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October 1, 2019

Re: **Clean Water and Drinking Water SRF Program Update**

To Whom it May Concern:

The Alabama Department of Environmental Management (ADEM) is pleased to announce the solicitation of Fiscal Year (FY) 2020 State Revolving Fund (SRF) projects. The Clean Water State Revolving Fund (CWSRF) and the Drinking Water State Revolving Fund (DWSRF) programs are currently accepting pre-applications for the FY2020 priority ranking list. All pre-applications should be submitted on or before February 1, 2020. The SRF program is offering a **20 Year Fixed Rate loan with a below market interest rate (to be determined October 2019)**. Eligible projects are those that show benefit to water quality in the State of Alabama or enhanced compliance with the Safe Drinking Water Act or the Clean Water Act. Please see the included SRF brochure for an overview of the SRF program including project eligibilities.

Since 1989, the SRF program has provided over two billion dollars of infrastructure funding through loans, grants, and principal forgiveness. The program is very interested in supporting your system and providing funding for any of your eligible infrastructure needs; please see the attached updates and contact the SRF Section at (334) 271-7714 or by email at SRF@adem.alabama.gov for questions or inquiries.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Berry", is written over a white background.

Kris Berry, Chief
State Revolving Fund Section
Permits & Services Division

Birmingham Branch
110 Vulcan Road
Birmingham, AL 35209-4702
(205) 942-6168
(205) 941-1603 (FAX)

Decatur Branch
2715 Sandlin Road, S.W.
Decatur, AL 35603-1333
(256) 353-1713
(256) 340-9359 (FAX)



Mobile Branch
2204 Perimeter Road
Mobile, AL 36615-1131
(251) 450-3400
(251) 479-2593 (FAX)

Mobile-Coastal
3664 Dauphin Street, Suite B
Mobile, AL 36608
(251) 304-1176
(251) 304-1189 (FAX)

Drinking Water Needs Survey

The 1996 Safe Drinking Water Act amendments mandate that the EPA conduct an assessment of the nation's public water system infrastructure needs every four years. The EPA will be selecting a certain number of systems across Alabama in the spring of 2020 to be surveyed in an effort to evaluate existing and 20-year projected infrastructure needs for systems in Alabama. Needs including the installation of new drinking water infrastructure and the rehabilitation, expansion, or replacement of existing infrastructure will be covered on the survey. The results of this survey will be used for the assignment of future grant allocations to the national DWSRF program. Be on the lookout for a survey notice if your system is selected.

Additional Subsidization – Principal Forgiveness

Additional subsidization will be available to eligible applicants that rank high enough on the CWSRF affordability criteria scale and the DWSRF disadvantaged communities list. In 2018, America's Water Infrastructure Act (AWIA) amended DWSRF-related portions of the Safe Drinking Water Act. Included in this amendment was an increase in additional subsidy availability for eligible applicants. In 2019, AWIA changes resulted in an increase of approximately \$1.4 Million in available additional subsidy for DWSRF applicants in Alabama. There was \$1,776,700 (CWSRF) and \$6,167,460 (DWSRF) available as additional subsidization for eligible applicants in 2019. Similar amounts are expected to be available for FY2020 projects. Eligible applicants will receive up to 50% of project loan costs not to exceed \$500,000 of additional subsidization in the form of principal forgiveness.

Green Project Reserve

As in years past, one of the goals of the SRF program is to aid in the development of green infrastructure in Alabama. In an effort to facilitate this goal, the SRF program is offering **principal forgiveness incentives** to CWSRF applicants with projects made up of **at least 51%** of one of the following four categories: green infrastructure, water efficiency improvements, energy efficiency improvements, or environmentally innovative activities. Please note that in order to be considered as an energy efficient improvement, the project must show a 20% reduction in energy consumption. Furthermore, principal forgiveness amounts and availability are subject to EPA Capitalization Grant approval as well as FY 2020 project application demand.

Section 319 – Non-Point Source Grant

The SRF program would like to promote a potential grant opportunity for public bodies considering a CWSRF loan. ADEM's 319 program can provide grants up to \$500,000 for projects aimed at addressing specific 303(d) and TMDL non-point source impaired waterbodies. 319 grants have a 40% match requirement, which can be met through a loan with the SRF program. Specific conditions apply; please visit the following website for more information; <http://adem.alabama.gov/programs/water/npsprogram.cnt>.

Debt Purchase Loans

In 2019, the SRF began offering debt purchase as a package to assist local governments that have been limited in financing utility improvements due to existing indebtedness. It is the intent of the SRF to first provide financing for new infrastructure. Eligible debt purchase loans will be paired with new construction loans with a ratio of no less than 51% new construction to 49% debt purchase. Debt purchase funding will not be made available until funding for **ALL** new construction projects has been allocated. Once funding availability for debt purchase has been determined, projects will be ranked beginning with the lowest debt purchase to new construction ratio. Funding will be made available until funds for the year have been exhausted.