

ALASKA DRINKING WATER FUND

Intended Use Plan

State Fiscal Year 2026

July 1, 2025 – June 30, 2026

**For Federal Base Capitalization
funds appropriated in Federal Fiscal Year 2025 and
Bipartisan Infrastructure Law General Supplemental
funds appropriated in Federal Fiscal Year 2024**



**Submitted to the U.S. Environmental Protection Agency
By
Alaska Department of Environmental Conservation
Division of Water – State Revolving Fund Program
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Contents

EXECUTIVE SUMMARY	4
Notable Changes	4
Recent Financing Activities	4
Funding Program Outlook	4
INTRODUCTION	5
PROGRAM GOALS	6
Long-Term Goals	6
Short-Term Goals	6
CRITERIA AND METHOD FOR FUND DISTRIBUTION	8
Project Priority List of DWSRF Projects	8
Amendments to the Project Priority List	8
Project Readiness Bypass Procedure	8
Refinancing Existing Debt	9
Project Priority List Exception for Emergency Declarations	10
Phasing of a DWSRF Project	10
Removing Projects from the Project Priority List	10
Amendments to Existing Loans	10
Project Scoring Criteria	11
FUNDS AVAILABLE	11
Capitalization Grants	11
State Match	11
Cash Draw	11
Sources and Uses of Funds	12
Fund Transfer	13
Administrative Fee	13
Finance Rate and Maximum Loan Terms	14
SET-ASIDES	14
Small System Technical Assistance Set-Aside (2%)	15
Administration and Technical Assistance Set-Aside (4%)	15
State Program Management Set-Aside (10%)	16
Local Assistance and Other State Programs Set-Aside (15%)	16
ADDITIONAL SUBSIDY	16
DISADVANTAGED COMMUNITY ASSISTANCE	17
MICRO LOANS FOR RURAL COMMUNITIES	18
SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS	19
SMALL UTILITY ASSISTANCE GRANTS	20
GREEN PROJECT RESERVE (GPR)	20
SMALL SYSTEM ASSISTANCE	21
FEDERAL REQUIREMENTS	21
American Iron and Steel	21
Davis-Bacon Act Wage Requirements	21

Environmental Review	21
Federal Equivalency Requirements	21
Build America, Buy America Act.....	22
Disadvantaged Business Enterprise	22
Signage to Enhance Public Awareness	22
Single Audit	22
Prohibition of Certain Telecommunication and Video Surveillance Services	22
ASSURANCES AND CERTIFICATIONS	22
Timely and Expeditious Expenditure	23
Fund Accounting Separation	23
Financial Planning and Long-Term Financial Health.....	23
Federal Reporting	23
Federal Funding Accountability Transparency Act.....	24
Capacity Development.....	24
PUBLIC REVIEW AND COMMENTS	24

Appendices

- Appendix 1. Priority Criteria for SFY25 Projects
- Appendix 2. Project Priority List
- Appendix 3. Disadvantaged Community Criteria
- Appendix 4. Listing of Capitalization Grant Awards – Reference for Potential Transfers between DWSRF and CWSRF
- Appendix 5. Response to Public Comments Received by July 10, 2025

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 of 2018
AWWU	Anchorage Water and Wastewater Utility
BABA	Build America, Buy America Act
BIL	Bipartisan Infrastructure Law
CE	Categorical Exclusion
CWS	Community Water System
DBE	Disadvantaged Business Enterprise
DWP	Drinking Water Program
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
IJA	Infrastructure Investment and Jobs Act
IUP	Intended Use Plan
LSL	Lead Service Line
MHI	Median Household Income
NTNC	Non-Transient Non-Community System
OASys	Online Application System
PBR	Project Benefits Reporting
PPL	Project Priority List
PWS	Public Water System
SDWA	Safe Drinking Water Act
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund
TA	Technical Assistance
TAF	Technical Assistance and Financing
WIIN	Water Infrastructure Improvements for the Nation Act of 2016

EXECUTIVE SUMMARY

The Alaska State Revolving Fund (SRF) Program has been financing projects that help protect and improve water quality since 1989. This Intended Use Plan (IUP) describes the Alaska Department of Environmental Conservation (ADEC) plan for implementing the Drinking Water State Revolving Fund (DWSRF) during State Fiscal Year 2026 (SFY26). This Executive Summary provides a condensed overview of notable program changes and highlights for SFY26.

Notable Changes

The SFY26 DWSRF IUP is substantially similar to last year's DWSRF IUP. Impacts from the Infrastructure Investment and Jobs Act (IIJA), also known as the Bipartisan Infrastructure Law (BIL), remain similar, and SRF Program staff continue to coordinate with the US Environmental Protection Agency (EPA) on program and project requirements. Notable changes include:

- Disadvantaged Community Criteria revision to provide priority points to eligible projects related to a federal disaster declaration (see Appendix 3 for more information).
- Disadvantaged Community Criteria revision to increase the points assigned to rural communities from two to four points (see Appendix 3 for more information).
- Clarification of the Micro Loan opportunity for rural communities.

Recent Financing Activities

Recent financing for DWSRF projects is shown below:

	SFY21	SFY22	SFY23	SFY24	SFY25*
Number of agreements	8	13	8	19	5
New loan commitments (millions)	\$22.6	\$23.6	\$3.8	\$17.4	\$13.0

** The SRF Program is currently drafting a number of agreements that are expected to be issued before the end of the fiscal year; therefore, the SFY25 loan commitments will be updated in the annual report.*

Funding Program Outlook

Twenty-seven new project questionnaires were submitted by February 28, 2025. A total of 48 projects are included on the Project Priority List with a total funding request of \$176.3 million. The net amount available for DWSRF loans at this time is approximately \$124.5 million.

INTRODUCTION

The DWSRF was created by the 1996 amendments to the federal Safe Drinking Water Act (SDWA) to assist public water systems with financing the cost of infrastructure needed to achieve or maintain compliance with the SDWA. Section 1452 of the SDWA authorizes the EPA to award capitalization grants to states to provide seed money for the purpose of establishing a low-interest loan program (the DWSRF) and other types of assistance to eligible water systems. In Alaska, this loan program is administered through the Alaska Drinking Water Fund (ADWF) by the ADEC SRF Program.

In addition to the annual base DWSRF capitalization grant, the IIJA or BIL provided for new DWSRF appropriations over a 5-year period, one of which is referred to as the General Supplemental grant. There is a two-year window of opportunity to apply for the General Supplemental grants. Alaska applied for and received both the FFY22 and the FFY23 General Supplemental grants in the second year of opportunity.

This Intended Use Plan (IUP), required under the SDWA, describes how Alaska proposes to use available funds in State Fiscal Year 2026 (SFY26) from July 1, 2025 through June 30, 2026 provided by federal funds allocated to Alaska through the DWSRF Federal Fiscal Year 2025 (FFY25) base capitalization grant as well as the FFY24 General Supplemental grant.

The IUP is the central component of the capitalization grant application and describes how the State will use the DWSRF to meet SDWA objectives and further the protection of public health. This IUP contains the following elements pertaining to both the base and supplemental grants:

- Short and long-term goals of the program.
- Project priority list, including project description and size of community.
- Criteria and method used for the distribution of funds.
- Description of the financial status of the DWSRF program.
- Description of the set-aside activities and percentage of funds that will be used from the DWSRF capitalization grant, including DWSRF administrative expenses allowance, program management support, technical assistance, etc.
- Description of how the program defines a disadvantaged system and the amount of DWSRF funds that will be used for this type of loan assistance.

The notice of availability of the draft IUP was posted on the DEC Public Notice website on June 9, 2025. Subsequent to that notice of availability, the SRF Program presented an overview of the IUP at an infrastructure office hour hosted by the Alaska Municipal League and provided an opportunity to provide input and ask questions about the IUP.

The public comment period for the SFY26 IUP ran from June 10, 2025 through July 10, 2025. Appendix 5 includes the comments received.

PROGRAM GOALS

ADEC has identified 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. Foster coordination with other programs and agencies to improve assistance to water systems in their efforts to achieve compliance and improve capacity.
2. Maintain a working relationship with other infrastructure funding authorities, including but not limited to U.S. Department of Agriculture (USDA) Rural Development, Indian Health Service, and EPA to coordinate financial assistance for drinking water projects.
3. Develop program guidelines to improve the pace of loan projects.
4. 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.
5. Pursue methods for encouraging borrowers to pursue innovative and non-traditional projects that enhance infrastructure resiliency and safeguard access to safe drinking water.
6. 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.
7. Utilize a portion of the capitalization grant for set-aside activities that provide public water systems with guidance and technical assistance.
8. Pursue revisions to Alaska Statute at AS 46.03, to broaden ADWF eligibility for private water systems and tribally owned utilities.

Short-Term Goals

1. Enhance program marketing to reach new potential borrowers through various mechanisms including but not limited to:
 - a. Coordinating with EPA and EPA funded Technical Assistance (TA) providers;
 - b. Attending infrastructure office hours held monthly by the Alaska Municipal League (AML) to present information to attendees around the state;
 - c. Participating and presenting at conferences or symposiums hosted by AML and the Alaska Water Wastewater Management Association (AWWMA) on funding opportunities and advantages of borrowing from the SRF Program;
 - d. Collaborating with TA provider to develop an infrastructure assessment survey to assess a community's wastewater infrastructure needs;
 - e. Collaborating with TA provider to develop and refine an Alaska Drinking Water and Wastewater Funding Guide that provides comprehensive information on types of funding that are available to communities; and

- f. Revising the SRF Program website structure and format to manage the site information more efficiently and enhance the user experience.
2. Continue to monitor additional subsidy in terms of the allocation of loan forgiveness to new loan agreements and ongoing disbursements to active projects to ensure the SRF Program is meeting the General Supplemental capitalization grant requirements for the allocation of exactly 49% of the grant amount as additional subsidy.
3. Review current subsidy allocation methods by evaluating Disadvantaged Community Criteria to strategically use the DWSRF additional subsidy to achieve affordable compliance, especially for small, disadvantaged communities in accordance with a key priority of the IIJA or BIL implementation memorandum.
4. Pursue revisions to the regulations at 18 AAC 76 to increase the SRF Program's ability to address borrowers' needs, as well as federal grant conditions.
5. Review and update guidance materials developed for distribution to current and potential borrowers available on the SRF Program's website.
6. Develop topic-specific webinar content to provide SRF related training to existing and potential borrowers. The initial topic may provide a summary of the loan process from pre-application through project completion.

CRITERIA AND METHOD FOR FUND DISTRIBUTION

The following principles and procedures will be the basis for the administration, funding, allocation, and distribution of the DWSRF funding. The principles and procedures are designed to provide maximum flexibility for assistance and ensure the long-term viability of the revolving program.

Project Priority List of DWSRF Projects

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

Questionnaires are accepted year-round through OASys and are reviewed by a scoring committee on a triannual basis. The submittal deadlines for questionnaire reviews are February 29, June 30, and October 31. An email was sent to eligible borrowers in January 2025 providing information about the schedule and inviting submittal of project questionnaires to be considered for SFY26 funding assistance.

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 DWSRF criteria and assigns a numeric score to each project. Projects are added to the PPL in rank order. The rating criteria are provided in Appendix 1.

Appendix 2 includes the PPL, the list of public water systems in Alaska that have submitted a questionnaire to express interest in financing a capital improvement project through the SRF Program.

Amendments to the Project Priority List

ADEC amends the PPL to include additional projects after each triannual review and scoring of new project questionnaires. In updates to the PPL, any projects reviewed and scored is added to the PPL in ranked order. The amended funding list is publicly noticed for 10 days.

Project Readiness Bypass Procedure

When available funding exceeds demand, ADEC awards funding to ready-to-proceed projects without regard to project score or ranking because the SRF 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 works with water systems 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 is based primarily on the projects' readiness to proceed.

Projects are considered ready to proceed if the applicant is prepared to begin design and/or construction and is 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, 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 regularly evaluates 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.

Refinancing Existing Debt

Under the SDWA section 1452 (f)(2), and in accordance with the Code of Federal Regulations (CFR) §35.3525(c), DWSRF 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. Crosscutter 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.

Project Priority List Exception for Emergency Declarations

Upon issuance of an emergency declaration by a federal or state emergency response official, or upon a finding by ADEC, SRF funds may be made available for projects not currently included on the PPL if sufficient funds are available. For purposes of the SRF Program, an emergency refers to a natural disaster or manmade disaster that damages or disrupts normal public water system operations and requires immediate action to protect public health and safety. 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.

In a federally declared disaster, a community may receive additional subsidy under the Disadvantaged Community Criteria's Project Priority Type described in Appendix 3. This allows impacted communities with a federal disaster declaration to apply for a low-interest loan and also qualify for loan forgiveness, if funding is available to provide that additional subsidy.

Phasing of a DWSRF Project

To make construction and/or funding more manageable, a project may be divided into separate funded phases or segments, at the option of the borrower. However, to be DWSRF-eligible, any such phase or segment must be of reasonable scope, and when constructed, must have the capability of being placed into immediate full operation, without its full operation being dependent on a subsequent project phase or segment or another outside operation yet to be completed. After a given project phase is funded, subsequent phases must stand separately in competing with other project for priority list ranking in later fiscal years.

Removing Projects from the Project Priority List

Projects on the PPL are 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. Projects retain the same score originally assigned unless a revised questionnaire is submitted and reviewed by the project scoring committee or the scoring criteria is modified. If an application has not been submitted for a project within two years, the project is removed from the list and a new questionnaire will be required to re-list 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 an update to the PPL before the loan amendment is issued.

Project Scoring Criteria

The SDWA amendments of 1986 and 1996 imposed many new regulatory requirements upon public water suppliers. Public health and compliance problems related to these requirements, affordability, and readiness to proceed were considered in developing Alaska's project scoring criteria. The scoring criteria is included in Appendix 1.

FUNDS AVAILABLE

Capitalization Grants

Alaska's allotment from the FFY25 federal appropriation for the DWSRF base capitalization grant is \$10,906,000. Alaska's allotment from the FFY24 federal appropriation for the DWSRF General Supplemental grant is \$22,985,000.

State Match

For each of the federal capitalization grants, Alaska must deposit an amount equal to at least 20% of the grant into the ADWF. The state match deposit for the base grant (\$2,181,200) will be provided through short-term bonding and is anticipated to be deposited by November 2025. The interest income of the ADWF 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 ADWF to grow in perpetuity. ADEC's program audits have documented the availability of the required amount of interest.

The state match for the General Supplemental grant (\$4,597,000) will be provided through general funds appropriated by the Alaska Legislature in the SFY26 capital budget and will be available after July 1, 2025.

Cash Draw

Draws for loan funding from federal funding and the state match will follow grant-specific proportionality requirements. Set-aside funding will be drawn as 100% federal funds. Alaska's proposed payment schedule is presented below. To maximize flexibility, Alaska requests access to the full grant amount in the first quarter.

SFY26 Estimated Schedule of Payments

Grant Type	FFY	Grant Amount	Q1	Q2	Q3	Q4
Base	25	\$10,906,000	\$10,906,000	---	---	---
General Supplemental	24	\$22,985,000	\$22,985,000	---	---	---

Sources and Uses of Funds

In SFY26, the available funding for DWSRF-eligible projects is defined as the difference between the sources (past funds received and upcoming capitalization grants the State is applying to receive) and the fund uses (total program commitments).

The sources include past capitalization grants and state matches, the FFY25 base capitalization grant and state match, the FFY24 General Supplemental capitalization grant and state match, investment income for the ADWF, loan repayments received, and a past transfer of funds from the ACWF to the ADWF in SFY08. In addition, the SRF Program also includes projected loan repayments anticipated over the next two years as a source of funds. The projected loan repayments serve as a conservative means of predicting future cash flow.

The fund uses include total loan commitments, bonding and transaction costs associated with the state match, and set-asides to fund the following state activities: administration of the SRF Program, technical assistance for small systems, program management, and local assistance.

Estimated Available Funding- Base and General Supplemental Funding

Sources of DWSRF Funds	
Federal Grants Received (cumulative through FFY24)	\$302,668,836
FFY25 Base Capitalization Grant	10,906,000
FFY24 BIL General Supplemental Grant	22,985,000
State Match, Base and BIL General Supplemental Grants	6,778,200
State Match, prior years	48,792,915
Investment Income	24,809,273
Past Loan Repayments (principal + interest collected)	208,441,480
Projected Repayments through SFY27	31,526,306
Transfer from ACWF to ADWF (SFY08)	29,000,000
<i>Subtotal</i>	<i>\$685,908,010</i>
Uses of DWSRF Funds	
Existing Loan Commitments	\$434,588,511
Previous Bonding & Transaction Costs	39,339,908
SFY26 Bonding – State Match	2,186,700
Total Set-Asides	85,326,595
<i>Subtotal</i>	<i>\$561,441,714</i>
Net Resources Available to Provide Assistance	\$124,466,296

The SFY26 PPL includes funding requests of nearly \$176.3 million while the available funding at present is noted in the Sources table as \$124.5 million. The current demand is shown to be in excess of available funds; however, not all applicants may be prepared to move forward with loan agreements during SFY26.

In order to fully use available funds, the SRF Program will continue to accept questionnaires on a continuous basis throughout the year and will update the PPL three times during the year to provide flexibility to potential borrowers in adding projects to the funding list. The SRF Program will also continue marketing and outreach efforts to encourage new applicants to finance their projects through the SRF Program.

Past experience indicates that many of the applicants listed on the PPL will require technical assistance, and that not all of the planning and construction projects on the PPL will be ready for a funding agreement in SFY26. The SRF Program will execute loan agreements with as many applicants as possible and continue to assist the remaining applicants toward a financing agreement.

Fund Transfer

Under the SDWA and the IIJA or BIL, the State is allowed to transfer fund assets between the DWSRF base and the CWSRF base funds; DWSRF General Supplemental and CW General Supplemental funds; and DWSRF Emerging Contaminant and CWSRF Emerging Contaminant funds. ADEC may take advantage of this flexibility between the DWSRF and CWSRF programs in order to assure adequate capacity to meet all funding demands. In accordance with the SDWA Section 302 fund transfer provisions and the DWSRF and CWSRF IIJA or BIL implementation memo dated March 8, 2022, ADEC hereby reserves the authority to transfer an amount up to 33% of each DWSRF capitalization grant to the CWSRF or an equivalent amount from the CWSRF to the DWSRF. Appendix 4 includes a list of Alaska's DWSRF capitalization grant awards as a reference for potential transfers between the DWSRF and CWSRF.

The SRF Program has no current plans to transfer funds between the DWSRF and CWSRF but reserves the right to do so if needed to meet funding demands in either program during SFY26. If a transfer is required, the EPA will receive written notification.

Administrative Fee

Since December 29, 2000, assistance recipients have been assessed an administrative fee in the amount of 0.5% of the total dollars disbursed in accordance with Title 18, Chapter 76 of Alaska Administrative Code (18 AAC 76). Fee revenue is kept in the ADWF Fee Account, separate from the regular loan fund, and is used exclusively to pay program administrative costs. As of June 9, 2025, the balance of the ADWF fee account is \$7,026,319.

As noted in 18 AAC 76.258, ADEC will use administrative fees for direct costs including salaries, supplies, travel, and professional service contracts. In SFY26, the SRF Program intends

to charge ADWF administrative expenses to the ADWF fee account up to \$739,700. Expenses in excess of that amount will be charged to the Alaska Clean Water Fund (ACWF) fee account.

Finance Rate and Maximum Loan Terms

The finance rates, defined in 18 AAC 76, are calculated to reflect current market trends based on the Bond Buyer's Municipal Bond Index when the index exceeds 4%. The finance rate includes the interest rate and a 0.5% administrative fee. The state regulations also allow for a maximum loan repayment term of 30 years.

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	$2 + (0.75 \times [\text{Bond Rate}^* - 4])$
5-20 Years	1.5	$1.5 + (0.625 \times [\text{Bond Rate}^* - 4])$
0-5 Years	1	$1 + (0.5 \times [\text{Bond Rate}^* - 4])$
<1 Year	0.5	0.5

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

SET-ASIDES

States are given flexibility to set aside specified amounts of the base and supplemental grants for specific activities. The table below list the types of set-asides and associated amounts that Alaska will fund using the base and supplemental grants.

Set-Aside Use for Base and General Supplemental Capitalization Grants

Set Aside Activity	Base Grant	General Supplemental	Total
Small Systems Technical Assistance (2%)	\$218,120	\$459,700	\$677,820
Administration & Technical Assistance (4%)	\$436,240	\$919,400	\$1,355,640
State Program Management (10%)	\$1,090,600	\$2,298,500	\$3,389,100
Local Assistance and Other State Programs (15%)			
DOW-Capacity Development-Operator Certification	\$1,090,600	\$2,298,500	\$3,389,100
EH-Drinking Water / Wellhead Protection Program	\$543,500	\$1,149,250	\$1,694,550
		TOTAL	\$10,504,410

DOW – Division of Water, EH – Environmental Health

The SDWA authorizes each state to set-aside a maximum of approximately 31% of the capitalization grant for set-aside activities including administration of the loan fund and assistance to water systems in meeting SDWA requirements. ADEC evaluated each of the four set-aside activities with the goal of protecting public health while maximizing loan fund dollars for infrastructure improvement projects. Set-Aside use for each of the four set-aside activities is

listed in Table 5. In support of the long- and short-term goals of the DWSRF, set-aside funds are used to fund a variety of technical assistance and capacity development activities as described in the following paragraphs. Detailed work plans for each set-aside will be submitted for EPA review within 90 days of award of the capitalization grant.

A state may also reserve the authority to access up to 16% of a year's capitalization grant from a subsequent grant, to be used for the activities allowed under the Administration and Technical Assistance set-aside (4%), the Small System Technical Assistance set-aside (2%), and the State Program Management set-aside (10%). When "banking" set-aside funds in this manner, the value of the banked funds from the current capitalization grant is placed in the loan fund. When banked funds are used in a new capitalization grant, the total set-aside use from that grant may exceed 31%, and the funding allocated to the loan fund in that year is reduced.

There is a federal limit on the amount of funds used for each set-aside category and the types of activities funded. In accordance with keeping unliquidated obligations at a minimum, ADEC will fully expend set-aside funds within a two-year period.

Small System Technical Assistance Set-Aside (2%)

In SFY26, the Division of Water Capacity Development Program will use 2% of the base grant (\$218,120) and 2% of the General Supplemental grant (\$459,700) for assistance activities focused on small systems that serve fewer than 10,000 people.

Administration and Technical Assistance Set-Aside (4%)

The 2016 WIIN Act provisions provide states with three options with regard to the amount used for this set-aside, whichever is greatest, as listed below:

- Four percent of all capitalization grants,
- Flat \$400,000, or
- 1/5 percent of the total valuation of the state revolving fund balance.

During SFY26, Alaska's DWSRF capitalization grant awards will total \$41,748,000 as itemized in the list below:

• FFY25 Base	\$10,906,000
• FFY24 General Supplemental grant	\$22,985,000
• FFY25 Emerging Contaminants grant	\$7,640,000
• FFY22 and FFY23 re-allotments	\$217,000

In total, Alaska may use \$1,669,920 for DWSRF administration or reserve (bank) that amount, or a portion thereof, for future use.

The Division of Environmental Health Drinking Water Program (DWP) will utilize 4% of the base grant (\$436,240) and 4% of the General Supplemental award (\$919,400) for technical assistance to support public water systems.

State Program Management Set-Aside (10%)

To supplement Public Water System Supervision (PWSS) program management activities, the DWP will utilize 10% of the base capitalization grant (\$1,090,600) and 10% of the General Supplemental grant (\$2,298,500) for SDWA compliance requirements.

Local Assistance and Other State Programs Set-Aside (15%)

Drinking Water and Source Water Protection Program

The Drinking Water Protection Program, within the DWP, will utilize 5% of the base capitalization award (\$545,300) and 5% of the General Supplemental award (\$1,149,250) for drinking water and source water protection-related activities.

Capacity Development and Operator Certification Programs

During SFY26, ADEC will continue to implement the recently revised Capacity Development Strategy that incorporates asset management as required under the America's Water Infrastructure Act of 2018 (AWIA). In addition, the Operator Certification Program will provide direct technical assistance to water system operator and owners. The Division of Water will use \$418,775 from the base grant and \$846,515 from the General Supplemental grant for implementation of the Capacity Development and Operator Certification Programs.

During SFY26, the SRF Program will continue implementation of a Small Utility Assistance Grant opportunity to provide funds to eligible recipients for sustainability and resiliency projects. This grant opportunity will use Local Assistance set-aside funds from the base and General Supplemental grants.

ADDITIONAL SUBSIDY

There are two distinct and additive additional subsidy authorities in the FFY25 base capitalization grant. Under the Congressional additional subsidy authority, Alaska must use 14% of the capitalization grant to provide additional subsidization to any DWSRF-eligible recipient. Under the second authority, the SDWA mandates that states use at least 12%, but no more than 35%, of the capitalization grant amount for additional subsidy for state-defined disadvantaged communities. In combination, the additive additional subsidy authorities require at least 26%, and no more than 49%, of the base grant must be offered in the form of additional subsidy.

Exactly 49% of the General Supplemental funding must be provided as forgivable loans or grants to communities that meet the state's disadvantaged community definition, consistent with the SDWA. In accordance with State regulations found at 18 AAC 76.230(c), additional subsidy is provided as principal forgiveness.

The amount of principal forgiveness ADEC allocates each year is dependent on the federal capitalization grant requirements and what ADEC forecasts the ADWF can afford while maintaining the ADWF's perpetuity.

All projects that are identified for subsidy allocation on the PPL must meet the following milestones in order to retain eligibility for 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.

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. The total amount available for additional subsidy is approximately \$28 million as shown in table below.

Available Subsidy by Capitalization Grant

Base Grant		General Supplemental Grants		
FFY25	FFY22	FFY23	FFY24	Total Subsidy Available in SFY26
\$2,835,560	\$3,737,152	\$10,316,950	\$11,262,650	\$28,152,312

DISADVANTAGED COMMUNITY ASSISTANCE

The SRF Program has developed disadvantaged community criteria. Several factors are considered in identifying disadvantaged communities including those related to the household burden associated with income and the cost of water and wastewater service, as well as socioeconomic factors including the percentage of households utilizing assistance programs, the percentage of households below the federal poverty level, unemployment rates, and long-term population trends in the community. ADEC also includes several priority project types that impact the economic viability of a water system, including the presence of emerging contaminants. These factors, considered in total, are used to determine tiers of criticality for disadvantaged status with associated levels of principal forgiveness. Principal forgiveness is provided only to disadvantaged communities in tiers 2 through 5. More information about the disadvantaged community criteria is provided in Appendix 3.

Based on the points assigned in regard to household burden, socioeconomic factors and priority project types, each project on the PPL is assigned to a tier. To the extent that additional subsidy funds are available, disadvantaged communities may receive loan forgiveness associated with the base and supplemental capitalization grants as shown in the following table.

Disadvantaged Community Tiers

Tier	Point Range	Maximum Loan Forgiveness per Borrower
Tier1	0 to 3	n/a
Tier 2	4 to 6	\$1,500,000
Tier 3	7 to 9	\$2,500,000
Tier 4	10+	\$3,500,000
Tier 5*	N/A	Up to 50% of project costs depending on availability of loan forgiveness funds.

**Tier 5 is applicable only to projects related to federal disaster declarations.*

MICRO LOANS FOR RURAL COMMUNITIES

The Micro Loan category provides an additional financing option for eligible rural municipalities. In some cases, small rural communities may need financing for a project that does not have direct public health, compliance, or water quality implications and would therefore not score as highly compared to other capital improvement projects like replacing a treatment system. Examples of small Micro Loan projects may include funding for the purchase of heavy equipment or small pump replacements. While smaller projects like this may have a lower score on the PPL in comparison to larger infrastructure projects, these small projects may serve a critical purpose for a small rural wastewater utility.

In SFY26, the SRF Program budgeted to issue a maximum of \$1,000,000 for Micro Loans. Rural municipalities eligible for funding under the Village Safe Water (VSW) Act (Alaska Statutes Title 46, Chapter 7) may apply for a Micro Loan of up to \$500,000. In SFY26, Micro Loans will be offered with 100% loan forgiveness. By budgeting a specific amount for Micro Loans, the SRF Program commits to funding these smaller projects that may not be eligible for other financing options.

Loan applications from rural communities will be reviewed to determine the optimal financing option that the SRF Program can offer based on the project's ranking on the PPL and the amounts of loan forgiveness available to be assigned to projects. If a rural community's proposed project is planned to receive full forgiveness on the PPL, then it will be listed as such on the PPL and the additional Micro Loan eligibility requirements described below will not apply. If however, the project has a low score and would not be eligible because all available loan forgiveness was assigned to higher ranking projects, then the project may be included in the Micro Loan portion of the PPL. With a budgeted amount of \$1,000,000 maximum for Micro Loans in total, these projects are guaranteed funding within the budgeted amount.

To be eligible for Micro Loan funding, a community must also be eligible for VSW funding under the VSW Act. Projects that receive assistance from the tribal set-aside program for Indian

Tribes and Alaska Native Villages under the Safe Drinking Water Act §1452(i) are not eligible to receive a SRF loan.

Before a loan offer will be extended, a community must also demonstrate sufficient technical, financial, and managerial capacity by maintaining an Operations and Maintenance Best Practices score of at least 50 total points, including minimum scores in the following categories:

- Utility Management Training - 5 points
- Budget - 13 points
- Revenue - 15 points
- Payroll Tax Liability - 2 points
- Workers Compensation Insurance - 2 points

When originally developed and implemented in 2019, the subsidy allocations for Micro Loan projects were intended to range from 50% to 90% of the total project cost and were 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. Based on the current availability of additional subsidy to allocate to new projects, Micro Loan projects will be fully subsidized up to \$500,000 in SFY26. The subsidy allocation may revert back to the 50% to 90% range in the future.

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

- Complete the loan application process 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.

SUSTAINABLE INFRASTRUCTURE PLANNING PROJECTS

With funding provided through available loan funds, ADEC is continuing a program to assist disadvantaged public water systems to finance water system planning and related activities that promote sustainable infrastructure. For each Sustainable Infrastructure Planning Project (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 per project and per borrower during SFY26. If one borrower submits multiple planning projects for consideration, the \$75,000 in potential loan forgiveness will be divided between the SIPPs.

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 water system infrastructure assets.
- Consolidation Studies to evaluate potential for water system consolidation.
- Water Rate Analysis to evaluate water system rate charges, structure, and adequacy.
- Leak Detection Studies to detect water system leakage and identify potential solutions.
- Water System Master Plan to evaluate the needs of the water system in the long term and make recommendations for future improvements.

Any water 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 SIPP during SFY26.

SMALL UTILITY ASSISTANCE GRANTS

With funding provided through the Local Assistance Set-Aside funds, grant funds may be available for small public water systems that serve a population of 3,300 or less. Grant recipients must be municipally owned or privately owned not-for-profit community water systems or non-profit non-transient, non-community systems.

Backup power generator projects to maintain sustainability and resiliency are eligible for these grants. Due to the potential for widespread and prolonged power outages caused by severe weather, earthquakes, or other incidents which would impair a public water system's ability to provide safe and adequate drinking water, grant funds will be provided to allow for the purchase and installation of a generator to be used in the event of power outages caused by extreme events.

GREEN PROJECT RESERVE (GPR)

The FFY25 capitalization grant encourages, but does not require, the use of funds to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. 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. Green projects are identified in the funding list by green project category type.

At the time this IUP was drafted, nine projects had been initially identified with green components (see the PPL in Appendix 2). These projects will be further reviewed during the loan

application process to ensure that each project, in whole or in part, qualifies for GPR. Borrowers will be required to provide a Green Project Assessment form.

SMALL SYSTEM ASSISTANCE

Of the total amount available for assistance from the ADWF each year, ADEC must make at least 15% available solely for providing loan assistance to small systems, those serving populations less than 10,000, to the extent such funds can be obligated for eligible projects. With the exception of projects proposed for Anchorage and Juneau, all other projects on the PPL will serve communities with populations below 10,000.

FEDERAL REQUIREMENTS

Loan agreements will include all applicable federal requirements. All funding recipients must comply with the following:

American Iron and Steel

The American Iron and Steel (AIS) provision requires SRF assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance or repair of a public water system. Compliance with Build America, Buy America (BABA) iron and steel provisions will satisfy the AIS requirements.

Davis-Bacon Act Wage Requirements

ADEC requires the inclusion of specific Davis-Bacon contract language in bid specifications and/or contracts and confirms that the correct wage determinations are being utilized. In addition, ADEC collects certifications of Davis-Bacon compliance from online project quarterly report statements.

Environmental Review

All proposed construction activities funded by the SRF Program undergo an environmental review in conformance with the EPA-approved State Environmental Review Process.

Certain projects, identified as equivalency projects, will be identified to meet additional requirements in an amount equal to the current capitalization grants. Equivalency projects must comply with all of the following:

Federal Equivalency Requirements

Specific requirements referred to as federal equivalency requirements apply only to a subset of loans equal to the amount of the base and General Supplemental capitalization grants less any set-asides used rather than to all loans funded by the SRF Program. In SFY26, ADEC intends to take full advantage of the flexibility offered by equivalency to reduce the burden of the federal grant conditions for many applicants.

Based on total base and General Supplemental grant awards that total \$33,891,000 minus the planned use of \$10,506,210 for set-asides, the SRF Program will identify equivalency projects that total \$23,384,790.

The proposed equivalency projects are indicated on the PPL and include:

- | | |
|--|--------------|
| • SFY25 Programmatic Financing (Pro Fi) Loan | \$11,500,000 |
| • SFY26 Pro Fi Loan | \$29,353,000 |
| • Girdwood Well 2 Upgrade | \$5,000,000 |
| • Whittier Well Replacement | \$3,500,000 |

The requested loan amount may differ when an application is submitted for any project; therefore, the SRF Program will continue to review all loan applications to identify those projects that can meet equivalency requirements without undue burden to the borrower.

The additional requirements applied to equivalency projects, in addition to the requirements applicable to all projects, are listed below:

[Build America, Buy America Act](#)

The BABA provision requires domestic preference procurement for iron and steel products, manufactured products, and construction materials.

[Disadvantaged Business Enterprise](#)

Loan recipients and their contractors must comply with the federal Disadvantaged Business Enterprise requirements.

[Signage to Enhance Public Awareness](#)

The SRF Program will post a notice on the SRF Program website to provide awareness of the benefits of equivalency projects, the source of funding, and the role of the SRF Program in providing financial assistance.

[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.

[Prohibition of Certain Telecommunication and Video Surveillance Services](#)

In compliance with Section 889 of Public Law 115-232, restrictions are placed on the use of some telecommunication and surveillance equipment.

ASSURANCES AND CERTIFICATIONS

The Operating Agreement, as well as each capitalization grant, contain conditions that must be met. ADEC is committed to complying with all conditions in both the Operating Agreement and each capitalization grant.

Timely and Expeditious Expenditure

The State will commit and spend the capitalization grant and state matching funds in a timely and expeditious manner. Within one year of the grant award, the State will enter binding commitments with the recipients equal to the amount of the grant award and proportional state match. Additionally, the State will strive to disburse available funds while maintaining enough cash on hand to meet disbursement obligations for two years.

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.

Fund Accounting Separation

The ADWF was established by statute as an enterprise fund of the State to serve as a revolving fund for financing drinking water system improvement projects. Funds allocated for set-aside activities authorized in Section 1452(k) of the SDWA are held in separate accounts; therefore, loan fund activities and set-aside activities are distinct and separate.

Financial Planning and Long-Term Financial Health

The SRF Program periodically evaluates the financial status and health of the ADWF by reviewing repayments, disbursements, and pending loan actions in order to assess the available funding for loans. This evaluation occurs when the PPL is updated three times per year. The SRF Program is also subject to an annual audit that in addition to providing the net position of the fund, also ensures that financial statements are presented accurately and in conformity with generally accepted accounting practices. The SRF Program has incorporated FOCUS, a cash flow modeling component into LGTS, and as indicated in Long-Term Goal 6 and Short-Term Goal 4 is working through the process to fully implement and integrate this tool into the existing financial planning process to support fiscal sustainability in accordance with 40 CFR 35.355(c)(3)(v).

Federal Reporting

EPA's SRF Data System (previously identified as the Project Benefits Reporting database) collects project-level information and anticipated environmental benefits associated with DWSRF 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 SRF Program. EPA uses the information provided to oversee the DWSRF state programs and develop reports to the US Congress concerning activities funded by the DWSRF 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.

Federal Funding Accountability Transparency Act

ADEC will report all SRF equivalency projects, i.e. projects identified to meet all the federal cross-cutting requirements whose sum is at least equal to or greater than the capitalization grant amount less any requested set-aside funds. Information will be reported no later than the end of the month following the date of an equivalency project finalized loan agreement.

Capacity Development

ADEC will comply with the requirements of capacity development authority, capacity development strategy, and operator certification program provisions in order to avoid withholdings of funds under § 35.3515(b)(1)(i) through (b)(1)(iii). Alaska's Capacity Development Strategy was updated in 2022 to comply with America's Water Infrastructure Act requirements and approved by EPA. The capacity development and technical assistance activities funded through DWSRF Set-Asides will align with these approved strategies. Specific set-aside activities related to capacity development will be described in the Set-Aside work plans submitted to EPA and summarized in annual operator certification and capacity development reports submitted to EPA for review and approval.

PUBLIC REVIEW AND COMMENTS

A notice of availability of the draft IUP was emailed directly to past, present and potential SRF borrowers and other stakeholders around the state. In addition, a notification about the availability of the draft IUP was distributed to 165 local governments through the Alaska Municipal League. The notice of public comment was also posted on the ADEC Public Notice website and on the SRF Program website throughout the 30-day comment period from June 10, 2025 through July 10, 2025.

Appendix 5 includes the comments received and the responses from the SRF Program.

Appendix 1

Project Scoring Criteria



Alaska Drinking Water State Revolving Fund

Priority Criteria for Drinking Water Projects – Reference Sheet

PUBLIC HEALTH CONSIDERATIONS <i>(Select only one)</i>		POINTS
This project will correct the cause of a human disease event documented by Alaska Department of Environmental Conservation (ADEC) or a recognized public health organization. Documentation required. Examples: - Outbreaks of Hepatitis, Giardiasis or Cryptosporidiosis. - Installation of new water mains in an area where there is a documented well contamination by a regulated contaminant that exceed safe standards, or a contaminant that is not regulated by EPA and/or the State but has an established health advisory level.		100
This project will eliminate acute risks to public health. Documentation required. Examples: - Provides potable water to a community or area currently not served by piped service but has existing water points or other haul systems. - Will resolve microbial risk from inadequately treated surface water or groundwater with long term deadlines. - Treatment for exceedances of acute contaminants such as nitrate, or treatment for long term (> 2 years) Maximum Contaminant Level (MCL) or Action Level exceedances for a chronic contaminant such as Disinfection By-products (DBPs), lead, arsenic, etc. - Increase capacity where it is insufficient to meet public health needs. Examples include source quantity, raw or treated water storage capacity to meet demand, well intake, or distribution system pumps.		75
This project will correct potential long-term, chronic health threats or resolve serious distribution system problems or leaks. Documentation required. Examples: - Correction of documented issues with a high potential to violate a water permit condition or ADEC design criteria. - VOC removal, pH adjustment, action level or primary MCL exceedances due to source water quality or contamination. - Replacement of documented pipes or facilities that are leaking or constructed of inferior materials (example – asbestos cement pipe, structurally impaired water tank/reservoir). - Correction of documented distribution system freeze-up problems. - Installation of new water mains to an area that is currently served by on-site systems and, has a high potential of regulated contaminants exceeding safe standards.		50
This project will eliminate potential hazards, provide treatment of secondary contaminants such as iron or manganese, or enhance system operations. Examples: - Periodic exceedances of action level or primary MCLs due to mechanical or structural problems, undersized or inadequate components or fixtures, or low-pressure issues. - Replacement of pipe or facilities that are suspected to leak or constructed of inferior materials. Documentation of leaks is not required. - Extension of water service for existing customers and/or water main looping to remove dead-end mains. - SCADA and other process instrumentation installations.		30
This project has no significant health hazard related issues.		0
COMPLIANCE WITH SAFE DRINKING WATER ACT <i>(Select only one)</i>		
This project will allow a system to come into compliance with an executed Compliance-Order-By-Consent, Administrative Order, Judicial Decision or Consent Decree. Documentation required. <i>Points will be awarded only for agreements executed between the appropriate primary health agency (US Environmental Protection Agency or ADEC) and the system owner or for a judicial decree.</i>		35
This project will resolve a significant compliance issue. <i>Enforcement Targeting Tool violations, Notices of Violation, repeated or long-term boil water notices, one or more Revised Total Coliform Rule Level 2 Assessments</i>		25
This project has no significant compliance related issues. <i>Examples include relatively minor compliance issues documented by an agency notification letter.</i>		10
This project has minimal impact on future pollution events.		0
SOURCE WATER PROTECTION <i>(Select only one)</i>		
This project specifically addresses system vulnerabilities or potential sources of contamination that are identified in the Drinking Water Protection Plan. Documentation must be provided and will be verified by ADEC.		10
The system's Drinking Water Protection Plan is current (within 3 years) and on file with ADEC Drinking Water Program. No documentation is required.		5
The system's Drinking Water Protection Plan is not current and/or the project does not address any vulnerabilities or potential sources of contamination.		0

Priority Criteria for Point Source Projects

READINESS TO PROCEED (Up to 80 points)			
Construction documents have been prepared (under 18 AAC 80) and submitted to the appropriate ADEC Drinking Water program office.			50
A detailed engineering feasibility study, including detailed cost estimates, has been prepared and submitted to the ADEC SRF Program.			30
ASSET MANAGEMENT (Select only one)			
An asset management plan that incorporates an inventory of all assets, an assessment of the criticality and condition of the assets, a prioritization of capital projects needed, and a budget, has been adopted and implemented within the past 5 years. Documentation is required.			30
An asset inventory has been prepared and are attached. The asset inventory must meet the requirements as outlined in the SRF Asset Inventory Guidance (https://dec.alaska.gov/media/ntcj1ess/srf-asset-inventory-guidance.pdf). Documentation is required.			20
An asset management plan will be prepared or updated as part of the proposed project. Completed plan to be provided to SRF.			15
An asset inventory will be prepared as part of the proposed project. Completed inventory to be provided to SRF.			10
Employees have attended an asset management training, approved by ADEC Operator Training and Certification Program for Continuing Education Units (CEUs), within the last year. Documentation is required.			5
The system has not planned, developed, or implemented an asset management plan or inventory, and staff have not attended asset management training.			0
SUSTAINABILITY PROJECTS (Select only one)			
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
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
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
Not applicable.			0
OPERATOR CERTIFICATION (Select only one)			
The system employs, or has on contract, an operator certified to the level of the system.			5
The system does not employ, or have on contract, an operator certified to the level of the system			0
AFFORDABILITY (Select only one)			POINTS
Points will only be given if a water system provides recent income data, population figures, and a fee structure or ordinance. The average monthly household cost for water service, after project completion, will be divided by the monthly mean household income. The monthly mean household income will be documented by a current survey or census data. The web page link for the data is located at the Department of Labor and Workforce Development Research & Analysis Section: http://laborstats.alaska.gov		Monthly Water Cost/ Monthly Income	
	High	>2%	15
	Medium	1.0% - 1.9%	10
	Low	<1.0%	5

To Be Completed by ADEC

EQUIVALENCY	
This project will be used as an equivalency project.	50
CONSOLIDATION	
This project will result in the regionalization and/or consolidation of two or more existing public water systems.	25
GREEN PROJECT	
The applicant has sufficiently demonstrated eligible Green components under the project.	25

Appendix 2
Project Priority List

Alaska Drinking Water Fund - State Fiscal Year 2026 (SFY26) Project Priority List - Base and General Supplemental Funding

Net Resources Available to Provide Assistance = \$124.5 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) Loan forgiveness is subject to change depending on the readiness of projects to proceed.

(3) Loan repayment 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 scored based on the total project cost. The overall score for the Pro Fi questionnaire is the sum of weighted scores for all of the Pro Fi projects.

Rank	Score	Equivalency Project	Within Funding Limits ⁽¹⁾	Public Water System Name and ID# (Population Served)	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community Tier	Loan Forgiveness ⁽²⁾	Loan Repayment Term ⁽³⁾ (years)	Green Project Estimate	Green Project Type	Sustainability Policy	Anticipated Project Start Date	Added to PPL
DRINKING WATER PROJECT QUESTIONNAIRES															
1	280	X	X	MOA Municipality of Anchorage AK2210906 (291,826)	AWWU	Girdwood Well 2 Upgrade - Consider alternatives to either replace the existing well or upgrade the existing well to include additional treatment to address the Alaska, Department of Environmental Conservation Compliance Order by Consent for Groundwater Under the Direct Influence of Surface Water issued November 11, 2022.	\$5,000,000	Tier 2	\$1,500,000	20 to 30			Fix It First	1/3/2025	SFY26-1
2	255		X	Field of View District AK220135 (140)	Unified Alaskan Utilities	Field of View Corrosion Control - Install new Optimal Corrosion Control Treatment to reduce the copper levels to meet Lead and Copper Rule Action Limits.	\$102,727	Tier 2	\$102,727	20 to 30			Fix It First	6/15/2025	SFY26-1
3	235	X	X	Whittier AK2211952 (377)	Whittier	Whittier Well Replacement - Design and construct a new well system and supporting facilities to replace the existing system built in the 1950s to meet current water supply needs for residential, commercial, and industrial customers.	\$3,500,000	Tier 4	\$3,500,000	20 to 30	\$100,000	Energy Efficiency	Fix It First	5/1/2026	SFY26-1
4	200		X	Vallenar View Mobile Home Park AK2120012 (190)	Unified Alaskan Utilities	Source Development and Transmission Main - Develop a ground water well based on groundwater data collected during a 2024 source water feasibility study; and construct a well house, treatment facility, and transmission main to deliver water to the Vallenar View public water system.	\$1,605,720	Tier 2	\$1,500,000	20 to 30			Effective Utility Mgmt	7/10/2025	SFY26-1
5	190		X	Ketchikan Gateway Borough AK2121510 (1,321)	Ketchikan Gateway Borough	Roosevelt & Franklin Drive Water Main Replacement – Replace approximately 2,400 linear feet of water distribution mains from the Roosevelt Booster Station to the Pressure Reducing Vault along Franklin Road and from Roosevelt Drive to the Ravenwood Drive intersection. Work will also include the installation of 3-way valve clusters at intersecting roads, replacement of all valves, replacement of copper water services with HDPE, and potential replacement of hydrants.	\$750,000	Tier 2	\$750,000	5 to 20			Fix It First	7/1/2025	SFY25-3
6	160		X	Homer AK2240456 (6,040)	Homer	Raw Water Transmission Line Fiber Cable - Install underground fiber optic cable connecting the water treatment plant to the raw water pump station.	\$150,000	Tier 2	\$150,000	20 to 30			Effective Utility Mgmt	6/1/2025	SFY25-2
7	157 ⁽⁴⁾	X	X	MOA Municipality of Anchorage AK2210906 (291,826)	Anchorage Water and Wastewater Utility (AWWU)	SFY25 Programmatic Financing (Pro Fi) Loan - The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for water infrastructure projects. A list of projects is attached.	\$11,500,000	Tier 1		20			Fix It First	9/1/2022	SFY25-1
8	155		X	Ketchikan AK2120232 (8,079)	Ketchikan	Water Street Water Main Replacement - Replace the corroded 1993 ductile iron drinking water main that is installed beneath Water Street/Tongass Avenue with high density polyethylene (HDPE) pipes.	\$3,500,000	Tier 2	\$1,500,000	20 to 30	\$5,000	Water Efficiency	Fix It First	10/10/2025	SFY26-1
9	155		X	Ketchikan AK2120232 (8,079)	Ketchikan	Tongass Avenue Water Main Replacement - Replace the corroded 1993 ductile iron drinking water main beneath Water Street/Tongass Avenue with high density polyethylene (HDPE) pipes.	\$3,500,000	Tier 2		20 to 30	\$5,000	Water Efficiency	Fix It First	3/31/2025	SFY26-1
10	150		X	Nome Joint Utility System AK2340010 (3,598)	Nome Joint Utility System	Front Street Water Main Replacement - Replace failing water main and services along and adjacent to Front Street between Bering Street and Steadman Street.	\$2,750,000	Tier 3		5 to 20			Fix It First	5/18/2026	SFY24-3

Rank	Score	Equivalency Project	Within Funding Limits ⁽¹⁾	Public Water System Name and ID# (Population Served)	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community Tier	Loan Forgiveness ⁽²⁾	Loan Repayment Term ⁽³⁾ (years)	Green Project Estimate	Green Project Type	Sustainability Policy	Anticipated Project Start Date	Added to PPL
11	150		X	Golden Heart Utilities AK2310900 (31,856)	Golden Heart Utilities	Golden Heart Utilities (GHU) End of Life Water Main Replacement - Replace end of life water mains with new ductile iron or high-density polyethylene (HDPE) water mains of equal size, reconnect services and restore surface improvements.	\$5,030,000	Tier 1		5 to 20	\$503,000	Water Efficiency	Fix It First	9/30/2025	SFY26-1
12	150		X	Ketchikan AK2120232 (8,079)	Ketchikan	Ketchikan Lakes Alternative Raw Water Supply - Design and construct a 5000-foot pipeline that meets Limited Alternative to Filtration (LAF) requirements for an unfiltered system supplied from Ketchikan Lake to become the primary raw water source for Ketchikan.	\$2,000,000	Tier 2		20 to 30			Effective Utility Mgmt	3/31/2025	SFY26-1
13	145		X	Bethel AK2270346 (6,325)	Bethel	City Subdivision Water Plant Automation – Design, engineer and replace the 20-year-old process and motor control systems with new automation equipment to assist operators with scheduling, maintenance, and supervision of plant operations from a central Supervisory Control and Data Acquisition system.	\$1,369,000	Tier 4	\$1,369,000	Less than 5			Effective Utility Mgmt	1/2/2025	SFY25-3
14	145		X	Bethel AK2271999 (6,325)	Bethel	Bethel Water Plant Automation – Design, engineer and replace the 20-year-old process and motor control systems with new automation equipment to assist operators with scheduling, maintenance, and supervision of plant operations from a central Supervisory Control and Data Acquisition system.	\$1,418,000	Tier 4	\$1,418,000	Less than 5			Effective Utility Mgmt	1/2/2025	SFY25-3
15	145		X	Wrangell AK120143 (2,064)	Wrangell	McKinnon Street Water Main Replacement - Replace approximately 280 feet of 65-year-old 6-inch asbestos cement water main, including necessary appurtenances, new water service laterals and utility boxes along McKinnon Street during a planned road resurfacing project.	\$315,719	Tier 3	\$315,719	5 to 20			Fix It First	4/1/2026	SFY26-1
16	140		X	Saint Paul AK260286 (399)	St. Paul	Replacement of Cast Iron Pipes - Design and construct the replacement of cast iron service lines with high density polyethylene (HDPE) pipe.	\$2,700,000	Tier 3	\$2,500,000	20 to 30	TBD	Water Efficiency	Fix It First	10/31/2025	SFY26-1
17	140		X	Bethel AK2270346 (6,325)	Bethel	Water Distribution Center Design - Design water distribution center to include a 500,000-gallon water storage tank, a 24-foot-wide driveway, and a 2,000 square foot building to be located on Chief Eddie Hoffman Highway.	\$1,904,574	Tier 4	\$713,000	5 to 20			Effective Utility Mgmt	8/1/2025	SFY26-1
18	130		X	Ketchikan AK2120232 (8,079)	Ketchikan	Park Avenue Harris Street Revitalization and Creek Hardening - Replace aging and deteriorated infrastructure in the Park Avenue/Harris Street area of the city by replacing approximately 2200 linear feet of cast iron or ductile iron water distribution lines with high density polyethylene (HDPE) pipe.	\$3,800,000	Tier 2		5 to 20			Fix It First	7/10/2028	SFY26-1
20	120		X	Seward AK240757 (2,735)	Seward	Elm Street Water Main Replacement - Replace approximately 250 feet of 2-inch galvanized water main with 4-inch ductile iron or C-900 polyvinyl chloride (PVC) pipe on Elm Street.	\$400,000	Tier 3	\$400,000	5 to 20	TBD	Water Efficiency	Fix It First	6/3/2025	SFY26-1
21	115		X	Palmer AK2226020 (6,378)	Palmer	Cedar Hills Booster Station - Construct an above ground booster station by preparing piping to connect the new booster station to the existing distribution piping, a new building to house the booster station which includes heating, electricity, three new energy efficient booster pumps, and a flow meter. After new booster system is operational the old system will be dismantled and disturbed areas during construction would be restored.	\$1,950,000	Tier 2	\$1,500,000	20 to 30	\$100,000	Energy Efficiency	Effective Utility Mgmt	1/1/2026	SFY26-1
22	110		X	Homer AK2240456 (6,040)	Homer	A-Frame Transmission Line Replacement - Replace 1200 linear feet of existing 8-inch cast iron water transmission line with 10-inch HDPE from Homer's water treatment plant to the distribution system.	\$1,331,882	Tier 2	\$1,331,882	5 to 20			Fix It First	5/18/2026	SFY26-1
23	110		X	Homer AK2240456 (6,040)	Homer	Water Treatment Plant Solids Drying Beds - Dispose of the existing dewatered solids, demolish the existing one-time use polyethylene liner, and construct a concrete drying bed for current and future dredged solids.	\$1,500,000	Tier 2		5 to 20			Fix It First	5/1/2026	SFY26-1

Rank	Score	Equivalency Project	Within Funding Limits ⁽¹⁾	Public Water System Name and ID# (Population Served)	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community Tier	Loan Forgiveness ⁽²⁾	Loan Repayment Term ⁽³⁾ (years)	Green Project Estimate	Green Project Type	Sustainability Policy	Anticipated Project Start Date	Added to PPL
24	105 ⁽⁴⁾	X	X	MOA Municipality of Anchorage AK2210906 (291,826)	AWWU	SFY26 Programmatic Financing (Pro Fi) Loan - The applicant has provided a list of eligible projects including planning, design, engineering, and construction activities for water infrastructure projects. A list of projects is attached.	\$29,353,000	Tier 1		20			Fix It First	3/3/2025	SFY26-1
25	105		X	Nenana AK2390065 (343)	Nenana	Nenana Safe Drinking Water Access - To provide safe and clean water to public and private facilities south of the existing water system, the 6-inch HDPE water mains will be extended to cover the Court House, Alaska State Trooper housing, and the Airport facilities.	\$2,905,000	Tier 4	\$2,905,000	5			Effective Utility Mgmt	5/30/2025	SFY26-1
26	100		X	Haines Borough AK2111566 (1,713)	Haines Borough	Piedad Water Treatment Plant Improvements - Upgrade the Piedad Pressure Sustaining Valve to a 4-inch diameter in the South Sawmill Vault to allow higher drinking water production. Construct a small utility building over the vault and a Water Storage Facility to increase chlorine contact time, fire suppression, and water supply volume. Add a chlorine room to isolate chlorine from other WTP equipment to increase the lifespan of monitoring equipment.	\$1,300,000	Tier 4	\$1,300,000	20 to 30			Effective Utility Mgmt	6/14/2025	SFY25-1
27	90		X	Homer AK2240456 (6,040)	Homer	Homer Spit Erosion Mitigation and Resiliency - Plan and design to reduce erosional impacts to the Homer Spit during storm events that damage water distribution facilities.	\$750,000	Tier 2		5 to 20			Effective Utility Mgmt	7/7/2025	SFY26-1
28	78		X	Nome Joint Utility System AK2340010 (3,598)	Nome Joint Utility System	Equipment Response / Storage / Office Facility - Construct a building to support the drinking water utility, amalgamate ancillary facilities, reduce operating costs, protect equipment, and improve health and safety of the work environment. The facility will also support the sewer utility. The cost of construction would be split between the Alaska Clean Water Fund and the Alaska Drinking Water Fund.	\$5,025,000	Tier 3		20 to 30	\$1,000,000	Energy Efficiency	Effective Utility Mgmt	TBD	SFY24-3
29	75		X	Bethel AK2270346 (6,325)	Bethel	Water Haul Truck - Purchase one water haul truck equipped with pumps, lights, heaters, and other essential equipment that can transport 3,400 gallons of water from water treatment plant to households and businesses in Bethel.	\$361,957	Tier 4		5			Effective Utility Mgmt	6/1/2025	SFY26-1
30	70		X	Potter Creek AK2214730 (375)	Potter Creek Water Company	Pressure Reducing Valve (PRV) Monitoring and Safety Upgrade - Construct a driveway pull-out for utility personnel to fully exit the road to access one of the PRV facilities and install remote monitoring for three PRV facilities to monitor upstream and downstream pressures and flow rates.	\$80,000	Tier 1		20 to 30			Effective Utility Mgmt	TBD	SFY25-1
31	70		X	Nome Joint Utility System AK2340010 (3,598)	Nome Joint Utility System	Lester Bench Water System Extension - Extend pressurized potable water from Moonlight Springs water transmission main east across to Center Creek Road to provide 15 homes with potable water and complete the loop back to the MLS main to maintain circulation.	\$2,500,000	Tier 3		5 to 20			Fix It First	5/19/2025	SFY24-1
32	60		X	Moorehand Division AK211229 (200)	Unified Alaskan Utilities	Anode Installation and Valve Renewal - Complete a high-resolution acoustic condition assessment on approximately 1000 feet of main to identify areas of localized corrosion. Excavations will be made at those locations to install an estimated four anodes and anode test stations and reset two main line valve boxes.	\$140,030	Tier 1		5 to 20			Effective Utility Mgmt	6/30/2025	SFY26-1
33	60		X	Homer AK2240456 (6,040)	Homer	A-Frame Water Storage Tank - Design and construct a new 250,000-gallon water storage tank at the end of Dehel Avenue.	\$2,500,000	Tier 2		5 to 20				5/19/2026	SFY26-1
34	50		X	Nome Joint Utility System AK2340010 (3,825)	Nome Joint Utility System	Tank Farm Operation Relocation – Relocate the existing tank farm to a more stable location. Due to 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 system (freeze protection through use of waste heat from electric generation activities and power for water circulation pumps). Only the portion of this tank relocation project attributed to the water utility power needs may be eligible for financing through the SRF Program.	\$5,940,000	Tier 3		5 to 20				TBD	SFY25-3

Rank	Score	Equivalency Project	Within Funding Limits ⁽¹⁾	Public Water System Name and ID# (Population Served)	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community Tier	Loan Forgiveness ⁽²⁾	Loan Repayment Term ⁽³⁾ (years)	Green Project Estimate	Green Project Type	Sustainability Policy	Anticipated Project Start Date	Added to PPL
35	45		X	Petersburg AK130148 (3,200)	Petersburg	Scow Bay Water Extension - Extend the water system to the vessel haul-out yard to provide water for the utility building that includes an office space, restrooms, and shop area.	\$331,771	Tier 2		20 to 30				3/1/2025	SFY25-2
36	40	X	X	Kotzebue AK2340060 (3,082)	Kotzebue	Vortac Lake Dam - Complete a planning study to identify options to stabilize the Vortac Lake Dam and maintain the water source, a primary water source for the City of Kotzebue.	\$1,000,000	Tier 3	\$1,000,000	20 to 30			Effective Utility Mgmt	1/1/2025	SFY25-1
37	10		X	King Cove AK2260244 (757)	King Cove	Refinance USDA Loan Delta Creek - Refinance a high interest loan which was used to construct two new wells which produce about 275 million gallons of clean drinking water annually and corrected problems and leaks in the distribution system.	\$850,000	Tier 3		20 to 30				4/30/2024	SFY25-1
38	10		X	Nome Joint Utility System AK2340010 (3,598)	Nome Joint Utility System	Utility Equipment Amendment - Replace aging equipment such as the vactor truck, digger derrick, fuser, and pickup trucks which are used to maintain and repair vital water and sewer systems.	\$857,500	Tier 3		5 to 20				3/1/2024	SFY25-1
39	5			NSBU Wainwright AK2310918 (610)	North Slope Borough	Wainwright Secondary Water Source - Address needed upgrades to secondary water sources. More information regarding the scope of anticipated work to be provided by the North Slope Borough.	\$16,000,000	Tier 3		20 to 30				5/1/2025	SFY25-1
40	5			NSBU Point Lay AK2320256 (172)	North Slope Borough	Point Lay Water Upgrade - Address needed upgrades to the water system. More information regarding the scope of anticipated work to be provided by the North Slope Borough.	\$42,445,000	Tier 3		20 to 30				5/1/2025	SFY25-1
SUBTOTAL							\$168,416,880		\$23,755,328		\$1,713,000				

AMENDMENTS TO EXISTING LOANS															
1	165		X	Nome Joint Utility System AK2340010 (3,825)	Nome Joint Utility System	Bering St/Seppala Dr Water and Sewer Improvements – Change in Scope and Increase in Loan (627241-S G): Replace leaking sections of 40-year-old Sclaircore direct bury sewer main and replace spot sections of pipe due to sagging in coordination with an Alaska Department of Transportation and Public Facilities project.	\$3,410,880	Tier 3	\$1,500,000	5 to 20			Fix It First	5/26/2025	SFY25-3
2	140		X	Haines Borough AK2111566 (1,713)	Haines Borough	Lily Lake Water Treatment Plant Upgrade - Increase in loan amount for 395301-S. Replace old and deteriorating infrastructure in the treatment plant to reduce leaks and ensure a safe work environment. Work will also include control system installation and upgrades including a Programmable Logic Controller (PLC) and a Supervisory Control and Data Acquisition (SCADA) system for the entire water system.	\$1,466,750	Tier 4	\$1,466,750	20 to 30	\$500,000	Water Efficiency	Fix It First	8/1/2025	SFY26-1
3	120		X	Kenai AK2240448 (5,200)	Kenai	Water Treatment Plant Pumphouse - Change in scope and increase in loan amount for 475011-S. Design and construct new pumphouse, pumps, replace piping, and install new backup generator and pressure tanks. This project will increase system pressures and fire flows, reduce flow restrictions, and maintain system pressure during power interruptions.	\$2,800,000	Tier 2	\$1,500,000	5	TBD	Energy Efficiency	Fix It First	8/1/2025	SFY26-1
AMENDMENT SUBTOTAL							\$7,677,630		\$4,466,750						

Rank	Score	Equivalency Project	Within Funding Limits ⁽¹⁾	Public Water System Name and ID# (Population Served)	Applicant	Project Name and Description	Requested Loan Amount	Disadvantaged Community Tier	Loan Forgiveness (2)	Loan Repayment Term ⁽³⁾ (years)	Green Project Estimate	Green Project Type	Sustainability Policy	Anticipated Project Start Date	Added to PPL
1	55		X	Homer AK2240456 (6,040)	Homer	Homer Water Master Plan - Update the water system portion of the 2006 Water and Sewer Master Plan.	\$100,000	Tier 2	\$75,000	5 to 20			Effective Utility Mgmt	9/1/2025	SFY26-1
2	35		X	Wasilla AK2224646 (10,299)	Wasilla	Wasilla Water Masterplan – Update the over two-decade old Water Masterplan to identify current infrastructure needs, forecast growth to plan for infrastructure improvement, and budget appropriately for future projects.	\$75,000	Tier 4	\$75,000	20 to 30			Effective Utility Mgmt	4/28/2025	SFY25-3
SIPP SUBTOTAL							\$175,000		\$150,000						
TOTAL FUNDING REQUESTED (ALL CATEGORIES)							\$176,269,510		\$28,372,078						

Alaska Drinking Water Fund Programmatic Financing (Pro Fi) Projects

Applicant: Anchorage Water and Wastewater Utility

SFY25 Loan Request: \$11,500,000

SFY26 Loan Request: \$29,353,000

Loan Term: 20 years

Year	Number	Project Name	Description
SFY25 SFY26	D-22-01	475 Loop Conversion	Convert portions of the Anchorage bowl transmission loop to the 475 hydraulic grade line to enhance system operations. The project will provide a new gravity intertie to replace a pumped intertie and demolish an outdated facility. Work also includes new flow monitoring and SCADA additions for new equipment.
SFY25 SFY26	D-25-01	E 42nd Lake Otis to Piper Water Rehab	Replace and/or rehabilitate water lines along 42nd Avenue from Lake Otis to Piper Street.
SFY25	D-22-05	Eklutna Water Treatment Facility Disinfection Improvements	Replace the existing 20-year-old on-site hypochlorite generation system to improve reliability of the disinfection system and also improve worker safety.
SFY25	D-20-23	Eklutna Water Treatment Facility Energy Recovery Station Control Improvements	Rehabilitate the control infrastructure for the water treatment energy recovery station.
SFY25 SFY26	D-21-04	Eklutna Water Treatment Facility Motor Control Center Upgrade	Upgrade the motor control center and uninterruptible power supplies.
SFY25 SFY26	D-25-03	Girdwood Donner Intertie	Install water lines from a recently constructed portion of the system to an existing portion of the system across the Alaska Highway. This will complete the loop and provide additional flow.
SFY25	D-22-08	Girdwood Water System Upgrade	Demolish the Vail and St. Moritz booster stations and the Timberline Pressure Relief Valve (PRV) Station that have exceeded their useful life. Construct one new combined booster/PRV station adhering to current standards. The project also includes a new sampling station for water quality management and Supervisory Control and Data Acquisition (SCADA) for active management.
SFY25 SFY26	D-22-15	Glenn Square PRV Facility	The project involves construction of a new aboveground pressure relief valve (PRV) facility to replace or upgrade the aged Chrysler PRV vault originally constructed in 1971 and modified in 1981. The existing vault is in a condition requiring improvements and access is limited by inbound traffic from the Glenn Highway.
SFY25	D-22-10	Reservoir 3 and 4 Circulation Lines	In order to improve reservoir water circulation, install approximately 80 linear feet of 24-inch ductile iron pipe, 44 linear feet of 16-inch ductile iron pipe, 5 linear feet of 12-inch ductile iron pipe, one (1) single pumper fire hydrant assembly, seven (7) 12-inch to 24-inch gate valves and valve boxes, fittings, cathodic protection anodes, and sections of storm drain pipe. The Work in the Reservoir Facility Building includes mechanical piping, flow meters, valves, fittings, hydro-kinetic turbine, centrifugal pump, instrumentation, electrical, controls, and HVAC equipment. Additionally, the project includes demolition of Century Village Booster Station and removal of the existing sleeve valve in Tudor Valve Vault.
SFY25	D-22-11	SW 260 Zone Capacity Improvements	Provide necessary connectivity between two pressure zones in the AWWU water distribution system and thereby ensure more reliable service. The project will install water main to the SW 260 pressure zone through the Tanglewood Gold Course, Upgrade/construct a PRV Station at Oceanview North and Bowman School and abandon three existing PVR stations.
SFY25	D-19-14	Water Master Plan Update	The water master plan provides a guide for future expansion, modifications, and rehabilitation over a 20-year planning horizon.
SFY25	D19-11	W 43rd - Aero to Constellation Water Rehab	Upgrade approximately 2500 feet of 6-inch and 10-inch cast iron pipe with a history of shear breaks on W. 43rd Avenue and W. 44th Avenue along with the piping on Aero Avenue and Beechcraft Drive between W. 43rd Avenue and W. 44th Avenue.
SFY25 SFY26	D-25-02	Headquarters Lighting Upgrade	Upgrade lighting at the AWWU headquarters building to energy efficient lighting and controls.
SFY26		E 7th Lane to Pine Water Rehabilitation	Replace approximately 2,690 feet of water pipe on East 6th and 7th Avenues between Hoyt Street and Pine Street.
SFY26		Eklutna Water Treatment Facility Process Improvements	Replace a variety of structural components recommended in the 2018 EWTF Facility Plan.
SFY26		Park Downs Estate Water Upgrade	Replace or rehabiliate approximately 2,050 feet of pipe in Park Downs Estates.
SFY26		Wright E 46th Avenue Water Intertie	Install new water distribution pipe.
SFY26		High Pressure (HP) Hydrants Underground PRVs	Remove four underground high pressure regulating valves and replace with pipes.
SFY26		Supplemental Water Supply and Storage	Identify and explore supplemental water sources.

Appendix 3. Disadvantaged Community Criteria

Background

The Safe Drinking Water Act (SDWA) and the Clean Water Act (CWA) allow states to define communities most in need of financial assistance through affordability criteria. Based on conditions established in the annual Clean Water and Drinking Water State Revolving Fund capitalization grants, a portion of each grant must be provided as an additional subsidy. The Alaska SRF Program provides this subsidy in the form of principal forgiveness of low-interest loans.

In 2023, the Alaska SRF Program reviewed its disadvantaged community criteria and proposed a revised method. The SRF Program historically focused on three metrics--income, unemployment and population--to identify borrowers that would experience a significant hardship raising the revenue necessary to finance a project. In an effort to develop a more comprehensive definition of what it means to be a disadvantaged community, the Alaska SRF Program included additional socioeconomic metrics as well as a factor to account for rural status.

Recent Modifications to Criteria

Project Priority Type: Federal Disaster Declarations

In January 2025, the Disadvantaged Community Criteria was modified to identify projects directly related to a federal disaster declaration as priority projects. In the context of the Disadvantaged Community Criteria, a "federal disaster declaration" refers to a declaration made by the President of the United States and includes both emergency and disaster declarations.

Recent federal disaster declarations impacting Alaska have been related to earthquakes, landslides, flooding, severe storms, and fires. While the SRF Program is already positioned to provide low-interest loans to eligible borrowers with critical water and wastewater infrastructure or water quality impacted by such disasters, many were not eligible to receive loan forgiveness for such projects under the previous Disadvantaged Community Criteria. Incorporating federal disaster declarations as a Priority Project Type allows ADEC to ensure that all communities with a federal disaster declaration have an opportunity to apply for a low-interest loan and also qualify for loan forgiveness, if funding is available to provide loan forgiveness.

Rural Community Status Scoring

In this version of the Disadvantaged Community Criteria presented in the SFY26 Intended Use Plan, the rural community score was increased from 2 points to 4 points. This increase in the score for rural communities is intended to serve as an indicator of the higher cost of living generally associated with rural communities.

Disadvantaged Community Criteria - Federal and State Requirements

Under the Drinking Water State Revolving Fund (DWSRF) program, states may establish separate eligibility criteria and special funding options for economically disadvantaged communities. Section 1452 of the SDWA defines a disadvantaged community as “the service area of a public water system that meets affordability criteria established after public review and comment by the State in which the public water system is located.” Under this section, states may provide additional subsidies (including forgiveness of principal) to communities that meet the established criteria, or that are expected to meet these criteria as a result of a proposed project.

In 2014, the Water Resources Reform and Development Act (WRRDA) revised the CWA to require all CWSRF programs to develop affordability criteria to be used by the state when determining which CWSRF borrowers are economically disadvantaged and eligible for additional subsidy. Pursuant to WRRDA, the affordability criteria must be based on the income data, unemployment rates, and population trends, as well as any other components deemed relevant by the state.

In Alaska, state regulations limit the distribution of subsidy through the SRF Program to borrowers who meet the state definition of a disadvantaged community. As noted in regulations for the Alaska Clean Water Fund (Alaska Administrative Code, Title 18, Chapter 76.035 [18 AAC 76.035]), “the department may provide a subsidy to an applicant in the form of principal forgiveness...if the applicant demonstrates that it meets affordability criteria.” Similarly, the Alaska Drinking Water Fund regulations indicate that “the department may provide a subsidy to a disadvantaged system in the form of principal forgiveness.”

DWSRF Additional Subsidy – Base Capitalization Grants

The SDWA mandates that states use at least 12% but no more than 35% of the annual base capitalization grant to provide additional subsidization for state defined disadvantaged communities. Additional subsidization is funding beyond the savings provided by a below market rate subsidized loan. In Alaska, additional subsidization is provided in the form of principal forgiveness.

In addition to the additional subsidization identified in the SDWA, Congress has included further additional subsidization requirements through the annual appropriation language. For Federal Fiscal Year 2025 (FFY25), the Congressionally mandated subsidy requirement is 14% of the capitalization grant with no specific eligibility requirements. The two required groups of subsidies are additive, meaning that the state is obligated to offer 26 to 49% of the FFY25 base capitalization grant as additional subsidy. As noted previously, Alaska regulations restrict subsidy eligibility to disadvantaged communities.

CWSRF Additional Subsidy – Base Capitalization Grants

The CWA mandates that states use at least 10% but no more than 30% of the annual base capitalization grant to provide additional subsidization for:

- any municipalities that meet the state’s affordability criteria;
- municipalities that do not meet the state’s affordability criteria but seek additional subsidization to benefit individual ratepayers in the residential user rate class; or
- entities that implement a process, material, technique, or technology that addresses water or energy efficiency goals; mitigates stormwater runoff; or encourages sustainable project planning, design, and construction.

The Congressionally mandated subsidy requirement is 10% of the FFY25 capitalization grant with no specific eligibility requirements. As with the DWSRF, the two groups of subsidies are additive, meaning that the state is obligated to offer a minimum of 20% and a maximum of 40% of the FFY25 capitalization grant as additional subsidy.

CWSRF / DWSRF Additional Subsidy - Infrastructure Investment and Jobs Act (IIJA) Grants

The additional subsidy amounts specified for grants authorized under IIJA are listed in the table below:

Program / Grant	Additional Subsidy Amount
CWSRF General Supplemental	49% of capitalization grant
CWSRF Emerging Contaminants	100% of capitalization grant amount
DWSRF General Supplemental	49% of capitalization grant amount
DWSRF Emerging Contaminants	100% of capitalization grant amount, net of set asides taken
DWSRF Lead Service Line	49% of capitalization grant amount

Criteria for Defining Disadvantaged Communities

Disadvantaged community status is determined by considering four factors: household burden, socioeconomic indicators, rural community status and priority projects. Projects that are associated with a federal disaster declaration are also given consideration with regard disadvantaged criteria. Points are assigned for each factor as noted below.

Household Burden

The Household Burden indicator focuses on household income and the affordability impacts on those households most effected by the cost of utility service. Income quintiles are a socio-economic measure that groups a community's household income data into five equal parts. Each quintile represents 20% of the population.

Upper limit of lowest quintile income (LQI)

Income quintiles group a community's household income data into five equal parts. Each quintile represents 20% of the population.

If the LQI is greater than the statewide LQI	No points
If the LQI is less than the statewide LQI	1 point
If the LQI is less than 80% of the statewide LQI	2 points

Cost of service as a percentage of LQI

The annual cost of service for both water and wastewater service (user fees) for residential connections is divided by the upper limit of the LQI to provide an indicator of the burden on lowest income earners in the community.

If the Cost of Service/LQI is less than 4%	No points
If the Cost of Service/LQI is greater than 4%	1 point
If the Cost of Service/LQI is greater than 6%	2 points

Socioeconomic Factors

Socioeconomic factors are used to consider a variety of indicators that may demonstrate economic stress in a community including the percentage of household receiving public assistance, the percentage of households below the poverty level, unemployment rates, and population trends.

Percentage of households receiving Supplemental Nutrition Assistance Program (SNAP) benefits relative to the statewide average.

If the % of households receiving SNAP is less than statewide average	No points
If the % of households receiving SNAP is greater than statewide average	1 point
If the % of households receiving SNAP is 150% of statewide average	2 points

Percentage of households below poverty level relative to the statewide average.

The poverty level is determined by the U.S. Census Bureau.

If the % of households below poverty level is less than statewide	No points
If the % of households below poverty level is greater than statewide	1 point
If the % of households below poverty level is 150% of statewide or greater	2 points

Unemployment Rate

The monthly unemployment rates posted by the Alaska Department of Labor for the borough or census area where the community is located for the previous calendar year are averaged and compared to the statewide unemployment rates.

If the unemployment rate is less than statewide rate	No points
If the unemployment rate is greater than statewide rate	1 point
If the unemployment is 150% of statewide rate or greater	2 points

Population Trend

The 2010 population from the decennial Census data compared to the 2020 population.

If the community population increases or decreases by less than 10%	No points
If the community population changes by 10-20%	1 point
If the community population change exceeds 20%	2 points

Rural Communities

Rural communities will receive four additional points in the scoring process. The following definition is used for a rural community:

- A community that is eligible for assistance under the Village Safe Water Act, or
- A community that meets each of the following criteria:
 - is not located in an area that is identified as a Metropolitan or Micropolitan according to the U.S. Office of Management and Budget **and**
 - is at least 300 road miles from a Metropolitan or Micropolitan area **and**
 - has a population that exceeds 25 but is less than 4,500.

Rural community status	4 points
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Priority Projects

Eligibility for loan forgiveness will also be assessed based on the project type. If the project aligns with one of the priority types listed below, points will be added to the project's score as noted.

Project Priority Type	Points
Project will result in completion of a Lead Service Line Inventory or replace known lead service lines.	6 points
Project will provide treatment to address an emerging contaminant.	6 points
Project will resolve a health-based violation of the SDWA.	6 points
Project will plan, design, and/or construct domestic wastewater treatment to meet the minimum treatment requirements of 18 AAC 72.050	6 points
Project will result in consolidation of two or more public water systems or wastewater systems	6 points
A water distribution system will be expanded to provide service to replace private sources that exceed the MCL for a primary drinking water contaminant.	6 points
A wastewater collection system will be expanded to provide service to individual services that use on-site wastewater	6 points
Project will improve the water quality of an impaired water body.	5 points
Project will result in development of an Asset Management Plan.	4 points
Project will address or mitigate a water or wastewater utility infrastructure issue or a water quality concern directly related to a federal disaster declaration.	Tier 5

Data Sources

Data sources for the information included in the Household Burden and Socioeconomic indicators are listed below:

Category / Metric	Source
Income and Poverty	
Lowest quintile income	American Community Survey
% below poverty level	American Community Survey
% Public Assistance/SNAP	American Community Survey
Unemployment rate of borough/census area	Alaska Department of Labor
Population Trend	Decennial Census

Disadvantaged Community - Tiers

Each loan applicant will be assessed based on household burden and socioeconomic factors to represent a base score for the community. Depending on the type of project proposed, additional points may be assigned to specific priority projects based on the criteria in the preceding section. Based on the points allotted, each project will be assigned to a tier with an associated percentage of loan forgiveness. To the extent that additional subsidy funds are available, disadvantaged communities may receive principal forgiveness associated with the base and supplemental capitalization grants as shown in the table below.

Tier	Point Range	Maximum Loan Forgiveness per Community/System	
		Clean Water Projects	Drinking Water Projects
Tier 1	0 to 3	Not applicable	Not applicable
Tier 2	4 to 6	\$500,000	\$1,500,000
Tier 3	7 to 9	\$1,000,000	\$2,500,000
Tier 4	10+	\$2,000,000	\$3,500,000
Tier 5	N/A	\$2,000,000 or 50% of project cost, whichever is greater	\$3,500,000 or 50% of project cost, whichever is greater

Disadvantaged Communities – Base Scores and Tiers

The following table shows the Household Burden, Socioeconomic and Rural Community scores for several communities throughout the state. The communities represented in this table are either past or present SRF borrowers or have expressed an interest in pursuing financing through the SRF Program.

If a community proposes a project that qualifies as a "priority project" as defined by the SRF Program, additional Disadvantaged Community criteria points may be added to the proposed project. The higher level of forgiveness resulting from meeting the "priority project" definition can be used for the associated proposed project. The community cannot re-assign the higher level of forgiveness to other non-priority projects. If the community's ceiling for loan forgiveness is met by a priority project, no additional loan forgiveness will be assigned for the year.

Community	Household Burden Score (1)	Socioeconomic Factors Score (2)	Rural Community (3)	Base Score (1)+(2)+(3)	Base Score Tier
Anchorage	0	0	0	0	Tier 1
Bethel	2	5	4	11	Tier 4
Cordova	0	2	4	6	Tier 2
Craig	2	4	4	10	Tier 4
Dillingham	1	4	4	9	Tier 3
Fairbanks	1	2	0	3	Tier 1
Gustavus	2	5	4	11	Tier 4
Haines	4	3	4	11	Tier 4
Homer	2	2	0	4	Tier 2
Hoonah	1	7	4	12	Tier 4
Hooper Bay	4	8	4	16	Tier 4
Juneau	1	2	0	3	Tier 1
Kenai	3	2	0	5	Tier 2
Ketchikan	3	2	0	5	Tier 2
King Cove	1	4	4	9	Tier 3
King Salmon	0	2	4	6	Tier 2
Kodiak	2	4	0	6	Tier 2
Kotzebue	0	5	4	9	Tier 3
Naknek	1	2	4	7	Tier 2
Nenana	4	5	4	13	Tier 4
Nome	0	3	4	7	Tier 3
North Pole	0	0	0	0	Tier 1
Palmer	2	3	0	5	Tier 2
Petersburg	1	1	4	6	Tier 2
Sand Point	2	3	4	9	Tier 3
Selawik	4	6	4	14	Tier 4
Seldovia	0	1	4	5	Tier 2
Seward	4	3	0	7	Tier 3
Sitka	1	0	0	1	Tier 1
Skagway	0	4	4	8	Tier 3
Soldotna	3	5	0	8	Tier 3
Saint Paul	1	4	4	9	Tier 3
Talkeetna	3	4	0	7	Tier 3
Togiak	3	6	4	13	Tier 4
Unalakleet	3	6	4	13	Tier 4
Unalaska	0	0	4	4	Tier 2
Utqiagvik	0	3	4	7	Tier 2
Valdez	0	2	0	2	Tier 1
Wasilla	4	6	0	10	Tier 4
Whittier	3	7	4	14	Tier 4
Wrangell	1	3	4	8	Tier 3
Yakutat	0	1	4	5	Tier 2

Disadvantaged Community Criteria Scoring Table

Community	Average Lowest Household Income Quintile	2019 Lowest Household Income Quintile	2020 Lowest Household Income Quintile	2021 Lowest Household Income Quintile	2022 Lowest Household Income Quintile	2023 Lowest Household Income Quintile	*A. Income Quintile Score < State = 1 pt < 80% of State = 2pt	Monthly Water & Sewer Bill	Total Utility Bill as Percent of Average Lowest Household Income Quintile	*B. Cost of Service Score > 4% = 1 pt > 6%=2pt	SNAP Percent Households Receiving Nutrition Assistance	*C. SNAP Score >State = 1 >150% of State = 2	POVERTY Percent Households Below Poverty Level in the past 12 months	*D. Poverty Score >State = 1 >150% of state = 2	Unemployment 2024	*E. >State = 1 >150% of state = 2	2010 Population	2020 Population	Population Trend 2010 to 2020	*F. Population Change +/- 10 to 20% = 1 point Population Change > +/- 20% = 2 points	*G. Rural Community	Total (A+B+C+D +E+F+G)	Community
Statewide	\$37,059	\$34,473	\$35,464	\$36,162	\$38,990	\$40,206					10.2%		9.6%		4.6%								
Anchorage	\$42,189	\$40,381	\$40,554	\$41,085	\$43,473	\$45,452	0	\$ 118.16	3.4%	0	8.8%	0	8.4%	0	3.8%	0	291,826	291,247	-0.2%	0	0	0	Anchorage
Bethel	\$39,580	\$33,629	\$33,167	\$38,609	\$43,800	\$48,696	0	\$ 286.25	8.7%	2	23.3%	2	12.1%	1	10.9%	2	6,080	6,325	4.0%	0	4	11	Bethel
Buckland	\$30,134	\$22,786	\$29,875	\$27,444	\$35,400	\$35,167	1		0.0%	0	50.0%	2	19.2%	2	9.4%	2	416	550	32.2%	2	4	13	Buckland
Cordova	\$56,073	\$53,865	\$53,873	\$52,633	\$57,946	\$62,048	0	\$ 95.43	2.0%	0	5.2%	0	0.6%	0	6.0%	1	2,239	2,609	16.5%	1	4	6	Cordova
Craig	\$32,715	\$27,844	\$32,875	\$33,167	\$34,938	\$34,750	1	\$ 127.28	4.7%	1	11.8%	1	9.3%	0	7.5%	2	1,201	1,036	-13.7%	1	4	10	Craig
Dillingham	\$39,025	\$36,022	\$36,088	\$38,583	\$41,625	\$42,808	0	\$ 136.00	4.2%	1	13.6%	1	11.7%	1	8.1%	2	2,329	2,249	-3.4%	0	4	9	Dillingham
Fairbanks	\$34,305	\$31,784	\$32,514	\$34,350	\$36,734	\$36,144	1	\$ 66.21	2.3%	0	11.2%	1	10.1%	1	4.1%	0	31,535	32,515	3.1%	0	0	3	Fairbanks
Gustavus	\$26,399	\$43,607	\$25,833	\$24,857	\$22,000	\$15,700	2		0.0%	0	4.6%	0	20.2%	2	6.1%	1	442	655	48.2%	2	4	11	Gustavus
Haines	\$19,123	\$16,862	\$18,676	\$19,255	\$20,111	\$20,713	2	\$ 99.50	6.2%	2	3.2%	0	10.0%	1	7.5%	2	1,713	1,657	-3.3%	0	4	11	Haines
Homer	\$33,479	\$31,354	\$33,877	\$33,111	\$34,000	\$35,054	1	\$ 164.00	5.9%	1	7.6%	0	9.5%	0	5.1%	1	5,003	5,522	10.4%	1	0	4	Homer
Hoonah	\$31,183	\$30,500	\$30,167	\$33,125	\$33,625	\$28,500	1	\$ 91.79	3.5%	0	15.8%	2	14.8%	2	6.1%	1	760	931	22.5%	2	4	12	Hoonah
Hooper Bay	\$13,933	\$16,889	\$17,000	\$13,141	\$6,583	\$16,050	2	\$ 136.00	11.7%	2	15.8%	2	29.6%	2	16.9%	2	1,093	1,375	25.8%	2	4	16	Hooper Bay
Juneau	\$44,265	\$43,170	\$44,418	\$41,944	\$45,716	\$46,078	0	\$ 146.80	4.0%	1	54.6%	2	7.5%	0	3.4%	0	31,275	32,255	3.1%	0	0	3	Juneau
Kenai	\$29,277	\$24,937	\$30,151	\$29,419	\$31,341	\$30,539	2	\$ 103.22	4.2%	1	8.2%	0	12.3%	1	5.1%	1	7,112	7,424	4.4%	0	0	5	Kenai
Ketchikan	\$28,739	\$26,005	\$27,929	\$28,750	\$29,722	\$31,291	2	\$ 124.91	5.2%	1	11.9%	1	10.5%	1	4.2%	0	8,050	8,192	1.8%	0	0	5	Ketchikan
King Cove	\$33,755	\$30,550	\$33,571	\$31,700	\$37,667	\$35,286	1	\$ 58.35	2.1%	0	16.6%	2	11.9%	1	3.1%	0	938	757	-19.3%	1	4	9	King Cove
King Salmon	\$54,472	\$41,500	\$36,000	\$44,400	\$62,625	\$67,833	0	\$ 60.00	1.3%	0	1.7%	0	4.2%	0	5.5%	1	374	307	-17.9%	1	4	6	King Salmon
Kodiak	\$35,550	\$32,269	\$31,042	\$33,361	\$39,149	\$41,931	1	\$ 159.46	5.4%	1	16.9%	2	10.5%	1	4.9%	1	6,130	5,581	-9.0%	0	0	6	Kodiak
Kotzebue	\$43,134	\$32,227	\$39,536	\$43,200	\$49,600	\$49,107	0	\$ 134.81	3.8%	0	16.8%	2	10.7%	1	9.8%	2	3,201	3,102	-3.1%	0	4	9	Kotzebue
Naknek	\$36,810	\$33,500	\$29,800	\$32,750	\$39,250	\$48,750	1	\$ 90.00	2.9%	0	8.8%	0	5.6%	0	5.5%	1	544	470	-13.6%	1	4	7	Naknek
Nenana	\$19,097	\$17,900	\$17,875	\$17,321	\$18,700	\$23,688	2	\$ 119.34	7.5%	2	14.6%	1	22.0%	2	9.4%	2	378	358	-5.3%	0	4	13	Nenana
Nome	\$47,611	\$43,694	\$44,179	\$46,590	\$50,295	\$53,295	0	\$ 107.82	2.7%	0	12.5%	1	6.4%	0	8.3%	2	3,598	3,699	2.8%	0	4	7	Nome
North Pole	\$50,307	\$42,774	\$48,604	\$50,760	\$56,114	\$53,283	0	\$ 140.00	3.3%	0	2.0%	0	5.8%	0	4.1%	0	2,117	2,243	6.0%	0	0	0	North Pole
North Slope	\$36,302	\$31,863	\$30,793	\$39,031	\$37,296	\$42,527	1	\$ 69.00	2.3%	0	11.9%	1	14.6%	2	5.4%	1	9,430	11,031	17.0%	1	4	10	North Slope
Palmer	\$28,848	\$28,646	\$27,976	\$28,600	\$30,867	\$28,149	2	\$ 72.80	3.0%	0	14.1%	1	12.5%	1	5.1%	1	5,937	5,888	-0.8%	0	0	5	Palmer
Pelican	\$29,806	\$35,875	\$35,500	\$24,800	\$27,167	\$25,688	1	\$ 59.00	2.4%	0	0.0%	0	0.0%	0	6.1%	1	88	98	11.4%	1	4	7	Pelican
Petersburg	\$33,661	\$33,563	\$32,100	\$32,814	\$35,278	\$34,550	1	\$ 84.01	3.0%	0	8.9%	0	5.8%	0	5.9%	1	2,948	3,043	3.2%	0	4	6	Petersburg
Point Lay	\$43,802	\$24,000	\$28,333	\$53,750	\$51,625	\$61,300	0	\$ 69.00	1.9%	0	16.2%	2	4.4%	0	5.4%	1	189	330	74.6%	2	4	9	Point Lay
Sand Point	\$26,334	\$24,000	\$29,200	\$24,556	\$26,833	\$27,083	2	\$ 62.37	2.8%	0	8.8%	0	13.3%	1	3.1%	0	976	578	-40.8%	2	4	9	Sand Point
Selawik	\$15,199	\$10,417	\$10,357	\$12,056	\$20,417	\$22,750	2	\$ 85.00	6.7%	2	70.8%	2	33.3%	2	9.8%	2	829	809	-2.4%	0	4	14	Selawik
Seldovia	\$46,828	\$27,389	\$34,250	\$53,375	\$55,375	\$63,750	0	\$ 96.45	2.5%	0	3.5%	0	8.2%	0	5.1%	1	255	235	-7.8%	0	4	5	Seldovia
Seward	\$24,678	\$21,382	\$23,161	\$23,422	\$26,857	\$28,568	2	\$ 124.15	6.0%	2	5.5%	0	16.0%	2	5.1%	1	2,693	2,717	0.9%	0	0	7	Seward
Sitka	\$38,548	\$33,045	\$36,643	\$37,291	\$42,096	\$43,667	0	\$ 142.60	4.4%	1	6.6%	0	6.9%	0	3.2%	0	8,881	8,458	-4.8%	0	0	1	Sitka
Skagway	\$45,806	\$44,833	\$48,692	\$47,357	\$47,625	\$40,525	0	\$ 140.71	3.7%	0	2.7%	0	6.7%	0	8.6%	2	920	1,164	26.5%	2	4	8	Skagway
Soldotna	\$23,438	\$24,301	\$20,600	\$23,077	\$25,912	\$23,300	2	\$ 107.15	5.5%	1	24.6%	2	17.6%	2	5.1%	1	4,163	4,342	4.3%	0	0	8	Soldotna
Saint Paul	\$30,733	\$24,750	\$26,750	\$21,500	\$30,500	\$50,167	1	\$ 89.10	3.5%	0	18.0%	2	13.1%	1	3.8%	0	479	413	-13.8%	1	4	9	Saint Paul
Talkeetna	\$28,809	\$25,875	\$21,813	\$23,045	\$35,333	\$37,979	2	\$ 138.00	5.7%	1	3.3%	0	21.5%	2	5.1%	1	908	1055	16.2%	1	0	7	Talkeetna
Togiak	\$22,015	\$20,150	\$20,000	\$19,500	\$22,750	\$27,674	2	\$ 80.00	4.4%	1	53.0%	2	21.6%	2	8.1%	2	817	817	0.0%	0	4	13	Togiak
Unalakleet	\$25,394	\$21,600	\$22,955	\$26,050	\$27,438	\$28,929	2	\$ 90.00	4.3%	1	23.7%	2	13.7%	1	8.3%	2	688	765	11.2%	1	4	13	Unalakleet
Unalaska	\$64,604	\$57,735	\$61,152	\$63,976	\$69,330	\$70,828	0	\$ 181.25	3.4%	0	4.3%	0	3.7%	0	3.8%	0	4,376	4,254	-2.8%	0	4	4	Unalaska
Utqiagvik	\$37,376	\$32,420	\$31,250	\$39,271	\$40,068	\$43,873	0	\$ 69.00	2.2%	0	7.5%	0	13.8%	1	5.4%	1	4,212	4,927	17.0%	1	4	7	Utqiagvik
Valdez	\$41,664	\$27,241	\$40,610	\$43,885	\$47,209	\$49,375	0	\$ 23.12	0.7%	0	8.0%	0	4.3%	0	7.7%	2	3,976	3,985	0.2%	0	0	2	Valdez
Wainwright	\$28,216	\$21,250	\$20,750	\$43,071	\$26,786	\$29,222	2	\$ 69.00	2.9%	0	9.9%	0	16.4%	2	5.4%	1	556	628	12.9%	1	4	10	Wainwright
Wasilla	\$20,872	\$23,240	\$19,981	\$19,692	\$20,619	\$20,826	2	\$ 111.18	6.4%	2	20.3%	2	16.3%	2	5.1%	1	7,831	9,054	15.6%	1	0	10	Wasilla
Whittier	\$27,439	\$31,000	\$31,250	\$22,111	\$24,167	\$28,667	2	\$ 110.32	4.8%	1	22.2%	2	19.2%	2	6.0%	1	220	272	23.6%	2	4	14	Whittier
Wrangell	\$29,724	\$25,478	\$29,906	\$27,943	\$30,793	\$34,500	1	\$ 59.32	2.4%	0	11.5%	1	8.6%	0	5.3%	1	2,369	2,127	-10.2%	1	4	8	Wrangell
Yakutat	\$45,928	\$33,857	\$43,875	\$50,214	\$56,192	\$45,500	0	\$ 84.00	2.2%	0	5.8%	0	3.4%	0	6.7%	1	662	657	-0.8%	0	4	5	Yakutat

***References:**

A. U.S. Census Bureau. (2019-2023). "Table B1908- Household Income Quintile Limits." American Community Survey 5-Year Estimates. Retrieved from

B. The water and wastewater rates were found through various resources, which include but are not limited to, the communities ordinances, public works webpages, or utility rate webpages.

C and D. U.S. Census Bureau. (2023). "Table S2201-Food Stamps/Supplemental Nutrition Assistance Program (SNAP)." American Community Survey 5-Year Estimates. Retrieved from [https://data.census.gov/tables/ACSST5Y2023.S2201?_a=Food+Stamps/Supplemental+Nutrition+Assistance+Program+\(SNAP\)&g=040XX00US02,02\\$1600000](https://data.census.gov/tables/ACSST5Y2023.S2201?_a=Food+Stamps/Supplemental+Nutrition+Assistance+Program+(SNAP)&g=040XX00US02,02$1600000).

E. Alaska Department of Labor and Workforce Development (2024). "Alaska Statewide Unemployment Rate (Not Seasonally Adjusted)." Retrieved from <https://live.laborstats.alaska.gov/data-pages/labor-force-home>.

F. Alaska Department of Labor and Workforce Development (2020). "2020 Census Data for Redistricting: Cities and CDPs." Retrieved from <https://live.laborstats.alaska.gov/cen/2020/downloads>.

G. Rural community points are defined in the Disadvantage Community Criteria.

Appendix 4.

Listing of Capitalization Grant Awards Reference for Potential Transfers Between DWSRF and CWSRF

DWSRF Grant Number	Award Amount	33% of Award
FS-980058-97	\$27,039,000	\$8,922,870
FS-980058-98	7,121,300	2,350,029
FS-980058-99	7,463,800	2,463,054
FS-980058-00	7,757,000	2,559,810
FS-980058-01	7,789,100	2,570,403
FS-980058-02	8,052,500	2,657,325
FS-980058-03	8,004,100	2,641,353
FS-980058-04	8,100,000	2,673,000
FS-980058-05	8,485,500	2,800,215
FS-980058-06	8,229,300	2,715,669
FS-980058-07	8,229,000	2,715,570
FS-980058-08	8,146,000	2,688,180
2F-960915-01	19,500,000	6,435,000
FS-980058-09	8,146,000	2,688,180
FS-980058-10	13,573,000	4,479,090
FS-980058-11	9,418,000	3,107,940
FS-980058-12	9,001,056	2,970,348
FS-980058-13	8,421,000	2,778,930
FS-980058-14	8,845,000	2,918,850
FS-980058-15	8,787,000	2,899,710
FS-980058-16	8,312,000	2,742,960
FS-980057-17	8,241,000	2,719,530
FS-980058-18	11,107,000	3,665,310
FS-980058-19	11,004,000	3,631,320
FS-980058-20	11,011,000	3,633,630
FS-980058-21	11,001,000	3,630,330
FS-980058-22	7,008,000	2,312,640
FS-02J39101 FFY23 Base	5,037,000	1,662,210
4E-02J39201 FFY22 EC	7,555,000	2,493,150
4D-02J39501 FFY22 GS	17,992,000	5,937,360
FS-98005825 FFY24 Base	4,661,000	1,538,130
4D-02J77801 FFY23 GS	21,055,000	6,948,150
4E-02J75201 FFY23 EC	7,690,000	2,537,700
4E-02J75101 FFY24 EC	7,640,000	2,521,200
FFY25 Base Grant (estimated)*	10,906,000	3,676,533
FFY24 General Supplemental*	22,985,000	7,585,050
FFY25 Emerging Contaminant*	7,640,000	2,521,200
FFY22/23 EC Re-allotments*	217,000	71,610
TOTAL	\$381,169,656	\$127,785,986
SFY08 Transfer CWSRF to DWSRF		(29,000,000)
BALANCE		\$96,785,986

The total amount of authority being reserved for transfer purposes is 33% of each DWSRF capitalization grant to the CWSRF or an equivalent amount from the CWSRF to the DWSRF. The sum of grants received to date in addition to those applied for in the SFY26 IUPs is \$381,169,656.

The total authority for transfers is 33% of that total or \$96,785,986. This total includes the transfer of \$29,000,000 from the CWSRF to the DWSRF in SFY08.

The FFY22 Lead Service Line Replacement grant award is not included in this grant award list because there is no equivalent fund in the CWSRF; therefore, the Lead Service Line grant award is not transferable.

* Grant applications submitted but not yet awarded.

Appendix 5. Response to Public Comments Received by July 10, 2025

One letter was received providing comments on the draft IUPs during the 30-day public comment period. The comments and SRF Program responses are provided below followed by a copy of the comment letter.

Recommendations for Both CWSRF and DWSRF Emerging Contaminant IUPs:

Comment: To enhance program goals and reflect community needs, we encourage the Alaska Department of Environmental Conservation (ADEC) to explicitly update its program goals to include provisions for workforce development, specifically through the incorporation of pre-apprenticeship and training programs.

These broader goals, as adopted in other states such as Indiana and Wisconsin, help ensure that infrastructure investments foster sustainable, community-based capacity. For example, Wisconsin's short-term goals include exploring avenues to support pre-apprenticeship, registered apprenticeship, and youth training programs that create employment pathways adjacent to their local water infrastructure. Workforce development is identified as a key priority for underserved communities, and some states already highlight it as a program goal in their IUPs. Strategies states have implemented to establish workforce-related goals in their IUPs are further described [in a report](#) from the Environmental Policy Innovation Center.

SRF Program Response: ADEC agrees with the importance of workforce development strategies to help attract, recruit, train, and retain skilled water and wastewater operators. Utilizing set-aside funds from the Drinking Water State Revolving Fund (DWSRF), ADEC implements several ongoing activities related to workforce development. The DWSRF rules and regulations allow the State to set aside a portion of the capitalization grant for technical assistance including activities related to workforce development. The use of set-aside funds is addressed in one of the long-term goals mentioned in the DWSRF Intended Use Plan prepared for the Base and General Supplemental grants. The activities related to workforce development are listed below:

- ADEC's Operator Certification Program provides training for water and wastewater operators and also administers testing services throughout Alaska. In addition, a system-specific training program has been developed to allow capable and experienced operators to achieve the necessary certification specific to a system. With the additional funding available through the Infrastructure and Investment Jobs Act (IIJA), a program was reinstituted to reimburse water system operators and owners for water training expenses.
- The ADEC Capacity Development staff currently participates in job/career fairs to highlight drinking water and wastewater employment opportunities.
- The Capacity Development team has also been involved in preliminary discussions with a school district in rural Alaska to develop a youth training program that would allow high school students to learn about water/wastewater utility operation and obtain a basic operator certification level.
- Also using the set-aside funds, the Capacity Development team has partnered with the Rural Maintenance Worker team to create a training facility for operators in Anchorage. This hands-on training facility will provide an opportunity for individual training to assist all operators, new and old, to gain new skills and advance in their certified operator status.
- Finally, the Capacity Development team issues water system excellence awards on an annual basis to increase the visibility of systems and operators who have demonstrated their commitment to providing safe drinking water. By increasing visibility, ADEC hopes that the positive recognition contributes to employee retention and community support.

A water/wastewater operator apprenticeship program is available through the Alaska Job Corps. It is the intent of the ADEC to support but not duplicate efforts provided by other entities, including the Job Corps apprenticeship program.

Comment: While ready-to-proceed scoring helps expedite funds, it should not disadvantage communities that require more time for meaningful engagement or technical assistance. We recommend requiring some evidence of local vetting, such as community meetings or Tribal consultation, as a component of project readiness. Similarly, we encourage ADEC to explore additional strategies that lower administrative, financial, and technical barriers for under-resourced systems, enhancing their capacity to submit successful applications and secure critical funding. Potential strategies could include offering more flexible financial terms for systems facing credit rating constraints and conducting a thorough assessment of the reasons a project is not advancing before its removal from the Project Priority List—particularly when the project serves an under-resourced and underserved community.

SRF Program Response: Because federal regulations require the timely and expeditious use of federal funds, the use of readiness-to-proceed criteria helps the SRF Program to ensure that those projects that have completed initial studies or have completed design documents are first in line for funding. The SRF Program offers Sustainable Infrastructure Planning Project loans with \$75,000 in loan forgiveness to allow applicants the opportunity to prepare an initial planning document that may help them to move forward with obtaining construction financing when they are ready to proceed forward. Additionally, the SRF Program works very closely with the EPA and its Technical Assistance providers, who are specifically dedicated to assisting communities reach a point where they can apply for SRF funding. ADEC's SRF Program and Technical Assistance Program meet monthly with the EPA and its Technical Assistance providers to identify and pair communities that need assistance, as well as to develop resources for communities.

Comment: To deepen public participation, we recommend expanding opportunities for feedback beyond the statutory minimum. This could include having a comment period of 30 business days, holding two to three listening sessions or webinars, engaging directly with Tribes and community-based organizations, and publishing responses to public comments in a timely and accessible format. These practices ensure that public input helps shape final priorities.

SRF Program Response: In addition to the 30-day public comment period for the draft Intended Use Plan during which any comments pertinent to the program are accepted, each subsequent update to the Project Priority List is subject to a 10-day public comment period. Currently, the Project Priority List is updated three times during the fiscal year. Therefore, there are opportunities throughout the year for public input both at the program level and the project-specific level. Because this process happens on an annual basis, the SRF Program believes that the 30-day public comment period is appropriate, and it allows the SRF Program to move forward with finalizing the annual Intended Use Plan in a timely manner to meet federal requirements.

To enhance visibility of the Intended Use Plan and Project Priority List draft publication, the SRF Program notifies borrowers, potential borrowers, and those on our mailing list of its availability for review. The SRF Program also provides presentations during the Alaska Municipal League's (AML) Infrastructure office hours to inform AML members of the documents that have been public noticed, along with a summary, and to answer any questions they may have.

Comment: ADEC reserves the right to transfer up to 33% between the DWSRF and CWSRF EC programs. We recommend ADEC articulate under what circumstances it would execute such a transfer, and how equity and emerging contaminant priorities would be maintained in doing so.

SRF Program Response: Since the 1996 Safe Drinking Water Act Amendments, Congress has authorized transfers between the two SRF programs in order to give states flexibility to address their most pressing water infrastructure needs. The fund transfer language was included in the Intended Use Plans to reserve the authority to complete a fund transfer because EPA requires the inclusion of this language. However, the SRF Program is not currently considering any transfers between funds.

Comment: We seek additional clarity regarding the utilization of DWSRF funds. In the *Sources and Uses of Funds* table, it appears that \$20,605,150 is allocated and available for Emerging Contaminant (EC) projects. However, the Project Priority List (PPL) indicates that the total amount of fundable EC projects is \$8,499,213. This presents a significant discrepancy between the funds available and the funds potentially utilized. If our understanding is correct, we would appreciate your assistance understanding the factors contributing to this gap.

SRF Program Response: The *Sources and Uses of Funds* table in the Intended Use Plan indicates the funds that have been allotted to Alaska and are available to be committed in loan agreements. For State Fiscal Year 2026, the available funds total \$20,605,150.

When the Intended Use Plan and Project Priority List for DWSRF Emerging Contaminants funds were posted in May 2026, the requests that had been submitted to the SRF Program for Emerging Contaminants projects totaled \$8,499,213. Questionnaires may be submitted at any time throughout the year. Subsequently, in June 2025, two additional questionnaires were submitted to the SRF Program, increasing the total requests for the available Emerging Contaminants loan funds.

Differences in Recommendations Based on Disadvantaged Community (DAC) Criteria:

Comment: The DWSRF IUP clearly states that all EC projects qualify as DACs and are eligible for 100% principal forgiveness. This clarity is appreciated. However, the CWSRF IUP does not contain this same blanket provision. We recommend clarifying that all eligible EC projects under the CWSRF EC program are considered disadvantaged for the purposes of forgiveness, or, alternatively, ensuring that the DAC scoring system reliably places such projects in tiers eligible for full subsidy.

SRF Program Response: Both CWSRF and DWSRF projects that address emerging contaminants are included in the Disadvantaged Community Criteria as special project priorities; therefore, all projects that address an emerging contaminant are considered to meet the disadvantaged criteria. For clarification, the language in the final version of the CWSRF Emerging Contaminants IUP has been modified to mirror the DWSRF Emerging Contaminants IUP.

Comment: To support community understanding and trust, we recommend showing the DAC tier score calculation for each project on the PPL—particularly for projects receiving principal forgiveness. For DWSRF EC projects, a note that all projects are DACs is helpful. For CWSRF EC, it is critical to clarify how DAC scoring and emerging contaminant priorities interact to determine eligibility.

SRF Program Response: The DAC tier score calculated for each applicant depends on the community they operate in and sets the subsidy ceiling for the applicant for the applicable state fiscal year. Therefore, if an applicant has multiple projects, the subsidy will be applied to their highest-ranking projects until the maximum allowable subsidy amount has been allocated.

An additional table has been added to the Disadvantaged Community Criteria that includes each factor; the applicable Census data or Alaska Department of Labor employment data, the assigned score based on that data, and the overall score for the community.

From: [Melis Coady](#)
To: [DEC SRF Program](#)
Subject: Comments on the Draft IUPs
Date: Wednesday, July 9, 2025 2:54:35 PM

CAUTION: This email originated from outside the State of Alaska mail system. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear ADEC SRF Program Team,

Thank you for the opportunity to comment on Alaska's Clean Water and Drinking Water State Revolving Fund (SRF) Emerging Contaminant (EC) Intended Use Plans (IUPs). We appreciate the strides made in recent years to increase geographic representation in funding opportunities, improve accessibility for small and rural communities, and incorporate resilience into project prioritization. In particular, we commend the inclusion of enhanced scoring for rural areas and new allowances for communities recovering from federally declared disasters. These updates reflect a strong and thoughtful response to the evolving needs of Alaska's communities.

After reviewing the IUPs, we offer the following recommendations for your consideration. Many of these apply to both the CWSRF and DWSRF programs, given their shared structure and purpose, though some nuanced differences are also discussed:

Recommendations for Both CWSRF and DWSRF Emerging Contaminant IUPs:

1.

To enhance program goals and reflect community needs, we encourage the Alaska Department of Environmental Conservation (ADEC) to explicitly update its program goals to include provisions for workforce development, specifically through the incorporation of pre-apprenticeship and training programs.

These broader goals, as adopted in other states such as Indiana and Wisconsin, help ensure that infrastructure investments foster sustainable, community-based capacity. For example, Wisconsin's short-term goals include exploring avenues to support pre-apprenticeship, registered apprenticeship, and youth training programs that create employment pathways adjacent to their local water infrastructure. Workforce development is identified as a key priority for underserved communities, and some states already highlight it as a program goal in their IUPs. Strategies states have implemented to establish workforce-related goals in their IUPs are further described [in a report](#) from the Environmental Policy Innovation Center.

2. While ready-to-proceed scoring helps expedite funds, it should not disadvantage communities that require more time for meaningful engagement or technical assistance. We recommend requiring some evidence of local vetting, such as community meetings or Tribal consultation, as a component of project readiness. Similarly, we encourage ADEC to explore additional strategies that lower administrative, financial, and technical barriers for under-resourced systems, enhancing their capacity to submit successful applications and secure critical funding. Potential strategies could include offering more flexible financial terms for systems facing credit rating constraints and conducting a thorough assessment of the reasons a project is not advancing before its removal from the Project Priority List—particularly when the project serves an under-resourced and underserved community.
3. To deepen public participation, we recommend expanding opportunities for feedback beyond the statutory minimum. This could include having a comment period of 30 business days, holding two to three listening sessions or webinars, engaging directly with Tribes and community-based organizations, and publishing responses to public comments in a timely and accessible format. These practices ensure that public input helps shape final priorities.
4. ADEC reserves the right to transfer up to 33% between the DWSRF and CWSRF EC programs. We recommend ADEC articulate under what circumstances it would execute such a transfer, and how equity and emerging contaminant priorities would be maintained in doing so.
5. We seek additional clarity regarding the utilization of DWSRF funds. In the *Sources and Uses of Funds* table, it appears that \$20,605,150 is allocated and available for Emerging Contaminant (EC) projects. However, the Project Priority List (PPL) indicates that the total amount of fundable EC projects is \$8,499,213. This presents a significant discrepancy between the funds available and the funds potentially utilized. If our understanding is correct, we would appreciate your assistance understanding the factors contributing to this gap.

Differences in Recommendations Based on Disadvantaged Community (DAC) Criteria:

- 6.

The DWSRF IUP clearly states that all EC projects qualify as DACs and are eligible for 100% principal forgiveness. This clarity is appreciated. However, the CWSRF IUP does not contain this same blanket provision. We recommend clarifying that all eligible EC projects under the CWSRF EC program are considered disadvantaged for the purposes of forgiveness, or, alternatively, ensuring that the DAC scoring system reliably places such projects in tiers eligible for full subsidy.

7.

To support community understanding and trust, we recommend showing the DAC tier score calculation for each project on the PPL—particularly for projects receiving principal forgiveness. For DWSRF EC projects, a note that all projects are DACs is helpful. For CWSRF EC, it is critical to clarify how DAC scoring and emerging contaminant priorities interact to determine eligibility.

Thank you again for your commitment to making Alaska’s water infrastructure programs more resilient and accessible. We appreciate your consideration of these recommendations and would be glad to support further community engagement or policy development efforts.

Sincerely,
Melis

Melis Coady
Executive Director
Susitna River Coalition

