ALASKA DRINKING WATER FUND

Intended Use Plan

Emerging Contaminants

State Fiscal Year 2025

July 1, 2024 – June 30, 2025

For Federal Emerging Contaminants
funds appropriated in Federal Fiscal Year 2023 and 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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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
BABA	Build America, Buy America Act
BIL	Bipartisan Infrastructure Law
CBR	Clean Water Benefits Reporting
CE	Categorical Exclusion
CWA	Clean Water Act
CWSRF	Clean Water State Revolving Fund
DBE	Disadvantaged Business Enterprise
DWSRF	Drinking Water State Revolving Fund
EPA	U.S. Environmental Protection Agency
FFATA	Federal Funding Accountability Transparency Act
FFY	Federal Fiscal Year
FOCUS	Financial Operations and Cash Flow Utilization System
GPR	Green Project Reserve
IUP	Intended Use Plan
MHI	Median Household Income
OASys	Online Application System
PPL	Project Priority List
SERP	State Environmental Review Process
SFY	State Fiscal Year
SRF	State Revolving Fund
WIIN	Water Infrastructure Improvements for the Nation Act of 2016

INTRODUCTION

The Drinking Water State Revolving Fund (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 Administrator of the US Environmental Protection Agency (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 by the Alaska Department of Environmental Conservation (ADEC) State Revolving Fund (SRF) Program.

The Infrastructure Investment and Jobs Act of 2021 (also referred to as the Bipartisan Infrastructure Law or BIL) includes three new appropriations for the DWSRF, one of which is specific to Emerging Contaminants. For a project or activity to be eligible for funding under the DWSRF Emerging Contaminants grant, it must be otherwise DWSRF eligible, and the primary purpose must be to address emerging contaminants in drinking water. The intent is that these funds focus on projects addressing perfluoroalkyl and polyfluoroalkyl substances (PFAS). However, projects for a contaminant on any of EPA's Contaminant Candidate Lists may be funded.

The DWSRF Emerging Contaminants appropriation is authorized for five years starting with Federal Fiscal Year 2022 (FFY22). Last year, Alaska applied for and received the FFY22 Emerging Contaminants capitalization grant. Alaska has chosen to apply for the FFY23 and FFY24 Emerging Contaminant appropriations at this time.

This Intended Use Plan (IUP), required under the SDWA, describes how Alaska proposes to use available funds for State Fiscal Year 2025 (SFY25) from July 1, 2024 through June 30, 2025 provided by federal funds allocated to Alaska through the DWSRF Emerging Contaminants appropriations for FFY23 and FFY24. Alaska's allotment from the Emerging Contaminants FFY23 appropriation is $7,690,000; the FFY24 allotment is $7,640,000.

The draft IUP was posted on the SRF Program website for 30 days from May 10-June 10, 2024. Comments on all facets of the draft IUP were accepted. After considering the comments received, the IUP was finalized and posted on the SRF Program's website with minor clarifications and administrative revisions. The public comments received are listed in Appendix 4.

PROGRAM GOALS

Long-Term Goals

1. Assist local communities as they strive to address emerging contaminants in drinking water with a focus on PFAS.

Short-Term Goals

1. Collaborate with the ADEC Environmental Health Drinking Water Program to identify PFAS impacted communities.
2. Collaborate with other agencies to determine funding options for impacted communities.
3. Provide technical assistance to entities who request help with emerging contaminant issues.

EMERGING CONTAMINANTS - ELIGIBLE SYSTEMS AND ACTIVITIES

For a project or activity to be eligible under this appropriation, it must meet the following criteria:

- The project must be otherwise eligible under the DWSRF, and
- The primary purpose of the project must address emerging contaminants in drinking water with a focus on PFAS.

Planning and design projects to improve the capabilities of a system to address emerging contaminants in drinking water with a focus on PFAS are eligible. Also, projects to consolidate water supplies, for example, when a public water supply is contaminated, are eligible for DWSRF assistance.

Planning and design for capital projects, as well as broader water quality planning where there is a reasonable expectation that the planning will result in an eligible capital project, are eligible. Capital costs, e.g., construction activities and equipment purchases for water treatment, are eligible. The DWSRF cannot fund operation and maintenance activities, including monitoring, unless the monitoring is an integral part of the planning and design for a capital project.

Emerging contaminants refer to substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment. These substances, microorganisms, or materials can include many different types of natural or manufactured chemicals and substances – such as those in some compounds of personal care products, pharmaceuticals, industrial chemicals, pesticides, and microplastics. Examples of emerging contaminants projects and activities eligible for DWSRF financing can be found in Appendix C of EPA's March 2022 Memorandum Implementation of the Clean Water and Drinking Water State Revolving Fund Provisions of the Bipartisan Infrastructure Law.

For a project or activity to be eligible under the DWSRF Emerging Contaminant funds, the primary purpose must be to address emerging contaminants in drinking water with a focus on

PFAS. Projects that address any contaminant listed on any of EPA's Contaminant Candidate List (i.e., CCL – draft CCL5) are also eligible.

LOAN FORGIVENESS

Loans for Emerging Contaminant projects are required to be 100% forgiven. This forgiveness is referred to as additional subsidization in the capitalization grants. The FFY23 and FFY24 DWSRF Emerging Contaminants appropriations require that 100% of the capitalization grant, net of the set-asides, be used to provide additional subsidy to DWSRF projects, and that all additional subsidies must be in the form of assistance agreements with 100% forgiveness of principal or grants. Alaska will issue the assistance in loans with 100% forgiveness.

Alaska regulations restrict subsidy eligibility to disadvantaged communities. More information about disadvantaged community criteria is provided in the paragraph below and in Appendix 3.

Additional Subsidy Assignment by Capitalization Grant Year

Applicant	Project Name	Total Loan Request	FFY22 Grant	FFY23 Grant	FFY24 Grant
Anchorage	Tanaina Hills Subdivision	$2,572420	$2,572420	----	
Cold Bay	PFAS Water Treatment System	$250,000	$250,000		
Dillingham	Phase III PFAS Mitigation	$14,730,000	$1,011,025	$6,921,000	$6,797,975
Anchorage	Girdwood Well 1 Upgrade	$5,000,000			$434,839

DISADVANTAGED COMMUNITY CRITERIA

The BIL requires the provision of at least 25% of DWSRF Emerging Contaminants funds to disadvantaged communities or public water systems serving fewer than 25,000 people. Based on the total funds available through appropriations, the 25% minimum for disadvantaged borrowers equates to $1,922,500 for the FFY23 appropriation and $1,910,000 for the FFY24 appropriation.

In Alaska, state regulations require the distribution of subsidy through the SRF Program to borrowers who meet the state definition of a disadvantaged community. 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. More information about the disadvantaged community criteria is provided in Appendix 3.

CRITERIA AND METHOD FOR FUND DISTRIBUTION

Project Priority List of DWSRF Projects

For a project to be considered for funding from the Alaska Drinking Water Fund (ADWF), it must be included in the Project Priority List (PPL) of DWSRF Emerging Contaminant 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 2024 providing information about the schedule and inviting submittal of Emerging Contaminants project questionnaires to be considered for SFY25 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.

Emerging Contaminant Project Scoring Criteria

The SRF Program scores all DWSRF eligible projects based on information supplied in the questionnaire in the following categories: public health, water quality, project readiness, asset management, funding coordination, sustainability, operator certification status, affordability of user rates, and green projects. The DWSRF capitalization grants encourages, but do not require, the use of funds to address green projects under the Green Project Reserve (GPR) provision. To incentivize borrowers to include such aspects in their projects (e.g. green infrastructure, water or energy efficiency improvements, or other innovative activities), ADEC awards 25 additional points in the project questionnaire scoring process for eligible green project work. In addition to the standard DWSRF scoring criteria, projects that address PFAS contamination in finished water or a cyanobacterial toxin issue will receive additional points in the scoring process. See Appendix 1 for the scoring criteria.

Amendments to the Project Priority List

ADEC will amend 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 will be added to the PPL in ranked order. The amended funding list will be 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 Program has sufficient funds to finance all projects. This ensures timely utilization of federal funds.

In the event the SRF Program does not have sufficient funds available to offer loans to all projects that are ready to proceed, ADEC will work with 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 will be based primarily on the projects' readiness to proceed.

Projects that are ready to proceed are prepared to begin design and/or construction and are immediately ready, or poised to be ready, to execute a loan agreement with ADEC. If, for whatever reason, an applicant is not ready to proceed with completing a loan application and initiating a project, ADEC may select a lower ranking project for funding based on its ability to proceed in a timely manner. This bypass procedure is necessary to ensure that the available funds will be disbursed in a timely manner.

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

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

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

Emergency Procedures

For purposes of the SRF Program, an emergency refers to a natural disaster or manmade disaster that damages or disrupts normal public water system operations and requires immediate action to protect public health and safety. Upon issuance of an emergency declaration by a federal or state emergency response official, or upon a finding by ADEC, funds may be made available for projects not currently described in an IUP. Bypass procedures may be waived under direct threat of severe public or environmental harm. Reasonable efforts to fund projects in priority order will still be followed under emergency situations.

Removing Projects from the Project Priority List

Projects on the PPL will be monitored to ensure that applicants are proceeding with their projects in a timely fashion. A project may remain on the PPL for a maximum of two years. Projects will

retain the same score originally assigned unless a revised questionnaire is submitted and reviewed by the project scoring committee, or the scoring criteria is revised. If an application has not been submitted for a project within two years of the questionnaire submittal, the project will be removed from the list and a new questionnaire will be required to relist the project.

Amendments to Existing Loans

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

FINANCIAL STATUS

Sources and Uses of Funds

Alaska's allotment from the FFY22-FFY24 federal appropriations for DWSRF Emerging Contaminants are listed below. No state match is required for these allotments. The amount available for Emerging Contaminant loans is the difference between the sum of the federal grants received and total program commitments including loans issued and set-aside uses.

Estimated Available Funding

Sources of Emerging Contaminant Funds		
Federal Grant FFY22		$7,555,000
Federal Grant FFY23		$7,690,000
Federal Grant FFY24		$7,640,000
State Match for FFY22-24 Grants		$0
	Total Sources of Funds	**$22,885,000**
Uses of Emerging Contaminant Funds		
Emerging Contaminant Set-Aside Use from the FFY22-FFY24 Grants		
Small System Technical Assistance (2%)		$151,100
Administration and Technical Assistance (4%)		$302,200
Program Management (10%)		$0
Local Assistance (15%)		$2,309,436
DWSRF Emerging Contaminants Loans Issued		$2,135,005
	Total Uses of Funds	**$4,897,741**
Funds Available for Emerging Contaminant Loans		**$17,987,259**
Total Loan Requests on PPL		**$22,552,420**

The PPL includes four projects totaling over $22.5 million in demand for the Emerging Contaminant loan funds. Assuming that borrowers move forward with loan applications, it is anticipated that the available Emerging Contaminants funds will be fully committed in SFY25. Estimated project start dates that were provided by the applicants are included in the PPL.

Set-Asides

States are given flexibility to set aside specified amounts of the Emerging Contaminants grant for specific activities. The SDWA authorizes each state to set-aside a maximum of approximately 31 percent 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.

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.

Per EPA Policy Memo of February 9, 1999, the SRF Program can reserve 1452 (g) (2) (B) Set-Aside funds that it intends to use at a later time and for which a workplan has not been prepared. A state may 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 may exceed 31% of the current grant.

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.

Set-Aside for Small System Technical Assistance

The SDWA allows states to set aside up to 2% of each capitalization grant to fund technical assistance services to small water systems that serve fewer than 10,000 people. Alaska plans to reserve the right to access an amount equal to 2% of the FFY23 and FFY24 BIL Emerging Contaminants grants ($306,600) from a future base or BIL capitalization grant. If accessed, any reserved funds will be utilized to support small public water systems that are addressing PFAS or other emerging contaminant issues.

Set-Aside for Administration and Technical Assistance

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 SFY25, Alaska's DWSRF capitalization grant awards will total $41,046,000 as itemized in the list below:

- DWSRF Base FFY24, $4,661,000
- DWSRF BIL General Supplemental FFY23, $21,055,000
- DWSRF BIL Emerging Contaminants FFY23, $7,690,000
- DWSRF BIL Emerging Contaminants FFY24, $7,640,000

In total, Alaska may use $1,641,840 for DWSRF administration or reserve (bank) that amount, or a portion thereof, for future use.

Alaska plans to reserve the right to access an amount equal to 4% of the FFY23 and FFY24 BIL Emerging Contaminants grants ($613,200) from a future base or BIL capitalization grant. If

accessed, any reserved funds will be utilized for administration of loans for emerging contaminants projects.

Set-Aside for Program Management

The SDWA allows states to set aside up to 10% of the capitalization grant to fund program management. Alaska plans to reserve the right to access an amount equal to 10% of the FFY23 and FFY24 BIL Emerging Contaminants grants ($1,533,000) from a future base or BIL capitalization grant. If accessed, any reserved funds will be utilized to support DWP management activities associated with emerging contaminant issues.

Set-Aside for Local Assistance

The SDWA allows states to set aside up to 15% of each capitalization grant to fund various state drinking water protection initiatives. No more than 10% of its annual DWSRF grant can fund any one initiative. The DWP plans to use 10% of the FFY23 grant ($769,000) and $261,000 of the SFY24 grant to purchase and install laboratory equipment needed to test for PFAS contamination. No Alaska labs currently have the necessary equipment to test for PFAS compounds; therefore, all PFAS samples are shipped out of state. An in-state lab capable of PFAS analysis will be a shared benefit for all water systems that need PFAS test results. The DWP plans to use $146,186 from the FFY24 grant to provide assistance to public water systems related to emerging contaminant issues.

Summary of Set-Aside Use and Banking

The table below shows the set-aside amounts used from the specified grants (FFY22 – FFY24) and the amounts banked for future use from a future federal capitalization grant.

Set-Asides – Amounts Used and Banked for Future Use

	Grant Year	**FFY22**	**FFY23**	**FFY24**	**Total**
	Amount	**$7,555,000**	**$7,690,000**	**$7,640,000**	
Set-Aside Category	Status				
Technical Assistance 2%	Used	$151,100	---	---	$151,100
	Banked		$153,800	$152,800	$306,600
Administrative 4%	Used	$302,200	---	---	$302,200
	Banked		$307,600	$305,600	$613,200
Program Mgmt 10%	Used	---	---	---	$0
	Banked	$755,500	$769,000	$764,000	$2,288,500
Local Assistance 15%	Used	$1,133,250	$769,000	$407,186	$2,309,436
	Banked	n/a	n/a	n/a	n/a

Administrative Fee

Financing through the Emerging Contaminants funding source will be offered as loans with 100% principal forgiveness. An administrative fee will be assessed in the amount of 0.5% of the total dollars disbursed as prescribed in 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.

Loan Terms and Finance Rates for Eligible Projects

If the proposed project includes components that do not pertain to emerging contaminants, or if additional financing is requested in excess of funding available through the Emerging Contaminants funding source, the borrower may request additional loan funds for DWSRF eligible project activities. The additional loan funds would be subject to repayment according to the loan terms and finance rates applicable to the SRF Program.

Finance Rates (effective September 10, 2017)

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

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

Fund Transfer

The SRF Program is allowed to transfer funds between the CWSRF Emerging Contaminants Grant and the Drinking Water State Revolving Fund (DWSRF) Emerging Contaminants Grant in order to assure adequate capacity to meet demands. A fund transfer has not been requested in SFY25. However, in accordance with the Safe Drinking Water Act Section 302 fund transfer provisions, ADEC hereby reserves the authority "to transfer an amount up to 33% of the DWSRF program capitalization grant to the CWSRF program or an equivalent amount from the CWSRF program to the DWSRF program."

FEDERAL REQUIREMENTS

Loan agreements will include all applicable federal requirements, the following federal requirements are required of all DWSRF Emerging Contaminants funding recipients:

Build America, Buy America Act

The Build America, Buy America (BABA) provision that was included in the BIL requires domestic preference procurement for iron and steel products, manufactured products, and construction materials.

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 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.

Disadvantaged Business Enterprise

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

Signage to Enhance Public Awareness

The BIL signage term and condition requires a physical sign displaying the official Building a Better America emblem and EPA logo be placed at construction sites for BIL-funded projects. This requirement applies to all construction projects funded through the BIL Emerging Contaminants grant. The EPA Investing in America Signage website provides more information about how to comply with the signage requirement.

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.

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.

Expeditious and Timely Expenditure

The State will commit and spend the capitalization grant 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 capitalization grant.

The funds may be used for activities during more than one state fiscal year. To keep unliquidated obligations at a minimum, the State will fully expend the capitalization grant within a two-year period.

Fund Accounting Separation

The ADWF was established by statute as an enterprise fund of the State to serve as a revolving fund for financing water system improvement projects. Funds allocated for set-aside activities authorized in 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 the Loan and Grants Tracking System (LGTS), and as indicated in goals for the base and BIL General Supplemental capitalization grants, 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 (PBR) 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 Program. EPA uses the information provided to oversee the DWSRF state programs and develop reports to the U.S. 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 use equivalency projects to account for the federal funds awarded to the SRF Program through the capitalization grants awarded in SFY25. The amount that must be accounted for includes the total federal FFY23 and FFY24 grant award ($15,280,000) minus any set-aside funds received from these grants ($3,208,800). All projects on the Emerging Contaminants PPL are subject to equivalency requirements. Equivalency projects will be required to meet all of the federal requirements. The projects are subject to the reporting requirements of the Federal Funding Information will be reported no later than the end of the month following the date of a 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). The 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 also posted on the ADEC Facebook page. The notice of availability was posted on the SRF Program website throughout the 30-day comment period.

In addition, the SRF Program made a public presentation at the Alaska Municipal Water and Wastewater Association conference in Anchorage to present information about the SRF Program, including the Emerging Contaminants draft IUP, on May 8, 2024, just prior to the initiation of the comment period.

Eleven public comments were received in support of providing funding for the Tanaina Hills project which is included on the Project Priority List. These comments are listed in Appendix 4.

Appendix 1

Priority Criteria for SFY25 DWSRF Emerging Contaminants Projects

Division of Water
State Revolving Fund Program

Alaska Drinking Water State Revolving Fund

Priority Criteria for Drinking Water Projects – Reference Sheet

PUBLIC HEALTH CONSIDERATIONS *(Select only one)*	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 *(Select only one)*	
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. *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.*	35
This project will resolve a significant compliance issue. *Enforcement Targeting Tool violations, Notices of Violation, repeated or long-term boil water notices, one or more Revised Total Coliform Rule Level 2 Assessments*	25
This project has no significant compliance related issues. *Examples include relatively minor compliance issues documented by an agency notification letter.*	10
This project has minimal impact on future pollution events.	0
SOURCE WATER PROTECTION *(Select only one)*	
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

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

Division of Water
State Revolving Fund Program

Alaska Drinking Water State Revolving Fund

Priority Criteria for Emerging Contaminant Projects – Reference Sheet

Projects to address Emerging Contaminants will be ranked by the rating system set forth below, in addition to the standard Drinking Water project scoring criteria. The Alaska State Revolving Fund Program is prioritizing projects that address perfluoroalkyl and polyfluoroalkyl substances (PFAS) contaminants and cyanobacterial toxins, but will consider projects to address other emerging contaminants.

SCORING CATEGORY	POINTS	MAX POINTS
Finished Water PFAS Concentration *(Select only one)*		
If the proposed project addresses a PFAS contaminant issue in finished drinking water, select the appropriate concentration. Documentation of the PFAS concentration is required.		
Concentration ≥ 70 parts per trillion (ppt)	20	20
Concentration 20 - 69 ppt	15	
Concentration 4 - 19 ppt	10	
Cyanobacterial Toxin Contaminants *(Select only one)*		
If the proposed project will address a cyanobacteria toxin issue, select the appropriate option below.		
Source has experienced at least 1 Harmful Algal Bloom (HAB) per year for 3 consecutive years	15	15
Source has experienced at least 1 HAB per year for 2 consecutive years	10	
Source water has experienced a HAB in last 3 years	5	
Households/Connections that will Benefit from this Project *(Select only one)*		
Project will benefit 100 or more households/service connections	10	10
Project will benefit 50 - 99 households/service connections	8	
Project will benefit 1 - 49 households/service connections	6	
Consolidation		
Project will consolidate an existing system that has emerging contaminant issues with another public water system that can provide drinking water that meets all primary drinking water standards.	10	10
TOTAL		**55**

For a project to be eligible for Emerging Contaminants funding, it must be otherwise Drinking Water State Revolving Fund (DWSRF) eligible, and the primary purpose must be to address emerging contaminants in drinking water. Emerging contaminants refer to substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment.

Ineligible Projects

If EPA has promulgated a National Primary Drinking Water Regulation (NPDWR) for a contaminant, then a project whose primary purpose is to address that contaminant is not eligible for funding under this appropriation, with the PFAS exception. For example, a project for which the primary purpose is to address arsenic or nitrate in drinking water is not eligible because arsenic and nitrate are regulated under the NPDWRs. It should be noted that these projects may be eligible for SRF financing but will not be eligible for financing as an Emerging Contaminant project. EPA expects to establish a NPDWR for PFOA and PFOS in the near future; however, based on the Congressional intent of the Bipartisan Infrastructure Law that appropriate this funding, PFAS-focused projects will be eligible for funding regardless of whether EPA has established a NPDWR for that particular PFAS or group of PFAS.

Questions about the eligibility of your project to receive Emerging Contaminant funding may be sent to dec.srfprogram@alaska.gov.

Appendix 2

SFY25 DWSRF Emerging Contaminants Project Priority List

Alaska Drinking Water Fund - State Fiscal Year 2025 (SFY25) Project Priority List - Bipartisan Infrastructure Law (BIL) Emerging Contaminants Funding

Total available funding = $17,987,259

(1) The "Within Funding Limits" column indicates that the project is within the current fundable limit of the BIL Emerging Contaminants Funding allotted to the Alaska SRF Program.
Projects that are not within the available funding for Emerging Contaminants may be eligible for funding through the Alaska Drinking Water Fund base and/or BIL General Supplemental funding sources.

(2) BIL Emerging Contaminants Funding is provided as 100% forgivable loan.

(3) Principal forgiveness is provided to disadvantaged communities. Emerging Contaminants projects qualify for additional points as priority projects in the Disadvantaged Community Criteria.
See Appendix 3 of the Intended Use Plan for more information about Disadvantaged Community Criteria.

Rank	Score	Within Funding Limits (1)	Public Water System ID# (Community Population)	Applicant	Project Name and Description *Funding Notes*	Requested Loan Amount	Loan Forgiveness (2)	Disadvantaged Community Tier (3)	Green Project Amount (Type)	Estimated Start Date	Added to PPL
1	211	X	MOA - Municipality of Anchorage AK2210906 (221,351)	Anchorage Water & Wastewater Utility	**Tanaina Hills Subdivision Water -** Due to existing private wells showing PFAS contamination, this project will design and construct approximately 2,390 linear feet of a new water distribution main and install six fire hydrants. This construction will allow for residents of Tanaina Hills Subdivision to connect to the existing public water system and abandon the wells that are exhibiting per- and polyfluoroalkyl substances (PFAS) contamination.	$2,572,420	$2,572,420	2	---	2/3/2025	SFY25-1
2	188	X	Cold Bay Water System AK2260414 (140)	Cold Bay	**PFAS Water Treatment System -** Both municipal wells, which are the sole source of water for the City of Cold Bay, were found to have high levels of PFAS. Due to PFAS contamination exceeding the EPA Maximum Contaminant Level and ADEC Drinking Water Action Level of 70 parts per trillion (ppt), the proposed scope for this project is to install a filtration system. The proposed treatment is to install an ion exchange system which consists of two 24x50 inch Poly NSF approved vessels with diffusers, fully self-contained, skid-mounted, and pre-loaded with 500 liters of ion exchange resin media. The target of the filtration system is to bring the levels to a non-detect PFAS level under 4 ppt.	$250,000	$250,000	2	---	7/1/2024	SFY25-1
3	175	X	Dillingham Water System AK2260197 (2,249)	Dillingham	**Phase III PFAS Contamination Mitigation -** Due to PFAS contamination at the Dillingham Airport, the anticipated scope of work for this project includes an extension of the existing water system to the affected area. This will entail infrastructure installation, water quality monitoring, and community outreach to address PFAS contamination and provide a reliable source of clean drinking water to the impacted homes and businesses.	$14,730,000	$14,730,000	3	---	2/26/2025	SFY25-1
4	160		MOA - Municipality of Anchorage AK2210906 (221,351)	Anchorage Water & Wastewater Utility	**Girdwood Well 1 Upgrade -** This project will address elevated manganese levels by either providing additional treatment at the existing well or developing a new well located elsewhere in the distribution system. *The project cost exceeds available funding through the BIL Emerging Contaminant funding source. Costs that exceed the available amount through the Emerging Contaminants funding source may be financed through the Alaska Drinking Water Fund if the applicant wants to pursue that financing option. This project is also listed on the Base/BIL General Supplemental SFY25 Project Priority List for additional funding to meet the rest of the project need.*	$5,000,000	$434,839	2	---	1/3/2025	SFY25-1

Appendix 3

Disadvantaged Community Criteria

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.

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."

Additional Subsidy – Base Capitalization Grants

DWSRF Additional Subsidy: 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 2024 (FFY24), the Congressionally mandated subsidy requirement is 14% of the capitalization grant with no specific eligibility requirements. The two required groups of subsidy are additive, meaning that the state is obligated to offer 26 to 49% of the FFY24 base capitalization grant as additional subsidy. As noted previously, Alaska regulations restrict subsidy eligibility to disadvantaged communities.

CWSRF Additional Subsidy: 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 FFY24 capitalization grant with no specific eligibility requirements. As with the DWSRF, the two groups of subsidy are additive, meaning that the state is obligated to offer a minimum of 20% and a maximum of 40% of the FFY24 capitalization grant as additional subsidy.

Bipartisan Infrastructure Law (BIL)

A key priority of the BIL is to ensure that disadvantaged communities benefit equitably from this investment in water infrastructure. Disadvantaged communities can include those with environmental justice concerns that often are low-income. Disadvantaged communities experience, or are at risk of experiencing, disproportionately high exposure to pollution—whether in air, land, or water.

The BIL mandates that 49% of funds provided through the DWSRF General Supplemental Funding and the DWSRF Lead Service Line Replacement Funding be provided as grants and forgivable loans to disadvantaged communities. The BIL also requires that at least 25% of funds provided through the DWSRF Emerging Contaminants Funding be provided as grants and forgivable loans to disadvantaged communities or public water systems serving fewer than 25,000 people.

For the CWSRF, the law mandates that 49% of funds provided through the CWSRF General Supplemental Funding be provided as grants and forgivable loans to communities that meet the state's affordability criteria or certain project types, consistent with the CWA.

To accomplish this, the Environmental Protection Agency (EPA) recommends that states may need to:

- Evaluate and revise, as needed, the DWSRF disadvantaged community definition and CWSRF affordability criteria.
- Evaluate the SRF priority point system for project ranking commensurate with need.
- Use technical assistance funding to help disadvantaged communities identify needs and access funding.
- Engage residents and community stakeholders in disadvantaged communities.

Criteria for Defining Disadvantaged Communities

Disadvantaged community status is determined by considering four factors: household burden, socioeconomic indicators, rural community status and priority projects. 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 two additional points in the scoring process. The following definition is used for a rural community:

(1) A community that is eligible for assistance under the Village Safe Water Act, or

(2) A community that meets each of the following criteria:

(a) 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**
(b) is at least 300 road miles from a Metropolitan or Micropolitan area **and**
(c) has a population that exceeds 25 but is less than 4,500.

Rural community status	2 points

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.

Priority Project Type	Points
Project will result in completion of a Lead Service Line Inventory or replace known lead service lines	6
Project will address an emerging contaminant as defined in the BIL	6
Project will resolve a health-based violation of the SDWA	6
Project will install domestic wastewater treatment to meet the minimum treatment requirements of 18 AAC 72.050	6
Project will result in consolidation of two or more public water systems or wastewater systems	6
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
A wastewater collection system will be expanded to provide service to individual services that use on-site wastewater	6
Project will improve the water quality of an impaired water body	5
Project will result in development of an Asset Management Plan	4

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
Labor Force	
Unemployment rate of borough/census area	Alaska Department of Labor
Demographics	
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 10	$1,000,000	$2,500,000
Tier 4	10+	$2,000,000	$3,500,000

Disadvantaged Communities – Base Scores and Tiers

The table below shows the Household Burden and Socioeconomic Factors 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.

The base score in this table combines the Household Burden and Socioeconomic Scores. The disadvantaged community tier in this table reflects only the base score for the community. If a community proposes a “priority project” as defined by the SRF Program, then additional points may be added to a particular project.

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	2	9	Tier 3
Cordova	0	2	2	4	Tier 2
Craig	1	5	2	8	Tier 3
Dillingham	1	4	2	7	Tier 3
Fairbanks	1	1	0	2	Tier 1
Gustavus	1	5	2	8	Tier 3
Haines	3	3	2	8	Tier 3
Homer	2	2	0	4	Tier 2
Hoonah	1	6	2	9	Tier 3
Juneau	0	0	0	0	Tier 1
Kenai	3	3	0	6	Tier 2
Ketchikan	3	2	0	5	Tier 2
King Cove	1	4	2	7	Tier 3
King Salmon	0	2	2	4	Tier 2
Kodiak	2	4	0	6	Tier 2
Kotzebue	1	4	2	7	Tier 3
Naknek	1	2	2	5	Tier 2
Nome	0	3	2	5	Tier 2
North Pole	0	0	0	0	Tier 1
Palmer	1	4	0	5	Tier 2
Petersburg	1	2	2	5	Tier 2
Sand Point	2	3	2	7	Tier 3
Seldovia	0	2	2	4	Tier 2
Seward	3	2	0	5	Tier 2
Sitka	0	0	0	0	Tier 1
Skagway	0	4	2	6	Tier 2
Soldotna	3	4	0	7	Tier 3
St. Paul	3	2	2	7	Tier 3
Talkeetna	3	5	0	8	Tier 3
Togiak	3	6	2	11	Tier 4
Unalakleet	3	6	2	11	Tier 4
Unalaska	0	0	2	2	Tier 1
Utqiagvik	1	3	2	6	Tier 2
Valdez	1	1	0	2	Tier 1
Wasilla	3	7	0	10	Tier 4
Whittier	3	6	0	9	Tier 3
Wrangell	2	3	2	7	Tier 3
Yakutat	0	1	2	3	Tier 1

Appendix 4

State Fiscal Year 2025 (SFY25) Alaska Drinking Water Fund

Emerging Contaminants Intended Use Plan

Comment and Response Document

Appendix 4

State Fiscal Year 2025 (SFY25) Alaska Drinking Water Fund
Emerging Contaminants Intended Use Plan
Comment and Response Document

The draft Intended Use Plan for Emerging Contaminants funding available through the Alaska Drinking Water Fund were posted on May 10, 2024. Public comments on the draft IUP were accepted through June 10, 2024. The comments that were received are summarized below.

Name:	Shelly and Leonard Andresen
Date:	June 6, 2024
Comment:	We are writing this letter in support of the inclusion of the Tanaina Hills Subdivision to the Alaska Drinking Water Fund Priority and Project List of the 2025 Emerging Contaminants Grant.
Response:	Comment noted.

Name:	Andrea Snowden
Date:	June 6, 2024
Comment:	I fully support funding the Tanaina Hills Subdivision Water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. With documented PFAS in several of the wells and major airport construction threatening to contaminate more, this neighborhood is the ideal candidate for this funding. Connecting these properties to public drinking water would end the harmful PFAS exposure and provide safe, clean drinking water for the residents.
Response:	Comment noted.

Name:	Wendy Drew, Anchorage Water and Wastewater Utility
Date:	June 6, 2024
Comment:	The Anchorage Water and Wastewater Utility (AWWU) has reviewed the draft Alaska Drinking Water Fund - State Fiscal Year 2025 (SFY25) Project Priority List - Bipartisan Infrastructure Law (BIL) Emerging Contaminants Funding and appreciates the opportunity to offer comments. AWWU believes the funding programs administered by the Alaska Department of Environmental Conservation provide a substantial opportunity for water and wastewater systems to reduce the cost of capital for needed infrastructure. We applaud your hard work in utilizing the programs to make funding available to communities such as Anchorage.

The Tanaina Hills Subdivision Water project is identified on the Alaska Drinking Water Fund - State Fiscal Year 2025 (SFY25) Project Priority List - Bipartisan Infrastructure Law (BIL) Emerging Contaminants Funding Intended Use Plan for funding in the amount of $2,572,420, as requested in our questionnaire, due to existing private wells showing PFAS contamination. Since submitting the questionnaire, the amount of our other funding has been identified as only being $750,000. AWWU is now requesting the additional $761,793.23, for a total Emerging Contaminants Funding request of $3,334,213.23, per the attached cost estimate.

Response: Comment noted. Additional funding may be available through the Bipartisan Infrastructure Law (BIL) Emerging Contaminant funding source. An amended questionnaire (the pre-application form) should be submitted to the SRF Program in order to list the amended loan amount on the Project Priority List.

Name: Kristin Crabb

Date: June 8, 2024

Comment: I fully support funding the Tanaina Hills Subdivision water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. With documented PFAS in several of the wells in this subdivision and major airport expansion threatening to spread more contaminants, this neighborhood, being in such close proximity to the Ted Stevens Anchorage International Airport, is the ideal candidate for this funding to protect the public health of the residents. Connecting these properties to public drinking water would end the harmful PFAS exposure and provide safe, clean drinking water for the residents.

Response: Comment noted.

Name: Patricia Oldford

Date: June 9, 2024

Comment: I fully support funding the Tanaina Hills Subdivision water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants.

With documented PFAS in several of the wells in this subdivision and major airport expansion threatening to spread more contaminants, this neighborhood, being in candidate for this funding to protect the public health of the residents.

Connecting these properties to public drinking water would end the harmful PFAS exposure and provide safe, clean drinking water for the residents.

Response: Comment noted.

Name: Rick and Catherine Richter

Date: June 9, 2024

Comment: We are in support of funding the Tanaina Hills subdivision water extension with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. Tanaina Hills subdivision is adjacent to the Ted Stevens International Airport. The homes in the subdivision all have private on-site wells. PFAS has been found in several of the wells. The current expansion of the airport threatens to spread more contaminants throughout our subdivision. The other subdivisions in the immediate area are all served by public water. The homes in Tanaina Hills subdivision are at significant risk of future contaminants as a direct result of the airport expansion. Our subdivision is an ideal candidate for this funding and we should be entitled to clean drinking water.

We respectfully request this project be approved.

Response: Comment noted.

Name: Linda and John Tyler Swiss

Date: June 9, 2024

Comment: As residents of the Tanaina Hills Subdivision in Anchorage, we fully support funding the Tanaina Hills Subdivision water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. Testing has confirmed PFAS in private drinking water wells in this subdivision making it the ideal candidate for this funding. Additionally, the Tanaina Hills Subdivision is directly adjacent to the Ted Stevens Anchorage International Airport and the only subdivision in this area not served by public water. The homes in this subdivision are at significant risk of current and future contaminants as a direct result of airport operations and planned airport expansion. Access to public water would protect the residents from harmful PFAS contamination, and this grant funding would enable the neighborhood to connect to public water.

We respectfully request this project and funding be approved for the Tanaina Hills Subdivision.

Response: Comment noted.

Name: Rhonda Grove

Date: June 10, 2024

Comment: Regarding the below plan referenced, I would like to make a public comment in support of funding Tanaina Hills drinking water funds.

My well is one of the ones identified by Shannon and Wilson (under contract to DEC) as having PFAS contamination. We have installed a charcoal filter which they say will help but to get city water in our neighborhood would be a much-

preferred alternative. The testing for PFAS is problematic as it is harmful at such tiny levels, so we don't even really know if the charcoal filter has made our water safe and this is actually quite concerning.

One other aspect of this is that we strongly suspect the way the PFAS got into our well is because of the burnpit and general contamination on the airport that is less than a mile away and known by DEC to be highly contaminated.

Our neighborhood is really part of Anchorage and not more than a 10-15 minute drive from downtown… to get us public water just seems like the right thing to do.

Response: Comment noted.

Name: Shirley Ridgway

Date: June 10, 2024

Comment: Being a resident property owner in Tanaina Hills Subdivision for about 50 years, I want to declare my complete support funding Tanaina Hills subdivision water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. Relying on the documented PFAS in many of our water wells in this subdivision and the likelihood of more contaminants resulting from the nearby Ted Stevens Airport's increasing in size – this subdivision is an exemplary choice for this funding. The decision to connect this subdivision to public drinking water would stop the harmful PFAS being introduced to even more of our water wells. A bonus would be providing clean drinking water to all the residents.

Response: Comment noted.

Name: Jim Ridgway

Date: June 10, 2024

Comment: I fully support funding the Tanaina Hills Subdivision water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. With documented PFAS in several of the wells in this subdivision and major airport expansion threatening to spread more contaminants, this neighborhood, being in such close proximity to the Ted Stevens Anchorage International Airport, is the ideal candidate for this funding to protect the public health of the residents. Connecting these properties to public drinking water would end the harmful PFAS exposure and provide safe, clean drinking water for the residents.

I have lived in our home in Tanaina Hills for in excess of forty-five years and, would like to consider a few more years, without the concern of unseen contaminants in our drinking water.

Response:	Comment noted.

Name:	Brendan McCormack
Date:	June 10, 2024
Comment:	I fully support funding the Tanaina Hills Subdivision water project with the Alaska Drinking Water Fund and Emerging Contaminants Capitalization Grants. With documented PFAS in several of the wells in this subdivision and major airport expansion threatening to spread more contaminants, this neighborhood, being in such close proximity to the Ted Stevens Anchorage International Airport, is the ideal candidate for this funding to protect the public health of the residents. Connecting these properties to public drinking water would end the harmful PFAS exposure and provide safe, clean drinking water for the residents.
Response:	Comment noted.