



# **State of Arkansas**

## **Safe Drinking Water Fund**

### **Intended Use Plan**

### **SFY 2021**

### **(July 1, 2020 to June 30, 2021)**

Amended 02/12/2020  
(EPA Approved original on 09/17/2020)

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## **II. Introduction**

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### **A. Arkansas' Drinking Water State Revolving Loan Fund**

This is the State of Arkansas' (State) Intended Use Plan (IUP), prepared jointly by the Water Resources Development Section (WRD) of the Arkansas Natural Resources Division (NRD), a division of Arkansas Department of Agriculture and the Arkansas Department of Health Engineering Section (ADHE) which identifies intended uses of the funds available to Arkansas as authorized by the Safe Drinking Water Act (SDWA), as amended in 1996 (42 U.S.C. § 300j-12 et. Seq.).

In Arkansas, the overall program is named the Safe Drinking Water Fund (SDWF). The SDWF is made up of two programs which are the Drinking Water State Revolving Fund (DWSRF) program and the State Set-Aside Fund (SSAF) program. The WRD Section, through an interagency Agreement with ADHE (the Primacy Agency in Arkansas), administers the DWSRF. Through the DWSRF program, the WRD Section will use funds for water projects that further the goals of the Safe Drinking Water Act. Except for the Administration Funds for the DWSRF program, which go to and are administered by the WRD Section, the ADHE administers all facets of the SSAF. The SSAF Program will use the funds to provide Small Systems Technical Assistance, State Program Management, Local Assistance and Administration Funds. It is the intent of SDWF to consistently comply with all requirements as stipulated in each year's grant agreement for the capitalization grant. However, procedural changes and reporting requirements may be modified by EPA. These changes will be incorporated into the State's program, as necessary.

As required by the SDWA, the State is required to prepare this annual Intended Use Plan (IUP) in order to identify the set-aside programs and projects that will potentially utilize the funds available to the SDWF. This IUP is prepared for State Fiscal Year 2021 (SFY 2021) and identifies those sources and uses of available program funds. For the purpose of this IUP, the fiscal year identified is the State Fiscal Year 2021, beginning July 1, 2020 and ending June 30, 2021. The capitalization grants and the state match to fund these activities are from prior fiscal years and the Federal Fiscal Year 2020 (FFY 2020) appropriation.

### **B. Public Notice**

To ensure that the public has an opportunity to review the State's proposed plans for the CWRLF, a draft IUP was published on the ANRC website (<https://www.agriculture.arkansas.gov/natural-resources/divisions/water-development/>), to accept comments on the Intended Use Plan. To ensure that interested parties were made aware of the draft IUP and the comment period, ANRC posted notice on the ANRC web-site and published the public notice advertisement for the Clean Water and Drinking Water Revolving Loan Fund Intended Use Plans in the Arkansas Democrat-Gazette, a statewide paper, on August 2 and August 9, 2020. The public comment period remained open with a deadline for submittal of written comments of August 30, 2020. Copies of the Intended Use Plan were also available, upon request, at the Water Resources Development Section of the Arkansas Natural Resources Commission, a Division of Arkansas Department of Agriculture.

### III. Projects and Available Assistance

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This IUP contains a list of projects the State anticipates funding and information on how the State plans to use:

- a) The set aside funds carried over from previous State Fiscal Year(s), which includes set-asides from the 2018 and 2019 capitalization grants along with the estimated 2020 capitalization grant.
- b) The remainder of the 2018 capitalization grant in the amount of \$2,049,944.48, the 2019 capitalization grant in the amount of \$16,153,939.03, and the estimated 2020 capitalization grant in the amount of \$16,566,000.
- c) The funds the State receives from the repayment of loans previously made from the Drinking Water State Revolving Fund (DWSRF) Program as identified in [Chart 2](#).

The DWSRF program expects to disburse approximately \$40 million to projects in this fiscal year. These projects are all designed to meet one or more of the goals of the SDWA which are to:

- a) Help ensure public health protection
- b) Comply with the SDWA
- c) Ensure affordable drinking water.

### IV. Goal Statements

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The Arkansas Drinking Water Program is an integrated and centralized program funded by the DWSRF, Public Water System Supervision and state funding. The primary focus of the program is to achieve public health protection and rule compliance. All mandatory and voluntary program elements, (i.e. technical assistance, capacity development, source protection, rule implementation, enforcement, etc.) are coordinated to assure this end.

#### A. Short-term Goals

1. Arkansas anticipates entering into thirty-two (32) binding commitments for twenty-six (26) projects for approximately \$72.6 million. The projects are identified in [Chart 4](#).
2. Arkansas anticipates ten (10) binding commitments for eight (8) projects that will meet green project reserve requirements as identified in [Chart 5](#). However, additional projects may have green components identified at a later date.
3. Arkansas anticipates loan closing for eleven (11) projects that will meet the add sub requirements and up to two (2) of those projects that will receive Disadvantaged Funds in the form of principal forgiveness. The projects are identified in [Chart 5](#).
4. Complete set-aside work plans specifying funds from the capitalization grant. (Target Completion: Within 60 days of grant award)
5. Arkansas ADHE will continue to utilize the State Program Management set-aside to a portion of the implementation of the State Public Water Supply Supervision Program plan effort. This will include activities in this fiscal year such as: review and approval of 200 (goal) plans and specifications, logging and tracking of 1400 (goal) plan submissions, 250 (goal) sanitary surveys, technical assistance to Public Water System Supervision in a variety of ways, and other implementation activities.
6. Arkansas will continue to screen projects using the Project Priority System to assure the Safe Drinking Water Acts overall goals are given priority in the DWSRF program. The Goal for this fiscal year is to have at least 30 projects on the Project Priority List.
7. The Division will apply for the federal cap grant funds in the first year that they are appropriated.

8. Arkansas will continue to implement the State capacity development program strategy at no cost to entities. A vital element of this program is the technical assistance contracts provided under the Small System Technical Assistance and/or Local Assistance Set-aside. These were restructured slightly to focus more on direct assistance to the systems. SFY 2021 goals for these contracts are 1,900 hours of technical assistance with an additional 1,000 hours of technical assistance coming from our AWOP program.
9. Arkansas plans to increase public knowledge of the Drinking Water Revolving Loan Fund through Facebook posts about program success stories and participation in conferences relevant to eligible projects and promotion through the utilization of marketing material available from EPA. Additionally, Arkansas will seek opportunities and provide incentives to promote the Drinking Water Revolving Loan Fund.
10. Arkansas plans to reach out to municipalities on the compliance list, available through Enforcement and Compliance History Online (ECHO), to offer information not only on funding opportunities, but assistance with the application process. The intention of application process assistance is to reduce challenges and provide positive applicant response.
11. The program has an approved work assignment for streamlining assistance, under an existing EPA contract. The assessment and corresponding final report will be completed no later than October 31, 2020.
12. The program will review the final report resulting from #9 and consider an additional work assignment, under an existing EPA contract, to assist with implementation activities defined in the report.

## **B. Long-term Goals**

Arkansas has committed to continually work towards these goals.

1. Maintain the fiscal integrity of the DWSRF and assure a continuous enhancement of the loan fund for future generations.
2. Maintain the fund in perpetuity by protecting the principal that has been and continues to be deposited into the DWSRF program.
3. Provide entities with a source of long-term, low-interest financing that will allow them to protect their customers' health and comply with the Safe Drinking Water Act.
4. The Division will meet the growing demand for the DWSRF program by leveraging the fund when the demand exceeds the current revenue streams.
5. Arkansas will continue to implement the Public Water System Supervision Program in conformance with its primacy commitments.
6. Arkansas will continue to implement the State Source Water Assessment/Protection Program.
7. Arkansas will continue to implement the State Capacity Development Program strategy.
8. The Division will maximize the number of entities meeting the SDWA requirements by combining the DWSRF program with other state and federal funding programs when feasible.
9. Arkansas will make every effort to expend funds within two (2) years of cap grant award, continuing to expend all funds in an expeditious and timely manner.

## **C. Environmental Results under EPA Assistance Agreement Goals**

The Division's DWSRF program will satisfy EPA's Strategic Goal 2 for Clean and Safe Water, Objective 2.1 for Protecting Human Health, Sub objective 2.1.1 for potable water by relating the activities of the Program to quantifiable environmental results. The following short-term goals are presented in order to be in compliance with EPA Order #5700.7, which became effective on January 1, 2005.

The outputs below will be used as a measure to comply with the new requirements:

Output 1 – Provide thirty-two (32) binding commitments to water systems. The projects are identified in [Chart 4](#).

Output 2 – Enter into binding commitments with twenty-one (21) small systems and five (5) large systems during this fiscal year. The projects are identified in [Chart 4](#).

Output 3 – Arkansas Department of Health also contracts to work with small systems. Goals for these contracts include one eight-hour training course, 12 one-hour group training sessions and one CPE.

Environmental benefits will result from approved funds and projects completed to reduce specific contaminants, create energy savings, conserve water, increase capacity to meet current water needs, replace aging infrastructure, and comply with state and federal regulations.

## **V. Distribution of Funds**

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### **A. Distribution of Funds between DWSRF Program and SSAF Programs**

Arkansas puts a priority on providing existing Public Water Systems with technical assistance to ensure all Public Water Systems meet the requirements of the Safe Drinking Water Act. Arkansas endeavors to provide these services at no cost to the systems. See Section VIII. Set Aside Programs and Amounts Requested for details of the SSAF programs managed by ADHE.

The administration of the DWSRF program also falls in the category of State Set-Aside Fund programs. The Division plans to use the full 4% allowed for administration. The WRD Section will be responsible for the administration and reporting needed for the DWSRF program.

## **B. Distribution to Specific Projects in the DWSRF Program**

Arkansas' method for the development of the Priority List and Fundable List explains the process used to select systems to receive assistance.

### **1. Priority System**

The ADHE is responsible for developing the Priority System. They have developed a system that includes factors for projects that:

- a) address the most serious risk to human health,
- b) are necessary to ensure compliance with the requirements of the SDWA, and
- c) assist systems most in need on a per household basis according to state affordability criteria.

The Priority System Questionnaire is sent to each Public Water System (PWS) in the state each year. The questionnaire describes the Priority System used by the DWSRF program and lists the point values assigned to each category in the Priority System. The ADHE sends the questionnaire to the PWS so they can add new projects to the Priority List. The ADHE evaluates the questionnaires that are returned and assigns point values to the various categories, included as [Appendix A](#). A project's total points are used to determine the project's ranking. The more points that a project receives, the higher it is placed on the priority list. The new projects are added to the projects which were not funded from the previous Priority List, and a new Priority List is assembled.

To be placed on the Priority List an entity must submit a questionnaire to ADH. Since submitting the questionnaire is a voluntary task, only projects that expect to be funded by the DWSRF program are listed on the Priority List. Once the ADHE prepares the Priority List, it is the WRD Section's responsibility to create a Fundable List from the Priority List.

### **2. Priority List of Projects**

The Priority List contains projects that are interested in utilizing funding from the DWSRF program. Each project is evaluated to determine its' relative priority as compared to the rest of the projects seeking funding through the DWSRF program. The ADHE prepares the Priority System used to rank projects, included as [Appendix A](#), sends out the questionnaires, determines the priority points for the projects that return questionnaires and develops the [Priority List](#). The WRD Section then takes the Priority List and establishes a Fundable List. The Fundable List ([Chart 4](#)) is not a separate list but is instead composed of projects from the Priority List that expect to close a loan and expend funds in this fiscal year.

40 CFR 35.3555(d) states that the Priority Lists of projects may be amended during the year under provisions established in the IUP as long as additions or other substantive changes to the lists, except projects funded on an emergency basis, go through a public review process first. The public review process will include placing it on Natural Resources Division's website.

Drinking Water State Revolving Fund projects that are qualified (in whole or in part) for Green Project Reserve will be ranked on the same state priority list with non-Green Project Reserve projects and will be identified as Green Project Reserve projects on the fundable list. Once ranked they will be selected separately from non-Green Project Reserve projects, using the same priority system principles described above, until the total value of executed assistance agreements in qualified Green Project Reserves projects totals an amount equal to capitalization grant requirements, see [Chart 5](#).



### **3. Fundable List of Projects**

As stated in 40 CFR 35.3555I(2)(i), the IUP must contain a fundable list of projects that are expected to receive assistance from available funds designated for use in the current IUP. The WRD Section defines “receive assistance” to mean closing a loan and expending funds. Projects that are ready to proceed are added to the Fundable Project Priority List and bypass those projects that are not on schedule. It is Arkansas’ intent to offer funding to all of the projects listed on the Priority List. The Fundable List simply shows those projects that expect to receive assistance from the Drinking Water State Revolving Fund in this fiscal year ([Chart 4](#)).

#### **a) Ready to Proceed**

“Ready to proceed” means a project that has been approved by Arkansas Natural Resources Commission. Projects that have met this requirement are moved to the fundable portion of the Project Priority List and bypass those projects that are not on schedule or have not submitted an application for funding.

#### **b) Binding Commitments**

The Division has defined the Binding Commitment date as the date the Bond Purchase Agreement (BPA) is signed by all parties and the loan is closed. The Bond Purchase Agreement sets out the terms of the bond that will be issued by the borrower and purchased by ADFA. Binding Commitment and subsequent Loan Closing typically occur six months to one year after Arkansas Natural Resources Commission funding approval. Funding or loans approved by the Commission but without a binding commitment are considered “approved but not closed” and those with a binding commitment are considered “approved and closed.”

Arkansas anticipates that DWSRF will enter into thirty-two (32) binding commitments for approximately \$72.6 million during SFY 2021. Twenty-one (21) of these agreements are anticipated to be for small systems for approximately \$30.5 million. The funding for small systems on the SFY 2021 fundable list is equal to forty-two percent (42%) of the total estimated project costs on the fundable list. This amount exceeds the requirement that at least fifteen percent (15%) of loan funds be utilized for small systems.

### **4. Bypass Procedures**

Arkansas’ intention is to fund every project on the Priority List as it becomes ready to proceed. With the exception of an emergency public health project, the state does not plan to bypass a project that is ready to proceed for another project with a lower ranking.

If a project’s readiness to proceed changes status after it was placed on the Fundable List, the State reserves the right to put the project on hold and take another project from the Priority List that is ready to proceed in its place. Previous examples of this kind of problem include court cases being filed, other funding being withdrawn, or change in administration of the entity proposing the project. If a project is not ready to proceed, the WRD Section will substitute the next project on the priority list that is ready to proceed.

If a situation develops which causes the State to bypass a project that is ready to proceed for another project, the State will include an explanation in the Annual Report.

## **5. Emergency Public Health Projects**

Arkansas reserves the right to fund projects not on the Priority List if these projects protect the public from an imminent health threat. The ADH is the sole entity in Arkansas that can declare a situation to be an imminent health threat. The Director or his designee would make the determination of an imminent health threat based on an immediate risk to the public health caused by a situation that is amenable to correction. The project developed to correct the situation would still have to meet eligible qualifications for funding from the DWSRF program. This procedure would allow a project designated as an imminent health threat to bypass the Priority List and Fundable List phases of the DWSRF program only.

Arkansas will notify EPA in the event a project is designated as an imminent health threat, and the project would be reported as such in the Annual Report.

## **C. Type and Terms of Assistance**

Prior to FFY 2010, the Division made the decision to provide one type of assistance - loans. Loans provide the most flexible use of the funds. By providing assistance in the form of loans, the Division can vary the terms of the loans to help Disadvantaged Communities, refinance existing debt to improve the finances of entities or pledge the loans to Leverage Issues which would increase the funds available for the program. Beginning with the 2009 American Recovery and Reinvestment Act and the FFY 2010 Capitalization Grant, the Division may offer additional subsidization in the form of principal forgiveness, negative interest rate loans, or grants.

Assistance will be provided in the form of a loan for up to one hundred percent (100%) of the eligible cost of projects. Loans at below market interest rates provide affordable financing and incentives for loan applicants to meet the program requirements. The program provides for flexibility and the perpetuity of the DWSRF.

### **1. Lending Rate**

The lending rate is composed of two parts: the interest rate and the servicing fee. The lending rate will be determined at the time the borrower is developing the Bond Purchase Agreement and the Bond Ordinance. Rates are set as follows:

Standard Lending Rates:

- 1.00% for a ten (10) year repayment period (0% interest, 1% fee)
- 1.75% for a twenty (20) year repayment period (0.75% interest, 1% fee)
- 2.25% for a thirty (30) year repayment period (1.25% interest, 1% fee)

The Division varies the lending rate in this manner to encourage entities to repay loans as quickly as possible. The quicker that entities repay the sooner the DWSRF program will be able to use these funds on future projects.

The service fees are deposited into the Fees and Administrative account which is outside of the DWSRF and not subject to the four percent administration cap applicable to the DWSRF.

## **2. Repayment Period**

The standard repayment period is set at 20 years. Upon request the repayment period may be extended to 30 years. In addition, the repayment period may be adjusted to provide disadvantaged communities with an incentive to use the DWSRF program. An approved applicant's maximum loan term is typically 20 years. However, the option to extend the term (repayment period) based on the life of the project is available. In no case will the extended loan term exceed the estimated life of the project.

## **D. Service Fee**

The servicing fee is collected as part of the semi-annual loan repayment. These funds are placed in the DWSRF Administration Account, which is a separate fund, and are used to fund eligible program expenses.

## **E. Green Project Reserve (GPR)**

The Green Project Reserve mandate was removed in the FFY 2012 appropriation and the DWSRF program is no longer required to meet the 20% requirement on each cap grant. The Division will continue to solicit for "Green" projects from Public Water Systems (PWS).

To be eligible for GPR funding, the applicant must be a public water system and the project must demonstrate that it will facilitate compliance with national primary drinking water regulations or otherwise significantly further the public health protection objectives of the SDWA. Projects eligible for Green Project Reserve will be in one of the following categories:

- Energy Efficiency – Projects that reduce the energy consumption of eligible drinking water infrastructure.
- Water Efficiency – Projects that use improved technologies and practices to deliver equal or better services with less water.
- Green Infrastructure – Projects that include practices that manage wet weather to maintain and restore natural hydrology by infiltrating, evapotranspiring and capturing and using stormwater. In the context of the DWSRF, green infrastructure consists of site-specific practices, such as green roofs and porous pavement at drinking water utility facilities. In addition to managing rainfall, these green infrastructure technologies can simultaneously provide other benefits such as reducing energy demands.
- Environmentally Innovative – Projects that demonstrate new and/or innovative approaches to delivering service and/or managing water resources in a more sustainable way, including projects that achieve public health protection and environmental protection objectives at the least life-cycle costs.

## **F. Regionalization**

Regionalization is the physical interconnection and consolidation of two or more systems including the transfer of all assets to a single system. At least one of the systems must be a small public water/sewer system, a system servicing 10,000 or fewer customers. In cases where a regional solution is clearly feasible but is not pursued, those systems should not expect to receive priority for government subsidy.

## G. Additional Subsidization

The Division has developed the following system to determine if a project is eligible for additional subsidization funds for the Drinking Water Revolving Loan Fund. Arkansas provides additional subsidization in the form of principal forgiveness. See [Chart 5](#) for additional subsidization projects on the SFY2021 fundable project list.

To be eligible to receive additional subsidization from the fund, a borrower must show either:

- 1) The current utility rates or proposed utility rates for 4,000 gallons of water on an annual basis are at least 1.5% of the Median Household Income (MHI) for the project area, or;
- 2) At least 51% of the customers who benefit from the project have either low or moderate income as defined by the U.S. Department of Housing and Urban Developments' Community Block Grant (CDBG) Program; and have 1.25% of Median Household Income.

Once a project has been determined to be eligible for additional subsidization from the DWSRF, additional priority will be given to projects that meet the Regionalization or Green standards set by NRD and additional principal forgiveness may be provided.

NRD has allocated a total of \$41.1 million for projects or project components eligible for additional subsidization, leaving approximately \$5.5 million in additional subsidization available for allocation, including the estimated 2020 cap grant additional subsidization of \$2,319,240 and disadvantaged community of \$993,960. See [Chart 5](#) for the additional subsidization estimated for projects expected to have a binding commitment in SFY2021.

	DWSRF Congressional Add Sub	Cap Grant Status	Arkansas DWSRF Cap Grant	Minimum Congressional Add Sub	Max Congressional Add Sub	Congressional Add Sub Total Available	ANRC Allocated to Add Sub & Dis. Adv. Cpmunity (^ all or part not in PBR)	Available Congressional Add Sub	Reserved for Disadvantaged Community (Principal Forgiveness)	Net Add Sub & Disadvantaged Available
2010		Closed		6,161,700		6,161,700	6,162,682	-	0	0
2011		Closed		4,276,510		4,276,510	4,277,511	-	0	0
2012		Closed		2,716,400	4,074,600	4,074,600	4,074,600	-	0	0
2013	20% minimum, 30% maximum	Closed		2,548,600	3,823,300	3,823,300	2,599,796	-	0	0
2014		Closed		2,706,800	4,060,200	4,060,200	4,060,200	-	0	0
2015		Closed		2,689,000	4,033,500	4,033,500	4,393,500	(360,000)	* 360,000	0
2016	20% mandatory	Open	12,719,000	2,543,800	-	2,543,800	^ 6,359,500	(3,815,700)	* 3,815,700	0
2017		Open	12,610,000	2,522,000	-	2,522,000	^ 3,839,973	(1,317,973)	* 1,317,973	0
2018		Open	16,711,000	3,342,200	-	3,342,200	^ 3,342,200	-	* 0	0
2019		Open	16,555,000	3,311,000	-	3,311,000	^ 2,078,915	1,232,085	* 993,300	2,225,385
2020	14% mandatory	Open	16,566,000	2,319,240	-	2,319,240	^ 0	2,319,240	* 993,960	3,313,200
<b>Totals:</b>				35,137,250	15,991,600	* 40,468,050	41,188,877	(1,942,348)	* 7,480,933	5,538,585

Total Max Add Sub + Max Disadvantaged Allowed: 37,150,773

\* Binding Commitments required within 12 Months of Fund Availability  
^ all or part not in PBR

## H. Disadvantaged Community Assistance

Arkansas will provide some incentive for disadvantaged communities to use the DWSRF program. Because of the limited funds the DWSRF program receives, that assistance is limited to offering additional subsidization (principal forgiveness) or extending the maximum repayment period for loans. See [Chart 5](#) for the disadvantaged community assistance estimated for projects expected to close in SFY2021.

Cap Grant	Disadvantaged Community Assistance
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2016	3,815,700
2017	2,575,398
2018	0
2019	993,300
2020 (estimate)	993,960

*\* Binding Commitments required within 12 Months of  
Fund Availability for Principal forgiveness*

## 1. Disadvantaged Community

In Arkansas, a disadvantaged community has been defined as any community:

With a Median Household Income (MHI) below that of the State's MHI. Arkansas' MHI is the average of the most recent three (3) years of available data on the ACS 5-year estimates provided by UALR. Arkansas' MHI for SFY2021 is \$40,276.

## 2. Affordability Criteria

The Division will offer two types of assistance to disadvantaged communities: an extension of the repayment period and additional subsidization. One of the criteria used is a comparison of the entity's MHI against the State's MHI.

## 3. Identification of Projects

The [Project Priority List](#) and [Chart 5](#) include a column defining which projects will qualify as disadvantaged communities.

### I. Wage Rate Requirements (Davis-Bacon)

Starting in FFY2013 and thereafter, Davis-Bacon wage requirements now applies to construction of all projects carried out in whole or in part with assistance made available by a DWSRF program. Arkansas agrees to include in all agreements to provide assistance for any construction project carried out in whole or in part with such assistance made available by a drinking water revolving loan fund as authorized by section 1452 of the Safe Drinking Water Act (42 U.S.C. 300j-12), a term and condition requiring compliance with the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) in all procurement contracts and sub-grants, and require that loan recipients, procurement contractors and sub-grantees include such a term and condition in subcontracts and other lower tiered transactions. All contracts and subcontracts for any construction project carried out in whole or in part with assistance made available as stated herein shall insert in full in any contract in excess of \$2,000 the contract clauses. This term and condition applies to all assistance agreements under the authorities referenced herein, whether in the form of a loan, bond purchase, grant, or any other vehicle used to provide financing for a project. NRD will continue to update this term and condition as updated procedures are provided with subsequent cap grants.

## VI. Financial Planning Process

Arkansas Natural Resources Commission manages three State programs and two additional federal programs to meet the drinking water needs in the State. These programs can also fund the projects

eligible for DWSRF funding. The financial planning process used for the DWSRF program considers all of these sources of funding and each one's strengths and weaknesses.

Arkansas also has an organization called the Water/Wastewater Advisory Committee that reviews all water and wastewater projects before the project applies to a funding program. This process allows the WRD Section to have some idea of future projects and who they are likely to apply to for funding. This information is also used to project the future demand for DWSRF funds.

The Division contracts professional financial advisors and bond counsel to help keep abreast of changes in the financial market and both state and federal bond law. These professionals advise us on current market conditions so lending rates and repayment periods can be adjusted as needed. They also provide information on the consequences of leveraging, both in terms of funds that can be raised and the long-term effects of repaying the bondholders.

The DWSRF program is continually being reviewed in terms of future demand, changes in loan terms and the need to leverage the program. The primary concern is always to provide low cost loans to entities in Arkansas while maximizing the funds available, so no one is turned away because of the lack of funds.

From time to time the Division, through Arkansas Development Finance Authority, issues bonds secured by the revenues from the pledged DWSRF project loans. Proceeds from any bonds issued will be deposited directly into the DWSRF. To the extent that it would benefit the program, NRD may choose to exercise its option to cross-collateralize when issuing revenue bonds. The Division leveraged bonds for the first time in SFY 2012, EPA Region 6 was contacted regarding the leveraging prior to this activity

## **VII. Financial Status**

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Arkansas' total funding sources for the DWSRF for this fiscal year are identified in [Chart 2](#), sources include capitalization grants, the required state match for those capitalization grants, interest earnings, and loan repayments. An analysis of the Un-Liquidated Obligations is displayed in [Chart 3](#).

Arkansas is striving to increase the pace of the program and reduce available funds and un-liquidated obligations each year until leveraging becomes necessary. To this end, Arkansas is working with Northbridge Consulting to further streamline our processes to reach our goal to increase the pace of disbursements.

Arkansas averaged three (3) binding commitments (loans closing) for the period 2000 to 2018. In 2019 Arkansas had eleven (11) binding commitments and in 2020 seventeen (17). The Arkansas Natural Resources Commission has approved funding for an amount up to \$62.5 million for 22 projects, as of May 30, 2020, with additional projects expected to be approved over the next 9 months.

### **A. State Match Sources**

The State of Arkansas agrees to deposit into the Drinking Water State Revolving Fund or make available through a letter of credit or a letter of credit type instrument, monies in an amount equal to twenty percent (20%) of each quarterly grant payment on or before the date on which the State receives each payment from the grant award. The State of Arkansas will fund the required State Match by using State appropriations, grants from State funding programs, bond proceeds, or servicing fees.

## **B. Leveraging of the Drinking Water State Revolving Fund**

Arkansas leverages periodically to increase the funds available for assistance. Arkansas has no plans to leverage the Drinking Water program in this fiscal year. If Arkansas decides to leverage, EPA Region 6 will be contacted prior to leveraging.

## **C. Cash Draw Ratio Proportionality**

Arkansas will disburse 100% of the state match for a capitalization grant first and then draw 100% of the Federal funds for that capitalization grant (less the set-asides). Arkansas is prohibited from disbursing State Match in any of the forms used for Additional Subsidization. As long as federal funds are required to be spent on Additional Subsidization, A.C.A. § 15-22-1102(b)(12)(B), Arkansas will continue this process for future federal cap grants.

## **VIII. Set Aside Programs and Amounts Requested**

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The Safe Drinking Water Act allows each state to set aside up to thirty 31% of its federal capitalization grant to support various drinking water programs including administration, technical assistance, state program management and special activities. Arkansas SSAF plans to use 26% of the SFY 2020 grant for set-aside activities. A portion of the state program management set-aside (\$469,980) and all of the small system technical assistance set-aside (\$331,320) will be reserved for future use. Spending has been structured to modernize the program through data collection contracts, software updates, state laboratory equipment maintenance, etc. This modernization process will improve the efficiency of the overall program and assist in the reduction of our un-liquidated obligations. Arkansas SSAF has and will continue to request set-asides for non-routine investigative monitoring, such as the UCMR, LT2ESWTR source monitoring, and source water monitoring, for ADH laboratory equipment replacement, as needed, and for updating our Source Water Assessment and Protection Plan. To maximize public health protection potential and minimize un-liquidated obligations older set-aside funding will be transferred back to the DWSRF loan account as it is determined not to be needed by the SSAF.

### **A. Administration of the Drinking Water State Revolving Fund Program**

Max Allowed: 4% (\$662,640)

FFY2020 Estimated Set-Aside: \$662,640 (4%)

As provided for in SDWA § 1452(g)(2), the maximum allowed does not exceed four percent (4%) of all grant awards received by the DWSRF, \$400,000 per year, or 1/5 percent of the current valuation of the fund, whichever amount is greatest, plus the amount of any fees collected by the State for such purpose regardless of the source. The WRD Section intends to use an amount equal to four percent of the estimated FFY 2020cap grant allotment ( $\$16,566,000 \times 4\% = \$662,640$ ) funds for payment of administrative expenses.

The WRD Section has the responsibility of managing the DWSRF program and will use the funds allocated to this set-aside program to defray the administrative costs associated with managing the program.

## B. Small Systems Technical Assistance (SSTA)

Max Allowed: 2% (\$331,320)

FFY2020 Estimated Set-Aside: \$0.00

Banked cap grants: \$331,320

Total Reserved (all cap grants): \*(\$3,609,044)

Arkansas Department of Health uses these funds to provide assistance to small water systems in assessing and implementing capacity development which will identify individual water system needs, provide corrective action plans addressing identified deficiencies (goal 40), and provide technical assistance in correcting these deficiencies (goal 1900 man-hours).

SSTA Reserved\* for future use:

Cap Grant	Amount Reserved	Amount to be re-claimed for use in SFY 2021
2007	6,084	0
2008	204,580	0
2009 (ARRA)	489,700	0
2009	204,580	0
2010	410,780	0
2011	285,040	0
2012	271,640	0
2013	254,860	0
2014	270,680	0
2015	268,900	0
2016	-54,440	0
2018	334,220	0
2019	331,100	0
2020	331,320	0
Total Reserved:	3,609,044	
Estimated total to be Re-Claimed in 2020 Cap Grant:		0

\*Reserved funds include SSTA set-asides “originally” reserved for us on a future grant as well as any SSTA set-asides that were returned to the loan fund.



## C. State Program Management Program (PWSS)

Max Allowed: 10% (\$1,656,600)

FFY2020 Estimated Set-Aside: \$1,159,620

Banked cap grants: \$496,980

Total Reserved (all cap grants): \*\*(\$7,320,825)

Funds will be used to enable the ADHE to continue to operate its Public Water Supply State Program Management (SPM) activities to ensure compliance with requirements of the Safe Drinking Water Act. Funds will be used to support full time employees and related expenses including such items as salary, fringe, indirect costs, travel, training, office supplies, PC/LAN/GIS equipment and upgrades, laboratory equipment replacement, and similar routine costs. Day to day activities will include such activities as sanitary surveys (goal 150), engineering plan reviews (goal 1400), complaint investigations, compliance tracking and grading, and technical assistance in a variety of forms to water systems, administrative activities, and other act

SPM Reserved\* for future use:

Cap Grant	Amount Reserved	Amount to be re-claimed for use in SFY 2021
2001	141,241	0
2002	228,794	0
2003	128,908	0
2004	402	0
2009 (ARRA)	2,448,500	0
2009	400,000	0
2010	500,000	0
2011	1,425,200	0
2012	850,000	0
2018	300,800	0
2019	400,000	0
2020	496,980	0
Reserve Balance:	7,320,825	
Total to be re-claimed in 2020 Cap Grant:		0

\*\*Reserved funds include PWSS set-asides “originally” reserved for us on a future grant as well as any PWSS set-asides that were returned to the loan fund.

## **D. Wellhead Protection Program (WHP)**

Max Allowed: 5% (\$828,300)

FFY2020 Estimated Set-Aside: \$828,300

Arkansas Department of Health uses these funds to provide the necessary staff resources and support to enable the Section to continue implementation and expansion of its wellhead protection program and to insure an updated and well-maintained GIS database system. Tasks include delineation of wellhead protection areas, assistance to public water systems in well siting, aquifer identification and recommended construction features, inventories for sources of contamination in source water assessment areas, hydrologic sensitivity assessments of water sources, public outreach efforts on the importance of source water protection, and other activities.

## **E. Capacity Development Program (CD)**

Max Allowed: 10% (\$1,656,600)

FFY2020 Estimated Set-Aside: \$1,656,600

Arkansas Department of Health uses these funds to accomplish the overall objective under this set-aside which is to provide a variety of technical assistance and public education activities, which will help to ensure continued sustainability and performance of public water systems in the state. Activities to be accomplished under this set-aside include such items as training and technical assistance to water systems in drafting CCRs (goal 688), water operator training and certification, publish and disseminate an informative quarterly newsletter (goal 3500 copies) for operators and other interested parties, a coordinated review of and protection from proposed point and non-point discharges (goal 800 miscellaneous permits) into sources of drinking water, provide assistance to water systems in developing local source water protection plans, participation in EPA's Area Wide Optimization Program efforts, conducting Comprehensive Performance Evaluations at water systems (goal 1 CPE), and other activities. This effort will require full time employees and associated expenses.

## IX. Small System Assistance

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Arkansas is required to allocate a minimum of 15% of the total funds available each year to funding small systems. Small systems are defined as systems that regularly serve 10,000 or fewer persons. In Arkansas there are approximately 688 Community Public Water Systems (PWS). Of those systems, approximately 52 serve a retail population of over 10,000 people and 636 serve a population of 10,000 or less.

Arkansas has worked hard with the small systems to help them meet all of the regulatory requirements of the DWSRF program. However, over the last few years, the small systems have found the DWSRF program to be slow and cumbersome and have looked elsewhere for funding. By working with applicants, the WRD Section continues to be able to interest small systems in the program.

Arkansas is required to demonstrate that at least 15% of the funds are used for small systems (SFY 2019 NIMS data, SFY2020 & SFY2021 estimates).

NIMS Data as of June 30, 2019 & Estimated June 30, 2020		Estimated as of Jun 30, 2021	
Cumulative Loans	\$ 348,677,900	Cumulative Loans	\$ 421,349,759
Cumulative Small Systems	\$ 156,452,747	Cumulative Small Systems	\$ 187,007,706
Percentage of Small System Binding Commitments	44.87%	Percentage of Small System Binding Commitments	44.38%

Arkansas is committed to continually modifying the DWSRF program in an effort to make the program more attractive to small systems. NRD continues to work towards a streamlined application process and shorter time for planning and design work.

NRD has ongoing marketing plans at various conferences and meetings describing the benefits of the Revolving Loan Fund program available to cities and communities. As always, we evaluate the need to lower the interest rates to cities that request funding. Our goal is to provide a subsidy without harming the program in the long term.

## X. Capacity Assessment

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The SDWA requires that a public water system applying for a DWSRF loan must show that it has the technical, financial and managerial capacity to ensure compliance. If a system does not have adequate capacity, assistance may only be provided if it will help the system to achieve capacity. The goal of this requirement is to ensure that the DWSRF assistance is not used to create or support non-viable systems.

### A. Technical Capacity

To demonstrate technical capacity, Drinking Water State Revolving Fund loan applicants must show that drinking water sources are adequate, that the system's source, treatment, distribution and storage infrastructure are adequate and that personnel have the technical knowledge to efficiently operate and maintain the system. As part of reviewing a loan application, Arkansas Department of Health will review the system's records to assure that the system is being properly operated and maintained. The water system must not have outstanding water compliance problems unless the DWSRF project is intended to

correct those problems. The engineering reports, plans, and specifications for the proposed DWSRF project and the system's technical capacity will all be evaluated during the loan application process.

## **B. Financial Capacity**

To demonstrate financial capacity, the applicant must show that the system has sufficient revenue to cover necessary costs and demonstrate credit worthiness and adequate fiscal controls. NRD will review the applicant's Self-Assessment Worksheets, the project budget, annual financial reports, and other financial information to ensure adequate financial capacity of the applicant.

## **C. Managerial Capacity**

To demonstrate managerial capacity, the water system must have personnel with expertise to manage the entire water system operation. Arkansas Department of Health will review the applicant's managerial capacity through supporting documentation to assure that management is involved in the day to day supervision of the water system, is responsive to all required regulations, is available to respond to emergencies and is capable of identifying and addressing all necessary capital improvements and assuring financial viability. The water system must have a qualified water operator in accordance with the state's operator certification program. After reviewing the water system's technical and managerial capacity, ADH sends a letter to the application submitter and NRD stating whether the system is eligible to be placed on the Priority List to receive DWSRF assistance.

## **D. Long-Term Capacity**

Arkansas Department of Health Engineering Section (ADHE) will assess whether each water system has a long-term plan to undertake feasible and appropriate changes in operations necessary to develop adequate capacity. In making these assessments, the ADHE will consult with local health departments and review water resource management strategies, comprehensive studies, the State's response to the Drinking Water Needs Survey and other available engineering reports in an effort to improve the overall capacity of systems requesting assistance. ADHE will encourage consolidation efforts when two or more systems can benefit and also encourage other options, such as contract management or partnerships with other communities in their area. The priority ranking criterion provides additional points to encourage this objective.

## **XI. Transfer Process**

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Arkansas is reserving the authority to transfer up to thirty-three percent (33%) of the DWSRF 2020 federal capitalization grant to the 2020 Clean Water State Revolving Fund allotment. These funds will be transferred from DWSRF construction to CWRLF construction and will not affect the total amount available for set-asides. Currently there are no plans to transfer any funds for this fiscal year.

## **XII. Cross-Collateralization Process**

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The Division implemented a system for leveraging bonds and part of that system is cross-collateralization. The Division is not planning on leveraging this fiscal year.

### **XIII. Audits and Reporting**

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Arkansas' Intended Use Plans and Annual Reports will be posted on the ANRC website:

<http://anrc.ark.org/divisions/water-resources-development/>

An independent audit, and single audit (as required), will be conducted by an outside Certified Public Accounting firm annually.

Project milestones and information are reported through EPA's Drinking Water Project Benefits Reporting database (PBR), the Federal Funding Accountability and Transparency Act (FFATA) Requirement, as well as The National Information Management System (NIMS). These databases will be updated no less than quarterly. However, the goal is to update monthly.

### **XIV. Intended Use Plan Amendment Procedures**

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Revisions to this Intended Use Plan that are determined significant will require Public Notice and EPA notification and approval. Revisions to this Intended Use Plan which are deemed to be insignificant shall be made by the Division with notification to EPA. Any changes in the project funding list shall be in accordance with procedures provided in the DWSRF Priority System and List.

# CHARTS

## Chart 1 - Summary of Funding for SRF Capitalization Grant set-asides

Summary of Funding for <b>open</b> SRF Capitalization Grant Set-Asides											
(as of 5/30/20)											
SRF Grant Year	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Remaining Balance	Grant Start Date	Expense Begin Date	Expense End Date	Grant End Date
2014	Admin	4%	533,360.00		533,360.00	533,360.00	0.00	10/1/2014	Jul-14	Jan-15	9/30/2018
	SSTA	2%	270,680.00	270,680.00	0.00	0.00	0.00		N/A	N/A	
	PWSS	10%	1,353,400.00		1,353,400.00	1,353,400.00	0.00		Aug-15	Sep-16	
	WHP	5%	676,700.00		676,700.00	676,700.00	0.00		Dec-15	Sep-16	
	Cap Dev	10%	1,353,400.00		1,353,400.00	1,353,400.00	0.00		Jan-16	Oct-16	
	Total	31%	4,187,540.00	270,680.00	3,916,860.00	3,916,860.00	0.00		Jul-14	Oct-16	
2015	Admin	4%	537,800.00		537,800.00	537,800.00	0.00	10/1/2015	Jan-15	Feb-17	9/30/2019
	SSTA	2%	268,900.00	268,900.00	0.00	0.00	0.00		N/A	N/A	
	PWSS	10%	1,344,500.00		1,344,500.00	1,344,500.00	0.00		Sep-16	Jul-17	
	WHP	5%	672,250.00		672,250.00	672,250.00	0.00		Sep-16	Aug-17	
	Cap Dev	10%	1,344,500.00		1,344,500.00	1,344,500.00	0.00		Oct-16	Sep-17	
	Total	31%	4,167,950.00	268,900.00	3,899,050.00	3,899,050.00	0.00		Jan-15	Sep-17	
2016	Admin	4%	508,760.00		508,760.00	508,760.00	0.00	10/1/2016	Feb-17	Sep-17	9/30/2020
	SSTA	2%	254,380.00	(54,440.00)	308,820.00	308,820.00	0.00		Nov-16	Jan-18	
	PWSS	10%	1,271,900.00		1,271,900.00	1,271,900.00	0.00		Jul-17	Nov-18	
	WHP	5%	635,950.00		635,950.00	635,950.00	0.00		Aug-17	Sep-18	
	Cap Dev	10%	1,271,900.00		1,271,900.00	1,271,900.00	0.00		Sep-17	Sep-18	
	Total	31%	3,942,890.00	(54,440.00)	3,997,330.00	3,997,330.00	0.00		Nov-16	Nov-18	
2017	Admin	4%	504,400.00		504,400.00	504,400.00	0.00	10/1/2017	Sep-17	Sep-18	9/30/2021
	SSTA	2%	252,200.00		252,200.00	252,200.00	0.00		Jan-18	Jul-18	
	PWSS	10%	1,361,000.00		1,361,000.00	1,361,000.00	0.00		Nov-18	Jul-19	
	WHP	5%	630,500.00		630,500.00	630,500.00	0.00		Aug-19	Jul-19	
	Cap Dev	10%	1,261,000.00		1,261,000.00	1,261,000.00	0.00		Sep-18	Jul-19	
	Total	31%	4,009,100.00	0.00	4,009,100.00	4,009,100.00	0.00				
2018	Admin	4%	668,440.00		668,440.00	668,440.00	0.00	10/1/2018	Sep-18	Sep-19	9/30/2022
	SSTA	2%	334,220.00	334,220.00	0.00	0.00	0.00		TBD	TBD	
	PWSS	10%	1,671,100.00	300,800.00	1,370,300.00	266,372.44	1,103,927.56		TBD	TBD	
	WHP	5%	835,550.00	0.00	835,550.00	477,398.51	358,151.49		TBD	TBD	
	Cap Dev	10%	1,671,100.00	0.00	1,671,100.00	1,083,234.57	587,865.43		TBD	TBD	
	Total	31.0%	5,180,410.00	635,020.00	4,545,390.00	2,495,445.52	2,049,944.48				
2019	Admin	4.0%	662,200.00		662,200.00	379,997.65	282,202.35	10/1/2019	Sep-19	Sep-20	9/30/2023
	SSTA	2.0%	331,100.00	331,100.00	0.00	0.00	0.00		TBD	TBD	
	PWSS	10.0%	1,655,500.00	400,000.00	1,255,500.00	0.00	1,255,500.00		TBD	TBD	
	WHP	5.0%	827,750.00		827,750.00	0.00	827,750.00		TBD	TBD	
	Cap Dev	10.0%	1,655,500.00		1,655,500.00	0.00	1,655,500.00		TBD	TBD	
	SWP	0.0%			0.00	0.00	0.00		TBD	TBD	
2020 Estimate	Total	31.0%	5,132,050.00	731,100.00	4,400,950.00	379,997.65	4,020,952.35	10/1/2020			9/30/2024
	Admin	4.0%	662,640.00		662,640.00	0.00	662,640.00		Sep-20	Sep-21	
	SSTA	2.0%	331,320.00	331,320.00	0.00	0.00	0.00		TBD	TBD	
	PWSS	10.0%	1,656,600.00	496,980.00	1,159,620.00	0.00	1,159,620.00		TBD	TBD	
	WHP	5.0%	828,300.00		828,300.00	0.00	828,300.00		TBD	TBD	
	Cap Dev	10.0%	1,656,600.00		1,656,600.00	0.00	1,656,600.00		TBD	TBD	
Reclaimed & Reserved	SWP	0.0%			0.00	0.00	0.00	N/A	TBD	TBD	N/A
	Total	31.0%	5,135,460.00	828,300.00	4,307,160.00	0.00	4,307,160.00				
	Admin			0.00			0.00				
	SSTA			3,609,044.00			3,609,044.00		TBD	TBD	
	PWSS			7,320,825.00			7,320,825.00		TBD	TBD	
	WHP			0.00			0.00		TBD	TBD	
Totals	Cap Dev			0.00			0.00		TBD	TBD	N/A
	SWP			1,120,160.00			1,120,160.00		TBD	TBD	
	Total		0.00	12,050,029.00	0.00	0.00	12,050,029.00				
	Set-Aside	% of Grant	Total Available	Total Reserved	Total Budgeted	Total Expended To Date	Total Remaining Balance		Expense Begin Date	Expense End Date	
	Admin		4,077,600.00	0.00	4,077,600.00	3,132,757.65	944,842.35		TBD	TBD	
	SSTA		2,042,800.00	3,609,044.00	561,020.00	561,020.00	0.00		TBD	TBD	
Current Balance Totals (Includes Estimated 19 Cap Grant)	PWSS		10,314,000.00	7,320,825.00	9,116,220.00	5,597,172.44	3,519,047.56		TBD	TBD	N/A
	WHP		5,107,000.00	0.00	5,107,000.00	3,092,798.51	2,014,201.49		TBD	TBD	
	Cap Dev		10,214,000.00	0.00	10,214,000.00	6,314,034.57	3,899,965.43		TBD	TBD	
	Total		31,755,400.00	10,929,869.00	29,075,840.00	18,697,783.17	10,378,056.83				

## Chart 2 - SDWF Sources and Uses

### SOURCES OF FUNDS

Beginning Balance (Carryover as of 6/30/20)	108,947,845.71
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#### ***State Fiscal Year 2020***

Federal Grant FFY 2018 - Balance	2,049,904.48
Federal Grant FFY 2019 - Balance	16,153,939.03
Federal Grant FFY 2020 *	16,566,000.00
State Match FFY 2020 * (FFY20 Cap Grant)	3,313,200.00
Principal Repayments *	15,775,847.43
Interest Earnings on Loans & Investments *	1,353,001.38

<b>Sub Total</b>	<b>\$ 55,211,892.32</b>
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<b>Total Sources of Funds</b>	<b>\$ 164,159,738.03</b>
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### USES OF FUNDS

#### ***DWSRF Loan Commitments for SFY 2020***

ANRC Approved Loans <i>(not closed)</i>	72,576,784.00
ANRC Approved Loans <i>(closed, undisbursed funds)</i>	29,396,550.89
ANRC - Estimated new funding applications/projects	15,000,000.00

<b>Sub Total</b>	<b>\$ 101,973,334.89</b>
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#### ***DWSRF Set-Aside Programs for SFY 2020***

Administration *	662,640.00
Small System Technical Assistance (SSTA) *	-
State Program Management (PWSS) *	1,159,620.00
Wellhead Protection Program (WHP) *	828,300.00
Capacity Development Program (CD) *	1,656,600.00

<b>Sub Total</b>	<b>\$ 4,307,160.00</b>
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#### ***Debt Service Obligations***

Leveraged Bond Principal <i>(Jul 20 to Jun 21)</i>	1,985,000.00
Leveraged Bond Interest <i>(Jul 20 to Jun 21)</i>	549,362.50

<b>Sub Total</b>	<b>\$ 2,534,362.50</b>
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<b>Total Uses of Funds</b>	<b>\$ 108,814,857.39</b>
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<b>Available Funds</b>	<b>\$ 55,344,880.64</b>
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\*Estimated amount

Fees are not deposited into the Fund; therefore, based on EPA guidance they are not included in the Sources and Uses for the Fund

### Chart 3 - ULO Analysis (Construction Funds)

Vehicle and Project(s) to Use Funds	Funds to be Disbursed	Loan Closing Date	Projected Date the Funds will begin to be Drawn	Projected Date of Final Disbursement or Transfer
<b>Loan Fund - (ANRC)</b>				
<b>Construction Projects Funded - Closed, not fully disbursed</b>				
Arkansas City (PF)	931,358.00	Jul-18	Active	Oct-20
Carlisle (L)**	31,518.00		Active	Oct-20
Central Arkansas Water (CAW) #4 (L) - (ADFA #5)	22,888,668.36		Active	Apr-21
Crossett (L)**	316,575.00		Active	Apr-23
Danville (L)**	448,817.00		Active	Oct-21
Johnson Co WUA (L)**	102,117.00		Active	Apr-20
Emerson (L)	302,820.00		Active	Oct-21
Eudora (L)	752.44		Active	Apr-20
Frenchport Water Assoc (L)**	71,835.00		Active	Apr-20
Gould (PF)	41,756.00		Active	Oct-21
Greenbrier (L)	1,361,120.00		Active	Oct-19
Harmony Grove Water Assn (L)**	260,398.00		Active	Oct-20
Helena-West Helena (L)	266,801.79		Active	Oct-20
Huttig (PF) - de-obligate	66,303.08		Active	Oct-19
Marshall (PF)	171,052.00		Active	Oct-20
Midway PWA (L)	120,660.00		Active	Apr-20
Mount Ida (L)**	500,000.00		Active	Oct-21
Nashville #5 (L)	7,626.00		Active	Apr-18
North White County Rural Water (L)**	184,123.00		Active	Oct-19
Old Bella Vista POA (PF)	18,719.00		Active	Apr-21
Pocahontas (L)**	185,953.00		Active	Apr-21
Prescott (L)	101,614.00		Active	Oct-19
Prescott (PF)	290,000.00		Active	Oct-19
Stamps (PF)	19,901.54		Active	Feb-21
Walker Water Assoc (L)	0.00		Active	Oct-20
Walker Water Assoc (PF)	58,355.68		Active	Oct-20
Watson Chapel Water (L)**	207,040.00		Active	Sep-20
Wilton, City of (PF)	312,377.00		Active	Oct-22
Wilton, City of (L)	45,000.00		Active	Oct-22
<i>Total Closed - not fully disbursed: \$29,356,551</i>				
<b>Construction Projects Funded - Approved, not closed</b>				
Arkadelphia-Gum Springs (L)	2,000,000.00	Oct-20	Oct-20	Jun-22
Arkadelphia-Gum Springs (PF)	766,900.00	Oct-20	Oct-20	Jun-22
Bauxite (L)**	120,000.00	Sep-20	Sep-20	May-22
Benton County No. 5 (L)	450,996.00	Oct-20	Oct-20	Jun-22
Benton County No. 5 (PF)	200,000.00	Oct-20	Oct-20	Jun-22
Caraway (L)	327,000.00	Sep-20	Sep-20	May-22
Central Arkansas Water (CAW)/Paron Owensville (L)	6,050,000.00	Dec-20	Dec-20	Aug-22
Clinton (L)**	1,500,000.00	Sep-20	Sep-20	May-22
Dermott (L)	1,735,648.00	Aug-20	Aug-20	Apr-22
Gillham Lake Regional WA (L)	2,400,000.00	Nov-20	Nov-20	Jul-22
Gillham Lake Regional WA (PF)	1,700,000.00	Nov-20	Nov-20	Jul-22
Hickory Ridge (L)	603,706.00	Jul-20	Jul-20	Mar-22
Hickory Ridge (PF)	603,705.00	Jul-20	Jul-20	Mar-22
Lewisville (L)	3,000,000.00	Aug-20	Aug-20	Apr-22
Madison County WFB (L)	1,300,000.00	Oct-20	Oct-20	Jun-22
Melbourne (L) **	700,000.00	Jul-20	Jul-20	Mar-22
Mitchellville (L)	293,490.00	TBD	TBD	TBD
Mitchellville (PF)	97,830.00	TBD	TBD	TBD
Nashville #4 (L)	1,100,000.00	Sep-20	Sep-20	May-22
Omaha (PF)	850,000.00	Aug-20	Aug-20	Apr-22
Palestine (L)**	351,333.00	Sep-20	Sep-20	May-22
Reed (PF)	842,201.00	Oct-20	Oct-20	Jun-22
Riversouth Rural Water Dist. (L)	3,000,000.00	Dec-20	Dec-20	Aug-22
Rosston (L)	272,826.00	Nov-20	Nov-20	Jul-22
Rosston (PF)	272,826.00	Nov-20	Nov-20	Jul-22
Salem Water Users Assoc PWA (L)	9,000,000.00	Sep-20	Sep-20	May-22
Siloam Springs (L)	31,000,000.00	Aug-20	Aug-20	Apr-22
Southeast Bradley County (PF)	505,323.00	Nov-20	Nov-20	Jul-22
Tyrnza (L)	193,000.00	Aug-20	Aug-20	Apr-22
Tri County Regional Water Distribution District (L)	800,000.00	Jul-20	Jul-20	Mar-22
Wright-Pastoria (PF)	500,000.00	Sep-20	Sep-20	May-22
<i>Total Closed - not fully disbursed: \$72,536,784</i>				
<b>Grant Balances as of 5/31/2020</b>				
Capitalization Grant FFY 2018				0
Capitalization Grant FFY 2019				12,132,987
Estimated Capitalization Grant FFY 2020				12,258,840
<b>Total ULOs</b>				<b>24,391,827</b>
<b>Total funding committed</b>				<b>101,893,335</b>
<b>ULO's uncommitted - over/(under):</b>				<b>(77,501,508)</b>



**Chart 4 - Drinking Water Fundable Project Priority List**

<i><b>IUP No.</b></i>	<i><b>Entity</b></i>	<i><b>Total Points</b></i>	<i><b>PWS ID.</b></i>	<i><b>Project Cost</b></i>	<i><b>Est. Binding Commitment</b></i>	<i><b>Population</b></i>	<i><b>Small System (Y/N)</b></i>	<i><b>MHI</b></i>	<i><b>Disadvantaged (Y/N)</b></i>	<i><b>Project Description</b></i>
20	Arkadelphia-Gum Springs (L)	60	085	\$2,000,000	Oct-20	10,716	NO	27,344	YES	Maintenance to elevated water storage tank and water booster and chlorination station
20	Arkadelphia-Gum Springs (PF)	60	085	\$766,900	Oct-20	10,716	NO	27,344	YES	Maintenance to elevated water storage tank and water booster and chlorination station
84	Bauxite (L)**	21	497	\$120,000	Sep-20	574	YES	424,074	NO	Replacement of water meters and boxes
2	Benton County No. 5 (L)	268	913	\$450,996	Oct-20	97	YES	48,077	NO	Regionalization of Rambo Water District #1 PWS #40
2	Benton County No. 5 (PF)	268	913	\$200,000	Oct-20	97	YES	48,077	NO	Regionalization of Rambo Water District #1 PWS #40
53	Caraway (L)	31	127	\$327,000	Sep-20	1,375	YES	42,292	NO	Drill Well; repair leakage in detention tank
30	Central Arkansas Water (CAW)/Paron Owensville (L)	44	465	\$6,050,000	Dec-20	330,667	NO	51,165	NO	Consolidation of Paron-Owensville Water association with Central Arkansas Water
101	Clinton (L)**	21	564	\$1,500,000	Sep-20	12,838	NO	38,148	YES	Meter Replacement
80	Dermott (L)	21	082	\$1,735,648	Aug-20	2,889	YES	22,077	YES	Upgrade chlorination system, rehab of two water storage tanks, and replace water meters
3	Gillham Lake Regional WA (L)	185	658	\$2,400,000	Nov-20	156	YES	25,893	YES	Rehabilitate and expand existing water treatment plant.

<i>IUP No.</i>	<i>Entity</i>	<i>Total Points</i>	<i>PWS ID.</i>	<i>Project Cost</i>	<i>Est. Binding Commitment</i>	<i>Population</i>	<i>Small System (Y/N)</i>	<i>MHI</i>	<i>Disadvantaged (Y/N)</i>	<i>Project Description</i>
3	Gillham Lake Regional WA (PF)	185	658	\$1,700,000	Nov-20	156	YES	25,893	YES	Rehabilitate and expand existing water treatment plant.
77	Hickory Ridge (L)	22	159	\$603,706	Jul-20	280	YES	30,568	YES	Rehab water plant, water storage tank and replace waterlines
77	Hickory Ridge (PF)	22	159	\$603,705	Jul-20	280	YES	30,568	YES	Rehab water plant, water storage tank and replace waterlines
82	Lewisville (L)	21	297	\$3,000,000	Aug-20	1,687	YES	23,182	YES	Replacement of deteriorated asphaltic concrete water mains - Rehab the distribution system to reduce water loss
110	Madison County WFB (L)	17	349	\$1,300,000	Oct-20	9,688	YES	36,502	YES	Replacing or upgrading the water tanks and booster pump stations.
26	Marshall (PF)	47	501	\$95,075	Aug-20	2,760	YES	30,214	YES	Additional funds for rehab water line project
123	Melbourne (L) **	11	256	\$700,000	Jul-20	3,600	YES	32,721	YES	Meter Replacement
66	Mitchellville (L)	27	169	\$97,830	TBD	496	YES	18,383	YES	Rehabilitation and improvements of elevated water storage tank
66	Mitchellville (PF)	27	169	\$293,490	TBD	496	YES	18,383	YES	Rehabilitation and improvements of elevated water storage tank
31	Nashville #4 (L)	43	244	\$1,100,000	Sep-20	4,327	YES	30,506	YES	Add two pumps & 2,300 lf of main to increase pressure & flow to customers and convert disinfection process from gas chlorine to hypochlorite.

<i>IUP No.</i>	<i>Entity</i>	<i>Total Points</i>	<i>PWS ID.</i>	<i>Project Cost</i>	<i>Est. Binding Commitment</i>	<i>Population</i>	<i>Small System (Y/N)</i>	<i>MHI</i>	<i>Disadvantaged (Y/N)</i>	<i>Project Description</i>
24 & 98	Omaha (PF)	48	064	\$850,000	Aug-20	1,163	YES	23,740	YES	Well house and chlorination system improvements, install generator, valve and line replacement and other improvements including new meters
96	Palestine (L)**	21	536	\$351,333	Sep-20	1,857	YES	35,170	YES	Meter Replacement
52	Reed (PF)	32	603	\$842,201	Oct-20	141	YES	18,462	YES	Replace water meters and boxes
32	Riversouth Rural Water Dist. (L)	42	674	\$3,000,000	Dec-20	4,168	YES	34,104	YES	Connect water system to the Franklin-Sebastian PWA and water line improvements along Deer Track Trail and Highway 23
35	Rosston (L)	38	395	\$272,826	Nov-20	750	YES	27,500	YES	Improvements to 50,000-gallon elevated storage tank and replace water meters
35	Rosston (PF)	38	395	\$272,826	Nov-20	750	YES	27,500	YES	Improvements to 50,000-gallon elevated storage tank and replace water meters
88	Salem Water Users Assoc PWA (L)	21	492	\$9,000,000	Sep-20	6,497	YES	55,128	NO	New water storage tank and lines
28	Siloam Springs (L)	45	056	\$31,000,000	Aug-20	14,672	NO	38,750	YES	Improvements to existing water treatment facility, extend wastewater collection system
15	Southeast Bradley County (PF)	64	870	\$505,323	Nov-20	2,665	YES	36,310	YES	Regionalize Banks into SW Bradley County Water District system
76	Tri County Regional Water Distribution District (L)	22	782	\$800,000	Jul-20	16,698	NO	40,668	NO	Install the third water treatment module at the Hector Water Treatment Plant

<i>IUP No.</i>	<i>Entity</i>	<i>Total Points</i>	<i>PWS ID.</i>	<i>Project Cost</i>	<i>Est. Binding Commitment</i>	<i>Population</i>	<i>Small System (Y/N)</i>	<i>MHI</i>	<i>Disadvantaged (Y/N)</i>	<i>Project Description</i>
78	Tyronza (L)	21	426	\$193,000	Aug-20	1,262	YES	38,125	YES	Rehabilitation of historic elevated water storage
73	Wright-Pastoria (PF)	24	695	\$500,000	Sep-20	1,268	YES	35,381	YES	Replace the existing water distribution piping, approximately 317,000 linear feet of waterline to prevent major water loss
	<b>Total Cost</b>			<b>\$72,631,859</b>			<b>\$30,514,959</b>		<b>\$55,683,863</b>	<b>Total Cost</b>
	<b>Total Count</b>			<b>32</b>			<b>21</b>		<b>20</b>	<b>Total Count</b>

*\*\* designates meter replacement projects*

**Chart 5 - Fundable Projects: Green Project Reserve – Additional Subsidy – Disadvantaged**

IUP No.	Project Name	B/C Date # Actual ^ Estimated	Term (in years)	Interest Rate	Additional Subsidy	Disadvantaged Community		Green Project Reserve	
					Principal Forgiveness Amt	Disadvantaged eligible (Y/N)	Disadvantaged Funds	Green Project Reserve Amt (estimate)	GPR Category (estimate)
20	Arkadelphia-Gum Springs (L)	Oct-20	0	0				\$1,120,000	Energy Efficiency
20	Arkadelphia-Gum Springs (PF)	Oct-20	0	0	\$766,900	** YES		\$429,464	Energy Efficiency
2	Benton County No. 5 (PF)	Oct-20			\$200,000	NO			
4	Clinton ) (L)	Sep-20	10	0.5				\$1,500,000	Water Efficiency
80	Dermott (L)	Aug-20	10	0.5				\$538,051	Water Efficiency
3	Gillham Lake Regional WA (PF)	Jul-20	0	0	\$1,700,000	NO			
77	Hickory Ridge (L)	Jul-20						\$513,150	Water Efficiency
77	Hickory Ridge (PF)	Jul-20			\$603,705	** YES		\$513,149	Water Efficiency
26	Marshall (PF)				\$95,075	** YES			
124	Melbourne (L)	Jul-20	10	0.5				\$700,000	Water Efficiency
66	Mitchellville (PF)				\$293,490	** YES			
24 & 98	Omaha (PF)	Sep-19	0	0	\$850,000	** YES	** \$850,000	\$272,000	Water Efficiency
52	Reed (PF)				\$842,201	** YES		\$842,201	Water Efficiency
35	Rosston (PF)				\$272,826	** YES			
15	Southeast Bradley County (PF)				\$505,323	** YES			
73	Wright-Pastoria (PF)	Aug-19	0	0	\$500,000	** YES	** \$143,300	\$500,000	Water Efficiency
	<b>Total Cost</b>				<b>\$6,629,520</b>	<b>\$993,300</b>		<b>\$5,808,015</b>	
	<b>Total Count</b>				<b>11</b>	<b>2</b>		<b>10</b>	

\* Energy or Water Efficiency - project expected to include GPR elements, determination of amount or percentage upon receipt of detailed bid tabs.

\*\* Disadvantaged projects receiving principal forgiveness under the Arkansas Disadvantaged Community Assistance Program = \$993,300

Total principal forgiveness: = \$6,629,520

## XV. Appendices:

### Appendix A – Project Priority List

#### Priority Setting Procedures for Drinking Water State Revolving Loan Fund

Priority Points shall be used for ranking proposed drinking water projects for eligibility for funding from the Drinking Water State Revolving Loan Fund (Fund). The points system presented below will be used.

A project otherwise determined to be eligible under the Fund may not receive funding for improvements that were not included in the original project for which priority points were assigned. The additional unranked improvements must rely on alternate funding sources for these improvements or wait for the next funding cycle for a new point's assessment. Fundable projects proposing to omit specific improvements for which points were assigned must show that this will not compromise public health and will not otherwise impair the water system's capacity when compared to the original project. Acceptable downsized projects will be reassessed and re-ranked under the priority ranking system, possibly resulting in a lower priority status.

PRIMARY MCL VIOLATIONS FACTORS	POINTS
1. Surface Water or Groundwater under the direct influence of surface water with no filtration	100
2. Treatment technique violations, microbiological MCL violations	
a. Total points for first two violations	100
b. Points for additional violations after first two	5
c. Points for imminent violation of future regulation	50
3. Acute Chemical Violations	
a. Total points for first two violations	100
b. Points for additional violations after first two	5
c. Points for imminent violation of future regulation	50
4. New Service Areas for area(s) with contaminated private drinking water sources	
a. Points for Microbial Contamination	100
b. Points for Acute Chemicals	100
c. Points for Other Chemicals	50
5. Chemical MCL Violations	
a. Total points for first two violations	50
b. Points for additional violations after first two	5
c. Points for imminent violation of future regulation	50
SOURCE VULNERABILITY FACTOR	POINTS
1. Vulnerable to point or non-point upstream discharge	
a. Microbiological	25
b. Industrial, agricultural, or mineral	15
c. Unprotected watershed	15
CONSOLIDATION / INTERCONNECTION FACTOR	POINTS
1. Consolidation with an existing system	
< 40 service connections	50

41 – 200	40
201 - 1,320	30
1,321 - 4,000	20
> 4,000	10
2. Interconnection with an existing system	
< 40 service connections	25
41 – 200	20
201 - 1,320	15
1,321 - 4,000	10
> 4,000	5
AFFORDABILITY FACTOR	POINTS
1. Total Population Served: Service Connections < 1,321	10
2. Affordability Ratio	
a) > 2.49 %	15
b) 2.0 % - 2.49 %	12
c) 1.5 % - 1.99 %	9
d) 1.0 % - 1.49 %	6
e) <1.0 %	3
OTHER DEFICIENCIES FACTOR	POINTS
1. Secondary MCL violation	25
2. Fluoridation start-up	5
3. Quantity deficiencies	
Continual/frequent outages	25
Peak demand/daily shortages	20
Peak demand/seasonal shortages	10
Peak demand/sporadic shortages	5
3. Design deficiencies	
Disinfection	10
Chemical Feed	8
Mixing	8
Clarification	8
Filtration	8
Storage	8
Distribution/low pressures	10
Distribution/deteriorated mains	8
Distribution/unaccounted for water	8
Treatment capacity	8
Intake structure	8
Well construction	10
BONUS POINTS	POINTS
1. Board Member or City Council Training in the past 5 years	15
2. Up-to-date Asset Management Plan	10

## Eligibility for Priority Points

Projects for public water systems shall not be eligible for points in any category unless they meet the requirements specified below for that category. Should two or more projects accumulate the same number of points, priority will be given beginning with the project serving the least population and moving to the project serving the next higher population, until all projects with that point total are prioritized.

It should be noted that discretion will be used in the awarding of points in the following categories. If a public water system is accumulating violations due to negligence or inattention on the part of the system, points will not be awarded. The system must be taking reasonable actions to achieve compliance.

## Primary MCL Violations Factors

- 1) Surface Water or Ground Water under the direct influence of surface water with inadequate filtration
  - a) Points will be awarded only for a water system that currently is required by the Safe Drinking Water Act to provide filtration, and the system does not have a filtration system that complies with the Safe Drinking Water Act regulations. In the case of consolidating systems where the project applicant does not qualify, but one of the consolidating systems does, then points will be awarded based on the consolidating system. If there are multiple consolidating systems within the same project which are SW or GWUDI, then an additional five (5) points will be awarded for each system after the first.
- 2) Treatment technique violations and microbiological MCL violations.
  - a) Points will be awarded only for a water system that has had more than one treatment technique or microbiological MCL violation of the Safe Drinking Water Act during the eighteen months preceding the date of the most recent ranking questionnaire.
  - b) Each microbiological MCL violation and treatment technique violation will be counted as an individual violation, even if they occur in the same month. Points can be awarded for multiple violations of the same type or in combination with other violation types, (e.g.; if a system had both a microbiological MCL and a treatment technique violation in the same month, they would get points for two violations in that month.).
    - i) One hundred (100) points total will be awarded for the first two (2) violations.
    - ii) Five (5) points will be awarded for each additional violation.
    - iii) Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS treatment technique or microbiological violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.
- 3) Acute Chemical & Chemical MCL violations.
  - a) Points will be awarded only for a water system that currently has contamination from a Safe Drinking Water Act regulated contaminant, or other chemical contaminant for which no MCL has been adopted, which presents an acute health risk to consumers, based on EPA standards, health advisories, or other peer reviewed health risk studies found acceptable to the Department.
    - i) One hundred (100) points will be awarded for the first two (2) violations.
    - ii) Five (5) points will be awarded for each additional violation.
    - iii) Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.
- 4) New Service Area for Area(s) with contaminated Private Drinking Water Sources. Points may be awarded for a project to provide public drinking water service to an unserved area provided that:



- a) At least 10% of the private water sources in the project area are sampled at random for microbiological contamination and at least 50% of those samples are coliform positive; or
  - b) At least 10% of the private water sources in the project area are sampled at random for a regulated acute chemical contaminant and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA; or
  - c) At least 10% of the private water sources in the project area are sampled at random for other chemical contaminants and at least 50% of those samples exceed the Maximum Contaminant Level or Action Level specified by EPA.
- 5) Chemical MCL Violations. Points will be awarded only for a water system that currently has contamination from a Safe Drinking Water Act regulated contaminant at a level which exceeds the MCL or Action Level specified by EPA and has not already received points under “Acute Chemical Violations.”
- a) Each chemical MCL violation will be counted as an individual violation, even when multiple violations occur in the same reporting period. Points can be awarded for multiple violations of the same type (inorganic, organic, radiochemical, etc.) or in combination with other violation types, (e.g.; if a system had both an arsenic MCL and a barium MCL in the same reporting period, they would get points for two violations in that reporting period.).
    - i) Fifty (50) points will be awarded for the first two (2) violations.
    - ii) Five (5) points will be awarded for each additional violation.
    - iii) Fifty (50) points may be awarded to a project whose purpose is to prevent a future NPDWS violation based upon promulgated EPA regulations or EPA regulations which are essentially final, but not yet promulgated.

## **Source Vulnerability Factors**

- 1) Source Vulnerable Due to Contamination from a Point or Non-point Source Discharge (with the potential to cause microbiological contamination). Points will be awarded only to a surface water source where there exists identifiable point or non-point discharges which can be documented to result in, or can potentially result in, instances where the raw water coliform concentrations exceed the limitations set forth in Section IX.A of the “Rules and Regulations Pertaining to Public Water Systems”, or otherwise cause significant microbiological contamination of the source water.
  - a) Source Vulnerable Due to Contamination from Industrial Operations. Points will be awarded for a water source where analyses indicate the occasional presence of hazardous chemicals from an industrial source. In the case of a water system utilizing a ground water source, points will be awarded when documentation is provided that a contaminant plume exists in the source aquifer and is approaching the wellhead.
  - b) Source Vulnerable Due to Contamination from Agricultural Operations. Points will be awarded for a water source where analyses indicate the occasional presence of agricultural chemicals. Points will be awarded in the case of a water system utilizing a ground water source, only when analyses indicate the occasional presence of contaminants of agricultural origin in the source water or documentation of a contaminant plume in the source aquifer which is approaching the wellhead.
  - c) Source Vulnerable Due to Potential Contamination from Oil, Gas, or Mineral Operations. Points will be awarded for a surface water source where analyses indicate the occasional presence of contaminants from oil, gas, or mineral operations. Points will be awarded for a ground water source where the recharge area contains oil, gas, or mineral operations that have caused a plume of contamination that is approaching the water supply wellhead.

- d) Source with Inadequate Buffer Zone. Points will be awarded for a surface water source where the required 300-foot buffer zone required under the Arkansas Rules and Regulations Pertaining to Public Water Systems has not been obtained. Points will be awarded for a ground water source where the 100-foot radius buffer area zone required in these regulations has not been obtained.

### **Consolidation/Interconnection Factor**

1. Consolidation with an Existing System. Points will be awarded only for systems which agree to legally merge with another water system which is fully compliant with Safe Drinking Water Act water quality regulations or will become compliant as a result of the merger. In cases where multiple systems will consolidate, point assignments will be based upon the number of service connections of the smallest system. Extra points for additional consolidating systems under the same project will be assigned at a rate of ten percent (10%) of the original rate for each additional consolidating system.
2. Interconnection with an Existing System. Points will be awarded only for systems which propose an interconnection and water purchase agreement with another water system, which is SDWA compliant, as a means of resolving a water quantity or quality problem for which points are awarded. In cases where multiple systems will interconnect, point assignments will be based upon the number of service connections of the smallest system. Extra points for additional systems under the same project will be assigned at a rate of ten percent (10%) of the original rate for each additional consolidating system.
3. Projects are eligible for either consolidation points or interconnection points, but not both.

### **Affordability Factor**

1. Total Population Served. Points will be awarded for systems serving fewer than 1321 service connections.
2. Affordability Ratio. Points will also be awarded based on the value of the Affordability Ratio, calculated as the current average yearly residential rate, based on a usage of 4000 gallons of water per month, divided by the Median Household Income. The Median Household Income shall be based on the entire service area of the project water system using the most current information available.

### **Other Factors – Public Health Improvements or Deficiencies**

1. Secondary MCL Violations. Points will be awarded only for those water systems where analyses document that a violation of an MCL for any of the Secondary Drinking Water Standards has occurred.
2. Fluoridation start-up. Points will be awarded for those water systems adding installing fluoridation to the treatment process.
3. Quantity Deficiencies
  - a. Continual Shortage (Frequent Outages). Points will be awarded only for a water system that experiences frequent complete pressure losses, which are the result of demand exceeding supply, and are not the result of main break, equipment failure, lack of proper maintenance, or other operational failures.
  - b. Shortage During Peak Demand Period (Daily). Points will be awarded only for a water system that frequently experiences minimal pressures due to daily demand exceeding supply.
  - c. Shortage During Peak Demand Period (Seasonal). Points will be awarded only for a water system that has to routinely issue conservation orders during heavy use periods or experiences minimal pressures during heavy use periods.
  - d. Occasional Shortage During Peak Demand Period. Points will be awarded only for a water system that, once or twice a year, experiences some pressure loss due to peak demands.

#### 4. Design Deficiencies

- a. Inadequate Disinfection. Points will be awarded for a water system that either does not disinfect or does not continuously disinfect due to equipment failure or lack of adequate feed rate capacity. Points may also be awarded for inadequate chlorine contact time (CT) as defined by regulation.
- b. Inadequate Chemical Feed. Points will be awarded only for a water system that is unable to either reliably or consistently feed adequate chemicals to meet treatment objectives.
- c. Inadequate Mixing. Points will be awarded only for a water system whose rapid mixing detention time is inadequate based on Department design standards.
- d. Inadequate Clarification. Points will be awarded for a water system whose clarification process is functioning improperly due to an inadequate detention time, using Department accepted design standards. Points will be awarded for a water system where improper functioning is occurring due to mechanical or structural failure.
- e. Inadequate Filtration. Points will be awarded for a water system whose filtration process is functioning improperly due to excessive filtration rates, damaged underdrains, or other physical plant defects. Points shall not be awarded under this section if points were awarded under the section pertaining to filtration of surface water or groundwater under the direct influence of surface water.
- f. Inadequate Storage. Points will be awarded only for a water system whose usable storage is less than one day's average system demand.
- g. Inadequate Distribution (Low Pressures). Points will be awarded only for a water system that has areas of chronic low pressure due to localized peak demands.
- h. Inadequate Distribution (Deteriorated Mains). Points will be awarded only for a water system that has chronic consumer complaints that can be directly tied to the deterioration of cast iron, galvanized, or other metal piping, or has frequent main breaks due to deteriorated pipe.
- i. Inadequate Distribution (Unaccounted for Water). Points will be awarded only for a water system that has unaccounted for water at a level that exceeds 10% of average daily production.
- j. Inadequate Treatment Unit Capacity. Points will be awarded only for a system whose plant, or individual process units in the plant, are undersized for process flow rates determined by using Department accepted design standards.
- k. Inadequate Intake Structure. Points will be awarded only for a water system whose intake structure is either unable to deliver an adequate quantity of water or whose intake structure will not allow for adjustment of withdrawal depth.
- l. Improper Well Construction. Points will be awarded only for a water system whose well is vulnerable to surface drainage into the well from improper wellhead and appurtenances construction or inadequate casing and/or grouting.

#### Bonus Points

1. Board Member or City Council Training in the past 5 years. Points will be awarded to systems for training.
2. Up-to-date Asset Management Plan. Points will be awarded only for a water system whose Asset Management Plan is current.

### SFY2021 Drinking Water Project Priority List

No.	PWS	Total Points	PWS ID.	Project Cost	Est. Binding Commitment Date	Population	Small System (Y?N)	MHI	Disadvantaged (Y/N)	Project Description
1	North East Water Association	331	33	\$12,200,000	TBD	3,540	YES	\$19,689	YES	System Expansion to serve Henderson & Gamaliel Areas
2	Benton County Water Authority #5	913	040	\$854,696		1,468	YES	\$48,077	NO	Main Replacements and Interconnection to Rambo Water District No. 1
3	Gillham Lake Regional Water System	185	658	\$4,083,100		N/A		N/A		Water Treatment Plant Rehabilitation and Expansion
4	Clinton Waterworks	175	564	\$4,400,000	9/22/2014	5,725	YES	\$30,125	YES	Water Treatment Plant Clarifier
5	Mena Water Utilities	174	438	\$1,084,000		5,590	YES	\$28,222	YES	Irons Fork Water Treatment Facility Improvements
6	Hozanna Heights Water Association	149	884	\$5,180		79	YES	\$18,682	YES	New Treatment Installation
7	Central Arkansas Water	144	465	\$16,400,000		330,667	NO	\$51,165	NO	West Pulaski County Extension
8	Pleasant View Water PFB	127	202	\$1,287,098		1,698	YES	\$34,819	YES	Royal Oak and Manitou Mountain Extensions
9	Siloam Springs Water Works	124	56	\$21,033,125		19,022	NO	\$38,750	YES	Water Treatment Facility Improvements
10	Lockesburg	84	517	\$2,222,985	12/1/2014	853	YES	\$31,213	YES	Replacement of Distribution System
11	Old Bella Vista POA	83	753	\$500,000		130	YES	\$30,700	YES	Water System Improvements
12	Viola	74	205	\$85,000		387	YES	\$35,673	YES	Rehabilitation of Existing Storage Tank
13	Scranton Waterworks	73	330	\$5,974,000	6/19/2013	1,100	YES	\$24,500	YES	Connection to the City of Clarksville - Transmission Facilities
14	Lee County Water Association	64	313	\$222,500		5,029	YES	\$27,901	YES	Aerator Installment
15	Southeast Bradley County Water Association	64	870	\$2,358,073		2,665	YES	\$36,310	YES	Connection and Consolidation with Banks as well as main replacements

<b>No.</b>	<b>PWS</b>	<b>Total Points</b>	<b>PWS ID.</b>	<b>Project Cost</b>	<b>Est. Binding Commitment Date</b>	<b>Population</b>	<b>Small System (Y?N)</b>	<b>MHI</b>	<b>Disadvantaged (Y/N)</b>	<b>Project Description</b>
16	Central Arkansas Water	64	465	\$2,000,000		313,588	NO	\$43,890	NO	Galvanized Pipe Replacement Project
17	Bearden	63	401	\$780,200		921	YES	\$31,095	YES	Tank Rehabilitation Project
18	Gould, City of	62	316	\$789,312		1,041	YES	\$34,107	YES	New 150,000 Gal. Elevated Storage Tank
19	Central Arkansas Water	60	465	\$35,000,000		313,588	NO	\$43,890	NO	Ozark Point Water Treatment Plant - Reliability & Redundancy Improvements, solar panels
20	Arkadelphia	60	085	\$2,843,900		10,716	NO	\$27,344	YES	Gum Springs Water System Improvements Project
21	Central Arkansas Water	58	465	\$675,000		313,588	NO	\$43,890	NO	12" Asbestos Cement & Cast Iron Pipe Replacement, Roosevelt Road
22	Central Arkansas Water	58	465	\$1,750,000		313,588	NO	\$43,890	NO	24" Suction Main to Pump Station/Tank No. 23 - Montgomery
23	Conway Corporation	53	189	\$8,000,000		52,000	NO	\$41,917	NO	Water Quality Compliance Project
24	Omaha	48	064	\$850,000		1,163	YES	\$23,740	YES	Water System Improvements
25	Jasper	47	397	\$1,108,260		466	YES	\$14,333	YES	Water Line Rehabilitation
26	Marshall	47	501	\$1,128,000		2,760	YES	\$30,214	YES	Water Line Rehabilitation
27	Chidester	45	403	\$817,500	TBD	335	YES	\$25,500	YES	New Storage Tank & Pump Replacement Project
28	Siloam Springs	45	56	\$9,600,000		14,672	NO	\$38,750	YES	Rehab Tank, New RW Transmission Main, Rehab AC Dist Mains
29	Waldo, City of	45	112	\$2,507,655	2/15/2015	782	YES	\$18,514	YES	Replacement of Existing Water Distribution System
30	Central Arkansas Water	44	465	\$6,050,000		330,667	NO	\$51,165	NO	Paron Owensville Consolidation
31	Nashville	43	244	\$850,000		4,327	YES	\$30,506	YES	Water System Improvements
32	Fifty-Six Waterworks	42	046	\$2,643,649		595	YES	\$33,750	YES	Permanent Water Main Replacement

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33	Riversouth	42	674	\$2,849,400		4,168	YES	\$34,104	YES	Water System Improvements
34	Walker	40	116	\$633,300		1,182	YES	\$29,184	YES	Tank and Water System Improvements
35	Arkansas City	39	167	\$2,750,000		366	YES	\$39,922	Yes	Water System Replacement
36	Rosston Water Department	38	395	\$545,651		750	YES	\$27,500	YES	Water Meter and Tank Improvements
37	Parkers Chapel	38	560	\$1,545,089		2,369	YES	\$41,106	NO	Water System Improvements
38	Thornton, City of	38	72	\$2,496,966	5/15/2015	972	YES	\$20,193	YES	Replacement of Existing Water Distribution System
39	Gould, City of	38	316	\$1,600,000		1,041	YES	\$15,929	YES	Distribution System Replacement
40	Central Arkansas Water	38	465	\$5,835,000		313,588	NO	\$43,890	NO	Improve Pump Station 1A, Wilson Water Treatment Plant
41	Siloam Springs Water Works	37	056	\$31,000,000		19,205	NO	\$58,569	NO	Water Treatment Facility Improvements
42	Arkadelphia	37	85	\$7,500,000		10,716	NO	\$26,420	YES	Water Treatment Plant Improvements, water meters
43	Bradley Waterworks	37	294	\$1,533,711		502	YES	\$24,632	YES	Distribution System Replacement
44	Gilmore	36	154	\$1,288,000	TBD	292	YES	\$48,750	NO	New Water Treatment Plant and New Elevated Storage Tank
45	Lee County Water Association	35	313	\$881,500		5,029	YES	\$27,901	YES	Water Line Replacement
46	Winthrop, City of	35	642	\$1,633,098	8/29/2013	474	YES	\$32,250	YES	Distribution System Replacement
47	New Hope Water Association	34	683	\$290,156		1,136	YES	\$41,106	NO	Water System Rehabilitation
48	Beebe	33	592	\$1,065,000		5,000	YES	\$40,912	NO	LWPWA Connector Main
49	Central Arkansas Water	33	465	\$1,700,000		313,588	NO	\$43,890	NO	24" and 16" Transmission Main from Tanks 14A and 14B

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50	Lawson Urbana Water Association	33	548	\$1,144,551		1,108	YES	\$41,106	NO	Well No. 4 Construction
51	Chidester Waterworks	32	403	\$1,643,716	6/14/2013	335	YES	\$28,000	YES	Distribution System Replacement
52	Mount Holly Waterworks	32	156	\$273,982		384	YES	\$41,106	NO	Water System Improvements
53	Strong, City of	32	556	\$1,341,781	5/1/2015	1,220	YES	\$21,250	YES	Water Line Replacement
54	Reed, City of	32	603	\$612,256		141	YES	\$18,462	YES	Water Line replacement
55	Caraway Waterworks	31	127	\$527,000		1,375	YES	\$42,292	NO	Water Supply Well and Tank Rehab
56	Bella Vista POA	31	39	\$4,300,500		24,485	NO	\$57,929	NO	Distribution improvements
57	Huttig, City of	31	553	\$2,100,000		777	YES	\$31,250	YES	Water Line Replacement and New Well
58	Wooster, City of	31	196	\$2,475,510		3,700	YES	\$57,471	NO	Water System Improvements
59	Eudora, City of	30	83	\$4,000,000		3,158	YES	\$18,438	YES	Water Line Replacement and System Improvements
60	Benton Washington RPWA	30	871	\$29,500,000		16,300	NO	\$44,048	NO	Water treatment improvements
61	Lakeview Municipal Water	30	420	\$230,000		575	YES	\$15,536	YES	Rehab of Storage Tank
62	Highway 4 & 24 Water Association	29	765	\$784,889		2,165	Yes	\$31,233	Yes	Water System Improvements
63	South Pike County Water	29	978	\$299,685		742	YES	\$32,045	YES	Booster Station Improvements
64	Wilton Waterworks	29	321	\$1,163,082	8/14/2013	534	YES	\$30,625	YES	Distribution System Replacement and Tank Rehab
65	Coy Waterworks	27	340	\$46,000		310	YES	\$36,250	YES	Rehab of Storage Tank
66	Saline County Waterworks PFB	27	491	\$165,800		491	YES	\$30,500	YES	Mountain Circle Standpipe

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67	North Howard RWA	27	1075	\$2,227,535		964	YES	\$33,729	YES	Replacement of Existing 10" Water Main
68	Mitchellville	27	169	\$284,987		496	YES	\$18,383	YES	Water System Rehabilitation and Tank Rehabilitation
69	Flippin, City of	25	351	\$2,000,000		3,325	YES	\$28,942	YES	Storage/Distribution Improvements
70	Village Water Association	24	115	\$402,183		417	YES	\$48,393	NO	Elevated Water Tank Rehab
71	Emerson Waterworks	24	111	\$344,700		1,145	YES	\$30,156	YES	Water Meter Replacement Project
72	Frenchport	24		\$354,068		1,669	YES	\$32,136	YES	Water Meter Replacement Project
73	McCrary	24	599	\$415,000		1,647	YES	\$29,750	YES	Water Meter Replacement Project
74	Bearden	24	401	\$303,400		855	YES	\$22,727	YES	Water Meter Replacement Project
75	Rison, City of	24	106	\$331,309		1,344	YES	\$34,271	YES	Water Meter Replacement Project
76	Wright-Pastoria Water Association	24	695	\$3,180,875		1,268	YES	\$35,381	YES	Water Main Replacement Project
77	Wabbaseka Waterworks	23	283	\$405,000		244	YES	\$22,206	YES	Water Treatment Rehab
78	Tri County Regional Water	22	782	\$800,000		16,698	NO	\$40,668	NO	Hector Plant Upgrade/Raw Water Pumps
79	Hickory Ridge	22	159	\$1,207,411		280	YES	\$30,568	YES	Water System Replacement
80	Tyronza	21	426	\$245,000		1,262	YES	\$38,125	YES	Painting Elevated Tank
81	Harmony Grove	21	402	\$609,994		2,317	YES	\$32,136	YES	Water Meter Replacements
82	Dermott Waterworks	21	082	\$1,735,648		2,889	YES	\$22,077	YES	Water System Rehabilitation
83	Harrell Waterworks	21	071	\$1,489,843		296	YES	\$28,125	YES	Water System Replacement and Tank Rehabilitation



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84	Lewisville Waterworks	21	297	\$2,916,583		1,687	YES	\$23,182	YES	Waterline Improvements
85	Mt. Ida Waterworks	21	392	\$499,800		3,218	YES	\$40,444	NO	Water Meter Replacements
86	Bauxite	21	497	\$210,000		574	YES	\$42,404	NO	Water Meter Replacements
87	Jefferson Samples Dexter	21	276	\$368,000		2,552	YES	\$36,377	YES	Water Meter Replacements
88	Junction City Waterworks	21	552	\$2,283,408		552	YES	\$46,765	NO	Water System Rehabilitation
89	Mountain View Water & Wastewater	21	542	\$675,000		5,864	YES	\$19,302	YES	Distribution System Improvements
90	Salem Water Users	21	492	\$9,000,000		15,713	NO	\$58,985	NO	Water System Improvements
91	Danville Waterworks	21	603	\$491,165		2,810	YES	\$42,800	NO	Water Meter Replacements
92	Berryville, City of	21	74	\$926,266		5,020	YES	\$28,537	YES	CR 501 Water Main Upgrade
93	Tollette Waterworks	21	618	\$46,000		339	YES	\$21,125	YES	Rehab of Storage Tank
94	Bryant. City of	21	486	\$2,000,000		15,382	NO	\$54,521	NO	Automated Meter Reading System & Replacement
95	Danville Waterworks	21	603	\$360,500		2,705	YES	\$33,632	YES	Cedar Piney Transmission Main
96	Riviera Utilities now called Lake Catherine WW & SFB	21	239	\$207,275		1,800	YES	\$38,680	YES	Meter Change out and Upgrade Project
97	Midway Water Association	21	153	\$548,580		2,100	YES	\$43,594	No	Water Meter Replacement Project
98	Palestine	21	536	\$500,000		1,857	YES	\$35,170	YES	Water Meter Replacement Project
99	Tumbling Shoals	21	579	\$1,000,000		4,830	YES	\$43,686	No	Water Meter Replacement Project
100	Omaha	21	064	\$850,000		1,163	YES	\$26,343	Yes	Water Meter Replacement Project

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101	Success	21	095	\$500,000		164	YES	\$32,725	Yes	Water Meter Replacement Project
102	Wooster	21	196	\$500,000		3,794	YES	\$61,530	No	Water Meter Replacement Project
103	Clinton Waterworks	21	564	\$1,800,000		12,838	NO	\$38,148	Yes	Water Meter Replacement Project
104	Carlisle	21	339	\$413,500		2,214	YES	\$49,545	No	Water Meter Replacement Project
105	Milltown-Washburn	21	773	\$500,000		3,807	YES	\$60,049	No	Water Meter Replacement Project
106	Garfield	21	047	\$500,000		640	YES	\$60,499	No	Water Meter Replacement Project
107	Sulphur Springs	21	057	\$500,000		628	YES	\$26,710	Yes	Water Meter Replacement Project
108	Pleasant View Water PFB	21	202	\$500,000		1,698	YES	\$34,819	Yes	Water Meter Replacement Project
109	Nashville Rural Water	21	805	\$500,000		6,958	YES	\$29,561	Yes	Water Meter Replacement Project
110	Watalula Water	21	606	\$500,000		2,278	YES	\$31,825	Yes	Water Meter Replacement Project
111	East Johnson County	20	772	\$525,000		4,210	YES	\$27,910	YES	Water Meter Replacement Project
112	Madison County Water Facilities Board	17	349	\$1,255,696		9,688	YES	\$36,502	YES	Booster Pump Station & Tank Rehab
113	Ladd Water Association	16	277	\$365,000		2,800	YES	\$28,891	YES	Water System Improvements
114	North White County	14	583	\$521,350		5,300	YES	\$40,781	NO	Water Meter Replacement
115	Washington Water Authority	14	574	\$3,689,036		16,750	NO	\$50,580	NO	Water Meter Replacment
116	Hamburg	14	015	\$2,301,916		5,481	YES	\$36,352	YES	Water System Improvements
117	Eudora, City of	14	083	\$1,758,184		3,110	YES	\$29,383	YES	Water Storage Tank Rehab

<b>No.</b>	<b>PWS</b>	<b>Total Points</b>	<b>PWS ID.</b>	<b>Project Cost</b>	<b>Est. Binding Commitment Date</b>	<b>Population</b>	<b>Small System (Y?N)</b>	<b>MHI</b>	<b>Disadvantaged (Y/N)</b>	<b>Project Description</b>
118	Watson Chapel	14	284	\$775,000		5,865	YES	\$32,498	YES	Water Meter Replacement
119	Bono Waterworks	13	126	\$180,000		1,971	YES	\$31,429	YES	Radio Meter Replacement
120	Gosnell Water Association	13	374	\$750,000		3,612	YES	\$42,475	NO	System Loop
121	Hampton Waterworks	11	70	\$296,340		1,730	YES	\$32,500	YES	Water Tank Rehab
122	Hope Tank Rehab	11	230	\$500,000		11,405	NO	\$29,774	YES	Tank Rehab
123	Vilonia	11	195	\$1,747,612		23,177	NO	\$50,000	NO	Water Meter Replacements
124	Vilonia	11	195	\$1,045,300		23,177	NO	\$50,000	NO	Waterline Improvements
125	Melbourne Waterworks	11	256	\$701,400		3,600	YES	\$32,721	YES	Water Meter Replacements
126	Nashville	11	244	\$525,000		2,053	YES	\$28,229	YES	Water Meter Replacements
127	Crossett	11	339	\$1,758,184		8,038	YES	\$30,393	YES	Water Meter Replacements
128	Gosnell Water Association	11	374	\$350,000		3,612	YES	\$42,475	NO	Meter Change out and Upgrade Project
129	Prescott, City of	11	394	\$2,997,276		5,198	YES	\$25,104	YES	Raw Water Main Replacement
130	Stamps, City of	11	296	\$2,581,633		2,268	YES	\$25,987	YES	Replacement of Existing Water Distribution System
131	Greenbrier	11	191	\$137,000		7,893	YES	\$50,316	NO	Water Meter Replacements
132	Helena Water Sewer	3	418	\$750,000		5,500	Yes	\$21,653	YES	Water Meter Replacement Project & ESCO
133	West Helena Water Works	3	416	\$750,000		7,500	Yes	\$21,653	YES	Water Meter Replacement Project & ESCO
134	Hope WL	3	230	\$450,000		11,405	NO	\$29,774	YES	Water Line Replacement

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135	Pocahontas	3	474	\$1,200,000		7,547	YES	\$34,248	YES	Water Meter Replacement Project
136	Dyer Waterworks	3	143	\$750,000		1,010	Yes	\$45,088	No	Water Meter Replacement Project
137	Mountain Top PWA	3	454	\$500,000		8,700	yes	\$59,500	No	Water Meter Replacement Project
138	Central Arkansas Water	3	465	\$50,000,000		313,588	NO	\$43,890	NO	ESCO Audit

## Appendix B - EPA Assurances

Arkansas' Intended Use Plan includes the following assurances as required by the EPA DWSRF Program Guidelines and 40 C.F.R. §35.3550.

Arkansas requires all projects to comply with federal requirements and that equivalency will not be used.

1. Assurance that the State has the authority to establish a fund and to operate the DWSRF program in accordance with the Safe Drinking Water Act.
  - The Arkansas Safe Drinking Water Fund Act (ACT 772 of 1997), ANRC Regulation XV and the Interagency Agreement between the ADH, the ADFA and ANRC establishes the proper authority, assigns responsibilities and sets up the necessary funds to manage the SDWA, section 1452 programs.
2. Assurance that the State will comply with State statutes and regulations.
  - The State of Arkansas agrees to comply with all State statutes and regulations that are applicable to DWSRF funds, including Federal Capitalization Grant funds, state match, interest earning, bond proceeds and repayments, and funds used for set-aside activities.
3. Assurance that the State has the technical capability to operate the program.
  - Since 1961 ANRC has administered State financial assistance programs. The NRD currently manages both the DWSRF and the CWRLF programs.
  - With the exception of Administration, the ADH manages the set-aside programs. There 22 new staff positions were created upon the availability of the initial set-aside funds. ADH has been granted primacy from the EPA to administer the State Public Water Supply Supervision program and continues to receive favorable reviews from the EPA Region 6 staff.
  - The ADFA manages the banking, fund accounting and auditing requirements. It has administered the CWRLF program since 1987 and many other state and federal financial assistance programs. No new staff positions are anticipated.
4. Assurance that the State will accept Federal Capitalization Grant funds in accordance with a payment schedule.
  - The State of Arkansas agrees to accept the federal grant payments in accordance with the negotiated payment schedule and use those payments for the activities of the DWSRF and State set-aside programs under SDWA Section 1452.
5. Assurance that the State will enter into binding commitments with assistance recipients to provide assistance from the Fund.
  - Binding commitments must be made in an amount equal to the amount of each capitalization grant payment and accompanying State match that is deposited into the Fund and must be made within one year after the receipt of each grant payment.
  - A State may make binding commitments for more than the required amount and credit the excess towards the binding commitment requirements of subsequent grant payments.
  - If a State is concerned about its ability to comply with the binding commitment requirement, it must notify the RA and propose a revised payment schedule for future grant payments
6. Assurance that the State will deposit all Federal Capitalization Grant funds in the fund or set-aside accounts.
  - The State of Arkansas agrees to deposit all the Federal Capitalization Grant funds into the Drinking Water State Revolving Fund account except for those portions of the grant that Arkansas intends to use for set-aside purposes authorized under the SDWA (Section 1452(a)(1)(b)). Funds for set-aside activities will be placed in separate accounts inside the SDWF but outside the DWSRF account.

7. Assurance that the State will provide an amount at least equal to 20 percent of the Federal Capitalization Grant (state match) in the Fund.
  - The State of Arkansas agrees to provide an amount into the DWSRF equaling at least 20% of the amount of each Federal Capitalization Grant.
8. Assurance that the State will deposit net bond proceeds, interest earning, and repayments into the Fund.
  - The State of Arkansas agrees to credit the applicable proportion of net bond proceeds and interest earnings, and the DWSRF borrower's principal and interest repayments into the Arkansas DWSRF.
  - The State of Arkansas also agrees to deposit any 1452(k) (1) loans principal and interest repayments into the Arkansas DWSRF.
9. Assurance that the State will match Federal Capitalization Grant funds uses for 1452(g) (2) set-asides.
  - The State of Arkansas agrees to provide 100% state match funds equaling its Federal Capitalization Grant for 1452(g) (2) set-asides.
10. Assurance that the State will use Generally Accepted Accounting Principles.
  - The State of Arkansas agrees to establish fiscal controls and accounting systems, according to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board, that are sufficient to account for and report DWSRF Program activities.
11. Assurance that the State will have the fund and set-aside accounts audited annually in accordance with Generally Accepted Government Auditing Standards (GAGAS).
  - The State of Arkansas agrees to conduct an annual audit on the Arkansas Safe Drinking Water Fund in accordance with Generally Accepted Government Auditing Standards (GAGAS).
12. Assurance that the State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments (or in the case of a privately owned system, demonstrated that there is adequate security).
  - The State of Arkansas requires all DWSRF borrowers to have a dedicated source of revenues for repayments (or in the case of a privately owned system, demonstrated that there is adequate security) per ANRC Title XV.
13. Assurance that the State will commit and expend funds as efficiently as possible and in an expeditious and timely manner.
  - The State of Arkansas agrees to commit and expend all funds allotted under SDWA section 1452 "as efficiently as possible" (Section 1452(g) (3)) and in an expeditious and timely manner.
  - Federal EPA/ACH payments shall be expended within 16 quarters from scheduled payment dates. The Bond proceeds shall be expended within 3 years from the bond issue dates. The State Match funds shall be expended in a prudent and expeditious managerial manner.
14. Assurance that funds will be used in accordance with the Intended Use Plan.
  - The State of Arkansas agrees to expend DWSRF funds in accordance with the Intended Use Plan (Section 1452(b)) that has under gone public review and comment.
15. Assurance that the State will provide EPA with an annual report.
  - The State of Arkansas DWSRF agrees to complete and submit an annual report with available financial information to the Region within 90 days after the end of the States reporting period.
16. Assurance that the State will comply with all Federal cross-cutting authorities.
  - The State of Arkansas agrees to ensure that all applicable Federal cross-cutting authorities will be complied with.
17. Assurance that the State will comply with the American Iron and Steel (AIS) requirements.

- P.L. 114-113, The Consolidated Appropriations Act, 2016, includes an American Iron and Steel (AIS) requirement in section 424 that requires Clean Water State Revolving Loan Fund and Drinking Water State Revolving Fund assistance recipients to use iron and steel products that are produced in the United States for projects for the construction, alteration, maintenance, or repair of a public water system or treatment works if the project is funded through an assistance agreement executed beginning January 17, 2014 (enactment of the Act), through September 30, 2016 (the end of Federal Fiscal Year 2016).

18. Assurance of Competency.

- In 2013 EPA Issued the directive FEM 2012-2 Rev. 1, requiring organizations generating or using environmental measurement data under EPA-funded agreements to submit documentation of their competency prior to performing new grant-funded work. The directive is effective for grants totaling more than \$200,000 and issued or renewed after October 1, 2013. The goal of the directive is to assure that organizations (and their grantees/contractors) performing environmental data operations have effective quality management systems and the technical competence to generate valid environmental data.
- Competency is demonstrated through the Arkansas Department of Health's Quality Management Plan (QMP) submitted to and approved by EPA annually. The QMP provides descriptions of the quality policies, including all requirements described in EPA QA/R-2. The Arkansas Department of Health QA manager will ensure implantation of the directive through coordination with the individual EPA Programmatic Project Officers. The ADH also submits to and receives approval from EPA a Quality Assurance Project Plan (QAPP) every four years. The QAPP address the collection of environmental data made during water quality monitoring and sanitary survey program activities.

19. Signage

- Arkansas agrees to comply with the SRF Signage Guidance in order to enhance public awareness of EPA assistance agreements nationwide.

20. Arkansas will be in compliance with the following federal requirements:

- Federal Socioeconomic Cross-Cutters (DBE etc.)
- Federal Environmental crosscutters
- Federal Funding Accountability and Transparency ACT (FFATA) reporting
- Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (2 CFR Part 200)