For additional information on **Nonpoint Source** water pollution control, visit: https://dec.alaska.gov/water/nonpoint-source-control/

Appendix 2

Project Priority List

Alaska Clean Water Fund - State Fiscal Year 2023 (SFY23) Project Priority List - 1st and 2nd Quarter Updates

Note: Available funding for SFY23 projects is $94.1 million.
(1) Within Funding Limits column indicates that the project is within the current fundable limit of the Alaska Drinking Water Fund. Large projects (over $5 million) may be phased based on projected funding needs during the next year. Loan applications may be submitted for any project within the funding limits that is ready to proceed.
(2) Principal forgiveness is subject to change depending on the readiness of projects to proceed.
(3) Loan terms will be finalized when a loan agreement is offered. The finance rate will be based on a calculation identified in Alaska Administrative Code (18 AAC 76).
(4) Individual Pro Fi projects are reviewed and assigned a weighted score based on the total project cost. The overall score for the Pro Fi questionnaire is the sum of weighed scores for all of the Pro Fi projects.

Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness (SFY22 and previous years) (2)	Estimated Principal Forgiveness (SFY23) (2)	Disadvantaged Community	Requested Loan Term (years) (3)	Green Project Category & Amount	Sustainability Policy	Estimated Construction Start	Quarter Added to PPL
POINT SOURCE PROJECT QUESTIONNAIRES															
1	655	X	----	XII	**Mile 8 Utilities, LLC**	**Leach Field Design and Construction -** Design and construct an aerated leach field to eliminate a point source discharge into an anadromous stream. Rehabilitate pretreatment works to ensure leach field longevity. Replace pre-treatment lagoon liner.	$525,987			X	20 to 30		Fix It First	5/1/2021	SFY21-Q1
2	650	X	AKG573029	III-B	**Bristol Bay Borough**	**King Salmon Lagoon Upgrade -** Upgrade current lagoon system to a ultraviolet (UV) treatment system to ensure discharges are compliant with permit requirements.	$3,100,000		$500,000	X	5 to 20		Fix It First	5/30/2023	SFY23-Q1
3	625	X	AKG572028	I	**Ketchikan Gateway Borough**	**Mountain Point Wastewater Treatment Plant Upgrades -** Install new vector waste intake at headworks, install new ultraviolet disinfection system, extend influent piping to reduce odors, new flow meters and additional basin instrumentation. These improvements will improve the quality of wastewater discharged to the ocean.	$2,250,000		$500,000	X	20 to 30		Fix It First	6/30/2024	SFY23-Q1
4	520	X	AK0021440	III-B	**Ketchikan**	**Water Street Sewer Main Replacement -** Replace or rehabilitate existing sewer lines that have been determined to be significant contributors to inflow and infiltration at the Charcoal Point Wastewater Treatment Plan and also contribute to a general decline in water quality in the area.	$3,900,000	$500,000		X	20 to 30		Fix It First	7/1/2022	SFY22-Q4
5	405	X	AK0021385	I	**Haines Borough**	**Wastewater Treatment Plant Influent Upgrade -** Demolish the existing wet well located within the control building and provide a new exterior wet well and a below-grade valve vault. This project will prevent debris from entering the plant during significant storm events and provide for safer working conditions within the plant.	$2,115,758			X	20 to 30		Fix It First	6/1/2022	SFY23-Q1
6	310	X	AK0021890	I	**Seward**	**Lowell Point Lagoon Blower Improvements -** Remove and replace the main blowers at the Lowell Point wastewater treatment plant with high efficiency blowers.	$547,500			X	5 to 20	Energy Efficiency TBD	Fix It First	8/5/2022	SFY23-Q1
7	310	X	AK0021890	I	**Seward**	**Lowell Point Lagoon Fine Bubble Aeration -** Upgrade 30-year old coarse bubble diffuser with new fine bubble diffuser to increase bacteria efficiency and reduce lagoon odors.	$637,500			X	5 to 20	Energy Efficiency TBD	Fix It First	5/27/2022	SFY23-Q1
8	325	X	AK0021440	III-B	**Ketchikan**	**Tongass Sewer Force Main Rehabilitation Phase II -** Reconstruct a segment of aging force main. An in-situ rehabilitation technique called slip-lining has been proposed. This project would involve slip-lining approximately 1,250 feet or more of force main.	$1,500,000			X	5 to 20	Energy Efficiency TBD	Fix It First	11/1/2021	SFY22-Q2
9	320	X	AK0022951	I	**Juneau**	**Mendenhall Wastewater Treatment Plant (MWWTP) Influent Piping -** Install new piping to bypass the now obsolete screening equipment located one floor above the rest of the treatment plant.	$994,000				20 to 30	Energy Efficiency $994,000	Fix It First	1/1/2022	SFY22-Q2
10	315	X	AK0021245	III-B	**Homer**	**Beluga Sewer Lift Station Improvements -** Reconfigure and rehabilitate the lift station to reduce corrosion and allow for greater ease of maintenance.	$2,937,353			X	20 to 30	Energy Efficiency TBD	Fix It First	1/17/2022	SFY22-Q3
11	282[4]	X	AK0022551	I III-A III-B	**Anchorage AWWU**	**SFY23 Programmatic Financing (Pro Fi) Loan -** The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for wastewater infrastructure projects that may be financed through the SFY23 Pro Fi loan agreement (see attached Pro Fi project list).	$22,511,580				20	Energy Efficiency $2,000,000	Fix It First	5/1/2023	SFY23-Q1
12	280	X	AK0021555	III-B	**Kodiak**	**Aleutian Homes Phase VII Wastewater Main Replacement -** Replace 65-year old asbestos concrete wastewater collection system.	$2,600,000			X	20 to 30		Fix It First	5/11/2021	SFY21-Q3
13	270	X	AKG573004	III-B IV-A	**Dillingham**	**Waterfront Wastewater System Upgrade (Design) -** Complete design for the extension and rehabilitation of the existing wastewater collection system in the Dillingham waterfront area.	$44,125			X	20 to 30		Effective Utility Mgmt	6/1/2021	SFY22-Q1

Alaska Clean Water Fund - State Fiscal Year 2023 (SFY23) Project Priority List - 1st and 2nd Quarter Updates

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Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness (SFY22 and previous years) (2)	Estimated Principal Forgiveness (SFY23) (2)	Disadvantaged Community	Requested Loan Term (years) (3)	Green Project Category & Amount	Sustainability Policy	Estimated Construction Start	Quarter Added to PPL
14	270	X	AKG573004	III-B IV-A	**Dillingham**	**Waterfront Wastewater System Upgrade (Construction) -** Based on the proposed design plan for the waterfront area, construct improvements including the extension of the wastewater system as well as rehabilitation of the existing collection system.	$603,550			X	20 to 30		Effective Utility Mgmt	7/1/2021	SFY22-Q1
15	270	X	AK0020010	IV-A	**Skagway**	**Waterfront Sewer Extension -** Extend the collection system to waterfront properties for service to existing structures that are currently on septic systems and holding tanks.	$2,187,500			X	20 to 30		Effective Utility Mgmt	4/1/2022	SFY22-Q1
16	270	X	AK0021245	IV-A	**Homer**	**Mission Road Sewer Trunk Line -** Install approximately 5,340 feet of 8-inch HDPE sewer trunk line pipe. This project would provide piped service to four homes located directly adjacent to the main and provide the opportunity to serve many more homes in nearby subdivisions.	$1,493,506			X	20 to 30		Effective Utility Mgmt	1/17/2022	SFY22-Q2
17	270	X	AK0021245	IV-A	**Homer**	**West Hill Road Sewer Trunk Line -** Install approximately 17,320 feet of 8-inch ductile iron pipe and 2,250 linear feet of 3-inch force main. This project would provide piped service to about 75 homes located directly adjacent to the main and provide the opportunity to serve many more homes in nearby subdivisions.	$2,937,353			X	20 to 30		Effective Utility Mgmt	1/17/2022	SFY22-Q2
18	260	X	AK0021245	IV-A	**Homer**	**Bunnell-Charles Way Sewer Main Extension -** Extend the wastewater collection system to provide piped service to 23 developed central business district lots that currently use temporary service connections, holding tanks, or outhouses for sanitary service.	$631,834			X	20 to 30		Effective Utility Mgmt	8/1/2021	SFY22-Q1
19	190	X	---	III-B	**Kotzebue**	**Fire Hall Lift Station and Sewer System -** Replace sections of existing gravity main with 8-inch insulated pipe, replace the existing Fire Hall Lift Station, construct an additional 8-inch insulated arctic force main to allow for increased capacity in transmission of wastewater to Lagoon Cell 1 from existing lift stations.	$2,662,000			X	5 to 20		Fix It First	9/1/2022	SFY23-Q2
20	180	X	AK0020036	I	**Soldotna**	**Biosolids Dewatering System -** Design and construct dewatering belt press replacement including equipment selection, facility modifications, and installation.	$1,200,000			X	5 to 20		Fix It First	7/1/2023	SFY23-Q2
21	180	X	AK0020036	I	**Soldotna**	**Refurbish Headworks Building -** Update the existing headworks building to include air sensors, screening, dewatering, compacting, and grit removal. The existing equipment has been in place more than 30 years and has exceeded its useful life.	$850,000			X	5 to 20		Fix It First	1/1/2027	SFY23-Q2
22	125	X	AK0021890	---	**Seward**	**Lowell Point Lagoon Fence -** Replace security fencing around wastewater treatment lagoon.	$49,094			X	<5 years			5/1/2022	SFY22-Q4
23	115	X	2007-DB0003		**Nome**	**Equipment Response / Storage / Office Facility -** Construct a building to support sewer utility, amalgamate ancillary facilities, reduce operating costs, protect equipment, and improve health and safety of the work environment. The facility will also support the drinking water utility. The cost of construction would be split between the Alaska Clean Water Fund and the Alaska Drinking Water Fund.	$5,025,000			X	20 to 30	Energy Efficiency $1,000,000	Effective Utility Mgmt	1/17/2022	SFY22-Q2
24	80	X	2003DB0096-1016	I	**Craig**	**Wastewater Treatment Plant Roof Replacement -** Replace leaking roof to protect treatment plant components. Upgrade insulation designed for corrosive environment.	$400,000			X	5 to 20			8/15/2022	SFY23-Q1
25	55	X	AK0020036	I	**Soldotna**	**Water Treatment -** Study and treat groundwater at existing municipal wells to limit concentrations of metals (copper and zinc) from the City's wastewater treatment plant effluent discharges to the Kenai River in accordance with anticipated new permit limits.	$2,600,000			X	5 to 20			7/1/2025	SFY23-Q2
26	55	X	AK0020036	I	**Soldotna**	**pH Control at Wastewater Treatment Plant -** Design and construct modifications to allow continuous monitoring of effluent pH levels.	$260,000			X	5 to 20			3/1/2023	SFY23-Q2
27	35	X	AK0020010	IV-A	**Skagway**	**Klondike Highway Sanitary Sewer Extension -** Extend sanitary sewer to an unserved area.	$3,948,700			X	20 to 30		---	4/1/2021	SFY21-Q1

Alaska Clean Water Fund - State Fiscal Year 2023 (SFY23) Project Priority List - 1st and 2nd Quarter Updates

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28	30	X	9725DB005		**Bethel**	**Refinance USDA RD Loan for Construction of Jetty at Sewage Lagoon -** Refinance principal balance of existing loan/grant issued by US Department of Agriculture Rural Development for construction of a jetty and the purchase of two sewage haul trucks.	$913,000			X	5 to 20		---	6/22/2022	SFY23-Q2
						POINT SOURCE SUBTOTAL	***$69,425,340***	***$500,000***	***$1,000,000***			***$4,444,000***			

NONPOINT SOURCE PROJECT QUESTIONNAIRES

1	195	X	---	VII-F	**Cordova**	**Piling Replacement and Waste Handling -** Remove and replace approximately 135 creosote pilings in the South Harbor with steel pilings. Install a marine boat sewage pump station to allow boats to dispose of sewage and gray water.	$2,000,000			X	20 to 30			1/2/2022	SFY22-Q1
2	160	X	---	VI-B	**Homer**	**Baycrest Storm Drainage -** Design and construct a system to capture and convey stormwater away from highly erodible bluffs. The project would include property acquisition as well as storm drain and retention basin construction in conformance with state and federal permitting requirements. Through the conveyance system, concentrated runoff may be used to generate hydroelectricity.	$1,000,000			X	5 to 20	Environ-mental Innovation TBD		5/1/2022	SFY22-Q4
3	160	X	---		**Kotzebue**	**Storm Drain Planning, Design and Construction -** Conduct inflow and infiltration study for Lift Station 8. Conduct hydrologic study to identify areas draining toward Lift Station 8 to estimate stormwater flow diversion needs, assess snow storage methods and locations. Construct storm drain with thaw wire. Based on recommendations of snow management planning, implement eligible capital improvements for snow management in catchment area.	$2,456,000			X	5 to 20			9/1/2022	SFY23-Q2
4	140	X	---	VI-B	**Homer**	**Ben Walters Drainage Stormwater Treatment -** Acquire 8.18 acres of private, undeveloped land adjacent to Beluga Lake. Design and construct storm drain and sediment control works in conformance with state and federal permitting requirements.	$280,190			X	5 to 20	Environ-mental Innovation TBD		5/1/2022	SFY22-Q4
5	140	X	---	VI-B	**Homer**	**Bishop's Beach Stormwater Pollution Control -** Design and construct a system to channel untreated stormwater into a green infrastructure feature before discharge to Beluga Slough and Kachemak Bay. Project would include acquisition of 2.49 acres of land and construction of green infrastructure features in conformance with state and federal permitting requirements.	$290,978			X	5 to 20	Environ-mental Innovation TBD		7/1/2022	SFY22-Q4
6	140	X	---		**Nome**	**Tank Farm Relocation -** Relocate the existing tank farm to a more stable location. Due permafrost and climate change, the existing tank farm location is subject to differential settling that requires ongoing leveling and maintenance to avoid tank failure. The bulk fuel tank farm supports community electric power generation needs which in turn provides essential support to the community water and sewer system. The tank relocation site is a former US Air Force contaminate site that will require specific site development and construction attributable to the brownfield site. These costs are proposed for financing through the Clean Water Fund as a nonpoint source project.	$4,500,000			X	5 to 20			5/15/2023	SFY23-Q2
7	135	X	---	VII-J	**King Cove**	**Landfill Cell Capping and Closure -** Install a partial closure system as required by state regulations (18 AAC 60.390) to stabilize slopes, minimize infiltration of liquids and soil erosion, and protect against the release of hazardous constituents to the environment at the King Cove Landfill.	$67,318			X	5 to 20			10/1/2021	SFY22-Q3
8	115	X	---	VI-B	**Homer**	**Beluga Wetland / East Kachemak Drive -** This project would involve the acquisition, or conservation easement designation, of 80 acres of wetland in a predominately industrial area to be used as a stormwater retention and treatment area. Design and construct storm drain and outfall in conformance with state and federal permitting requirements.	$1,000,000			X	5 to 20	Environ-mental Innovation TBD		1/31/2022	SFY22-Q4

Alaska Clean Water Fund - State Fiscal Year 2023 (SFY23) Project Priority List - 1st and 2nd Quarter Updates

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Rank	Score	Within Funding Limit	APDES Permit Number	Clean Water Needs Category	Applicant	Project Name and Description	Requested Loan Amount	Estimated Principal Forgiveness (SFY22 and previous years) (2)	Estimated Principal Forgiveness (SFY23) (2)	Disadvantaged Community	Requested Loan Term (years) (3)	Green Project Category & Amount	Sustainability Policy	Estimated Construction Start	Quarter Added to PPL
9	45	X	---	VII-J	**Fairbanks North Star Borough**	**Cell 4 Expansion -** Design and construct a new lined landfill cell. Costs specifically associated with landfill leachate collection and treatment may be eligible for financing through the SRF Program.	$7,000,000				5 to 20			3/15/2022	SFY23-Q1
10	10	X	---	VII-J	**Matanuska Susitna Borough**	**Landfill Gas Collection System -** Install vertical wells in two closed cells to extract gas that will be burned with a flare. Proper management of the landfill reduces leachate quality issues.	$2,420,000			X	5 to 20				SFY21-Q2
						NONPOINT SOURCE SUBTOTAL	***$21,014,486***	***$0***	***$0***						
AMENDMENT TO EXISTING LOAN AGREEMENT															
		X	AK0021385	IV-A	**Haines Borough**	**Wastewater Influent and Pump Station Upgrade (Loan 395261-S) -** Loan amendment to increase existing loan amount by $80,000 (total loan request $659,867) and modify the scope of the existing loan agreement to include construction of 500 linear feet of sewer main at the correct and depth an alignment to tie into the original main. The project scope has also been amended to include Supervisory Control and Data Acquisition (SCADA) system and PLC upgrades to monitor and track the system remotely.	$80,000			X	20				SFY23-Q1
			2007-DB0003	III-B	**Nome**	**Nome Bering Street Sewer Improvements (Loan 627251-SG) -** Loan amendment to modify the scope of the existing Bering Street loan agreement to include replacement of sewer lines along Seppala Drive. No additional loan funds are requested.	---			X	20				SFY22-Q1
		X	Pending	I	**Matanuska Susitna Borough**	**Matsu Septage and Leachate Treatment Facility (Loan 561041) -** Loan amendment to increase existing loan amount by $1,000,000 and amend project scope as follows: Design a new energy efficient septage and leachate facility to minimize septage and leachate costs and environmental impacts in the Matanuska-Susitna Valley. Additionally, this project will install a landfill leachate treatment facility.	$1,000,000			X	20		Effective Utility Mgmt		SFY21-Q1
							$1,080,000	***$0***	***$0***						
SUSTAINABLE INFRASTRUCTURE PLANNING PROJECT QUESTIONNAIRES															
1	65	X	AK0021555	Plan & Assess	**Kodiak**	**Infiltration and Inflow (I&I) Assessment and Reduction -** Flow monitoring, flow data analysis and identification of areas with high I&I through closed-circuit television inspections and manhole inspections.	$165,000	$75,000		X	5		Planning	6/1/2020	SFY21-Q1
2	55	X	AK0021385	Plan & Assess	**Haines Borough**	**Haines Sanitary Sewer Inflow and Infiltration (I&I) Study -** Flow monitoring, flow data analysis and identification of areas with high I&I through closed-circuit television inspections and manhole inspections.	$100,000	$75,000		X	5		Planning	10/3/2022	SFY23-Q1
3	55	X	9725DB005	Plan & Assess	**Bethel**	**Community-wide Utility System Expansion Preliminary Engineering Report and Environmental Assessment -** Complete the planning documents necessary to estimate the cost to construct a wastewater collection system to serve over 2,000 households, commercial, and institutional connections. This planning document will address the construction of both water distribution and wastewater collection system with the cost split between the Alaska Drinking Water and Clean Water Funds.	$100,450	$75,000		X	5		Planning	3/22/2021	SFY22-Q1
4	55	X	AKG573004	Plan & Assess	**Dillingham**	**Wastewater Rate Study -** Update the 2014 Rate Study to reflect current conditions and future planning considerations. The Rate Study will include both water and wastewater utility rates; the cost of the study will be split evenly between the Alaska Drinking Water and Clean Water Funds.	$30,000	$30,000		X	5		Planning	6/1/2021	SFY22-Q1

Alaska Clean Water Fund - State Fiscal Year 2023 (SFY23) Project Priority List - 1st and 2nd Quarter Updates

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5	55	X	AKG573004	Plan & Assess	**Dillingham**	**Wastewater Master Plan -** Update the wastewater portion of the 2003 Water and Sewer Master Plan.	$69,183	$45,000		X	5		Planning	6/1/2021	SFY22-Q1
						SUSTAINABLE INFRASTRUCTURE PLANNING LOAN SUBTOTAL	***$464,633***	***$300,000***	***$0***						
MICRO LOAN QUESTIONNAIRES															
1	475	X	AK2250053	III-B	**Unalakleet**	**Covenant Lift Station Rehabilitation and Septic Pumper Purchase -** The purpose of this project is to rehabilitate a 45-year old lift station subject to freezing issues and sewage backups. Rehabilitation will include replacement of the heating and ventilation systems, overhead crane, safety grating, and electrical systems. A new septic pumper truck will also be purchased.	$488,620	$342,034		X	20		Fix It First	5/1/2022	SFY20-Q2
2	310	X	AKG380006	III-B	**Seldovia**	**Lift Station Pump Replacement -** Purchase and install two new pumps in the Beach and Slough lift stations and purchase one additional pump to serve as backup in case one pump fails.	$48,125	$33,688		X	10	Energy Efficiency $40,000	Fix It First		SFY22-Q1
3	200	X	---	III-B	**Togiak**	**Lift Station Pump Replacement -** Rebuild/replace three lift station pumps including new impellers, bearings and armatures and purchase three backup pumps. Purchase a small backhoe specifically for the purpose of repairing/replacing utility lines. Purchase a new jetter truck for sewer line maintenance.	$500,000		$450,000	X	20	Energy Efficiency TBD	Fix It First		SFY23-Q2
						MICRO LOAN SUBTOTAL	***$536,745***	***$375,722***	***$450,000***			***$0***			
						TOTAL FUNDING REQUESTED (ALL CATEGORIES)	**$92,521,204**	**$875,722**	**$1,450,000**			**$4,484,000**			

EPA Needs Category Codes
I Clean Water Treatment - Secondary Treatment Plant
III-A Clean Water Treatment - Infiltration/Inflow Correction
III-B Clean Water Treatment - Sewer System Replacement/Rehabilitation
IV-A Clean Water Treatment - New Collector Sewers & Appurtenances
VI-B Green Infrastructure
VII-F Nonpoint Source Resource Activity - Marinas
VII-J Nonpoint Source Resource Activity - Sanitary Landfills
XII Nonpoint Source Resource Activity - Individual/Decentralized Systems

Alaska Clean Water Fund
Programmatic Financing (Pro Fi) Projects

Applicant: Anchorage Water and Wastewater Utility
SFY22 Loan Request: $10,000,000
SFY23 Loan Request: $22,511,580
Loan Term: 20 years

Year		#	Project Name	Description
SFY22	---	C-19-03	Downtown Sewer Rehabilitation Phase III (individual projects listed below) Downtown Sewer Phase III, C&D Street Downtown Sewer Phase III, West 8th, N-P Street Downtown Sewer Phase III, D&E Street Downtown Sewer Phase III, H&I Street Downtown Sewer Phase III, M Street Downtown Sewer Phase III, West 2nd Avenue	Rehabilitate sewer main in downtown Anchorage. The sewer mains are located within the streets noted below.
SFY22	---	C-19-04	AWWTF Scum Pump & Inline Grinder	Make improvements to the scum handling system from the clarifiers to the incinerator. Improvements include piping, pumps, heating, insulation and controls.
SFY22	---	C-19-05b	King Street Septage Receiving Station	Design and construct upgrades to existing Septage Receiving Station with pretreatment equipment and increase user access. The pretreatment equipment will prevent collection system from having sanitary sewer overflows.
SFY22	SFY23	C-19-05c	King Street Warm Vehicle Storage	Design and construct a storage building to house equipment, necessary to operate and maintain the AWWU water and sewer infrastructure.
SFY22	SFY23	C-19-05e	King Street Main Building Upgrade	Design and construct various improvements to AWWU's King Street O&M Facility Administrative Building. Improvements include expanding and remodeling interior spaces and systems, and enclosing covered areas to increase the capacity, productivity, and efficiency of AWWU's support maintenance group.
SFY22	SFY23	C-19-05f	King Street Fuel Storage Improvements	Relocate the existing fuel storage and dispensing system. This project will also streamline the traffic pattern within the facility.
SFY22	---	C-19-09	Pump Station 52 Improvements	Abandon and demolish existing sewage lift station and piping. Design and construct or install new sewage pump station, valve vault, wet well, sanitary sewer manholes, two pumps, check valves, pump controls, electrical upgrades, and standby generator. Temporary sewer bypass system will be used during construction. Existing utilities will be relocated within existing developed easements and right-of-way to accommodate work and provide better access.
SFY22	---	C-19-10	AWWTF Storage	Add additional warm storage for equipment, materials and sodium hypochlorite at Asplund Wastewater Treatment Facility.
SFY22	---	C-19-14	AWWTF Raw Sludge Pumps	Replace existing raw sludge pumps at Asplund Wastewater Treatment Facility.
SFY22	SFY23	C-20-25	Pump Station 2 Rehabilitation	Rehabilitate Pump Station 2 in order to reduce the risk of sanitary sewer overflows, emergency repairs. Replace high voltage electrical system, aging and corroding piping, valves, control systems, and various site improvements for Pump Station 2.
SFY22	---	C-22-01	E 42nd Ave Upgrade - Sewer	To prevent sewer backups associated with bellies and damaged pipe, re-route a section of sewer main to a new alignment in a dedicated sewer easement within MOA right-of-way. The replacement sewer and manholes will be constructed on helical piles.
SFY22	SFY23	C-22-02	Pump Station 12 Force Main Interceptor C - Gravity Junction Rehab	Assess and rehabilitate Pump Station 12, force mains, gravity junction box, and the receiving 48-inch gravity sewer. The culverts that support the force mains for the Campbell Creek crossing will also be assessed and rehabilitated as part of the project.
SFY22	SFY23	C-22-03	Turpin Septage Receiving Station	Assess and rehabilitate the Turpin Septage Receiving Station.
SFY22	---	C-22-04	W 72nd Ave Trunk Rehabilitation	Rehabilitate a corroded 15-inch corrugated metal sewer main. This project will either line with cured-in-place pipe or directly replace the failing pipe.
SFY22	---	C-22-05	Wastewater Master Plan	Update the 25-year comprehensive plan for AWWU to maintain and modify sewer service for the Municipality of Anchorage. The plan describes the condition of the AWWU wastewater system, projects future wastewater needs, analyzes system deficiencies, recommends system improvements, and provides a schedule for implementation through the capital improvements program.
---	SFY23	C-23-01	D-2-4 Trunk Improvements	Design and construct improvements to the D-2-4 trunk main to improve the ability to access and maintain the line and to enhance capacity to avoid sanitary sewer overflows.