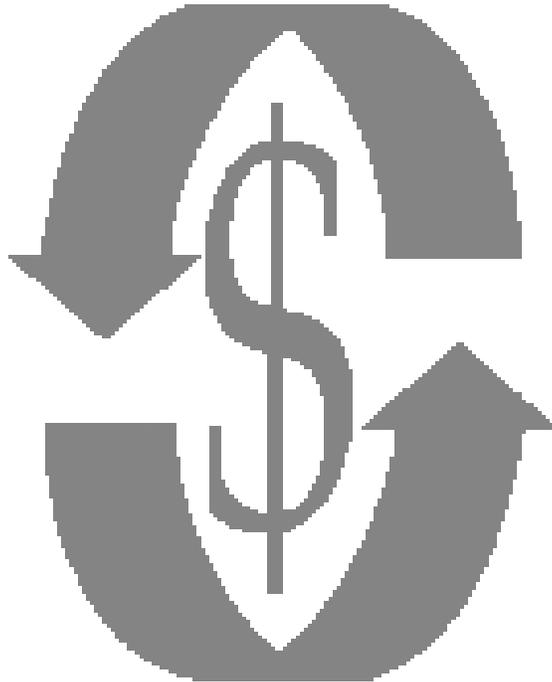


INTENDED USE PLAN
DRINKING WATER STATE REVOLVING FUND
LOAN PROGRAM
FY 2015 FEDERAL APPROPRIATION

DRAFT



Prepared by the
Tennessee Department of Environment and Conservation
State Revolving Fund Loan Program

DWSRF Loan Program Intended Use Plan for FY 2015

A. Introduction

The Safe Drinking Water Act (SDWA) Amendments of 1996 (Public Law 104-182) were enacted into law on August 6, 1996. Congress added Section 1452 to the SDWA authorizing the Administrator of the U. S. Environmental Protection Agency (EPA) to establish a Drinking Water State Revolving Fund (DWSRF) Loan Program to further the health objectives of the SDWA.

Section 1452(b) requires each state to annually prepare an Intended Use Plan (IUP) identifying the use of funds in the DWSRF Loan Program and describing how those uses support the goal of protecting public health and the environment. The following information must be included in the IUP to meet the requirements of the SDWA:

- Priority Ranking List of proposed loan projects including project description and size of community
- Description of criteria and method used for distribution of funds
- Description and amount of the set-aside activities that will be funded from the DWSRF Loan Program Capitalization Grant
- Description of the financial status of the DWSRF Loan Program
- Description of the short- and long-term goals of the DWSRF Loan Program

The IUP serves as the planning document for explaining how the fiscal year (FY) 2015 appropriations for the DWSRF Loan Program will be used. The State of Tennessee's (State) allotment of the FY 2015 Federal appropriation for the DWSRF Loan Program is \$8,845,000. The IUP describes how the State will meet the required 20 percent State match of \$1,769,000 and the intended uses of both the project loan funds and the set-aside or non-project funds allowed under Sections 1452(g)(2) and 1452(k) of the SDWA. The EPA Capitalization Grant minus set-aside funds plus the State match will provide approximately \$9,198,800 in project loan funds. A total of 84 percent or \$7,429,800 of the \$8,845,000 FY 2015 Capitalization Grant plus the required 100 percent State match will be reserved for direct loans to eligible communities. Fifteen percent or approximately \$1,379,820 of the FY 2015 Project Funds is required by Section 1452(a)(2) to provide loan assistance to systems serving fewer than 10,000 persons to the extent that there are a sufficient number of eligible projects to fund. Tennessee's DWSRF Loan Program does not set aside funds for disadvantaged communities.

B. Subsidization

No less than 20% of the FY 2015 DWSRF Capitalization Grant shall be used to provide additional subsidy to eligible recipients in the form of Principal Forgiveness. Projects funded from the FY 2015 DWSRF Capitalization Grant will receive additional subsidy of 25% in the form of Principal Forgiveness and 75% loan. Principal Forgiveness will be specified in the SRF Loan Agreement. The maximum amount of subsidy shall not exceed \$2,653,500 or 30% of the FY 2015 Capitalization Grant.

DWSRF Loan Program Intended Use Plan for FY 2015

C. Green Project Reserve (GPR) Set-Aside

The FY 2015 Capitalization Grant does not require that funds be set aside for Green Project Reserve (GPR). GPR funds are utilized for projects to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities. However, the State has chosen to set-aside 10% of the FY 2015 Project Funds for GPR.

Projects meeting GPR criteria will follow the same process as all other SRF projects. EPA's "2013 Clean Water and Drinking Water Revolving Fund 20% Green Project Reserve: Guidance for Determining Eligibility" criteria will be used to evaluate the GPR projects, regardless of the projects' ranking in the DWSRF State priority ranking system.

Roles and Responsibilities:

- a. **State Roles:** States are responsible for proactively soliciting projects that satisfy the GPR requirement. After projects are ranked and selected, the States will include a list of GPR projects in the IUP that clearly identifies categorically GPR projects and those that require a business case. The State is responsible for reviewing all GPR business cases and posting them on the SRF web site by the end of the quarter in which the loan is made. The business cases for non-categorical GPR projects do not need to accompany the IUP through the public review process, nor do they need to be submitted to EPA.
- b. **EPA Regional Role:** EPA reviews the list of GPR projects in the IUP to ensure the projects listed as categorical GPR projects match the 2015 GPR Guidance. EPA Region IV will review all business cases and evaluate compliance with GPR requirement during the annual SRF Program Overview.
- c. **EPA Headquarters Role:** EPA Headquarters has developed Procedures and GPR Eligibility Guidance that will help states identify GPR projects. EPA Headquarters will review and approve/disapprove all GPR Waivers request.

D. Davis-Bacon

For Fiscal Year 2015 the requirements of section 1450(e) of the Safe Drinking Water Act (42 U.S.C. 300j-9(e)) shall apply to any construction project carried out in whole or in part with assistance made available by a drinking water treatment revolving loan fund as authorized by section 1452 of that Act (42 U.S.C. 300j-12).

The Department of Labor provides pertinent information related to compliance with labor standards, including prevailing wage rates and instructions for reporting. The DWSRF Loan recipients will be required to comply with the Davis-Bacon Act wage rules to all contracts funded with the FY 2015 Drinking Water Capitalization Grant.

DWSRF Loan Program Intended Use Plan for FY 2015

E. American Iron, Steel, and Manufactured Goods (commonly referred to as Buy-American)

P.L. 113-76, Consolidated Appropriations Act, 2014 (Act), includes an “American Iron and Steel (AIS)” requirement in section 436 (a)(1) that requires Clean Water State Revolving Loan Fund (CWSRF) 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 the end of Fiscal Year 2015 unless a waiver is provided to the recipient by the EPA.

In order to receive a waiver, the State must send a written request to the EPA Administrator. A decision will be made based on the following criteria:

- a. The requirement is inconsistent with the public interest for purposes of the project, for which a waiver has been requested,
- b. Iron, steel, and necessary manufactured goods are not produced in the United States in sufficient and reasonably available quantities and of a satisfactory quality, and
- c. Inclusion of iron, steel, and manufactured goods produced in the United States will increase the overall cost of the project by more than 25 percent.

If a waiver is granted by the Administrator, EPA will publish such waiver, with a sufficient explanation, in the Federal Register. The DWSRF Loan recipients will be required to comply with the American Iron, Steel and Manufactured Goods in accordance with the provisions.

F. Drinking Water Priority System

Applicants for DWSRF funding must submit a letter of request for funding along with a project description, cost estimate and project start and completion. As required by SDWA, projects are prioritized by risk to human health and compliance with SDWA. Upon a request for funding, projects are evaluated and assigned from 20 points to 100 points depending on the public health and compliance issues addressed by the project as noted in the attachments. Seven categories have been established which should cover all types of drinking water projects.

These categories will include:

- Water quality problems
- Source or capacity
- Water storage
- Leakage problems
- Pressure problems
- Replacement or rehabilitation projects
- Water line extensions

Projects demonstrating the greatest risk to human health will receive the highest priority followed by projects addressing compliance problems and then projects addressing other needs.

DWSRF Loan Program Intended Use Plan for FY 2015

The DWSRF Loan Program may not provide assistance to any system that is in significant noncompliance with any national drinking water regulation or variance unless the State conducts a review and determines that the project will enable the system to return to compliance and the system will maintain an adequate level of technical, managerial and financial capability to maintain compliance.

Projects not eligible for funding are those primarily intended for the following:

- Future growth
- Economic development
- Fire protection

The following projects and activities are not eligible for funding:

- Dams
- Reservoirs
- Water rights
- Laboratory fees for monitoring
- Operation and maintenance expenses

G. List of Projects

In accordance with Section 1452(b), states must develop a list of projects that will receive funding in the first year after the grant award and a comprehensive priority list of eligible projects for funding in future years. This list must include: the name of the community; population, the type of financial assistance, and; the projected amount of eligible assistance. The list included in the IUP must contain eligible projects for which the total cost of assistance requested is at least equal to the amount of the grant being applied for before a grant can be awarded.

Additionally, the IUP must contain a description of the financial status of the State loan fund including sources and uses; contemplated loan terms and interest rates; the short-term and long-term goals of the State loan fund; a description of the means by which the State will choose those projects that are ready to proceed to construction.

H. Project By-Passing Procedures

DWSRF Loan Program projects will be funded in order based on the highest number of priority points as listed on the FY 2015 DWSRF Priority Ranking List (PRL). Using the project cost estimates on the FY 2015 DWSRF Loan Program PRL, 15 percent of the available funds will be set-aside for communities with a population of 10,000 or less. DWSRF Loan Program funding may be limited to the project costs set forth on the FY 2015 PRL. Funding may be limited to \$2.5 million per community per loan from the FY 2015 Capitalization Grant. Upon receipt of the FY 2015 Capitalization Grant, TDEC will contact the communities with the highest scoring projects on the FY 2015 PRL.

Communities that do not respond with a completed application within 120 days may be bypassed in order to fund the next highest-ranking projects that are ready to proceed. The DWSRF Loan

DWSRF Loan Program Intended Use Plan for FY 2015

Program will work with bypassed projects to ensure that the projects will be eligible for funding in the following fiscal year to the maximum extent possible. The State may substitute projects on an emergency basis. Such projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health.

I. Interest Rates and Affordability Criteria

The interest rate will be based on the community's Ability To Pay Index (ATPI). Interest rates can vary from zero to 100 percent of the interest rate reported on the 20-year Bond Buyer Index and the Municipal Market Data General Obligation Yields published every Thursday. The State may also recommend a reduction of an additional quarter (0.25) point of the interest rate, but not below -0- for loans awarded through June 30, 2015. Communities that fall within the lower economic scale of the index will be eligible for a lower interest rate. The interest rates for utility districts and water/wastewater authorities that have service areas in more than one county will be determined by utilizing the lowest ATPI of the county or city that will directly benefit from the project(s) associated with the loan. The term of the loan will be a maximum of 20 years or the useful life of the project whichever is shorter.

The methodology for assigning priority points based on health risk and compliance are explained in the Drinking Water Priority System section of this IUP. The affordability criteria are used to prioritize projects that have the same number of points based on project need. Affordability criteria are based on the Ability-To-Pay Index (ATPI) established by the University of Tennessee Center for Business and Economic Research. Communities with greater economic need are given a higher ranking. The allocation formula uses a broad definition of fiscal capacity that income, unemployment data, and population trends. It also includes per capita property tax base and per capita sales. The intent is to measure fiscal capacity in terms of the available resources for paying for services. The ATPI is revised every five years; the latest revision became effective January 1, 2015.

The DWSRF Priority List contains information detailing the name of the projects to be funded and the related assigned points, description, expected terms of financial assistance and population of the system's service area.

The attachments include the DWSRF Priority Ranking List (Attachment #1), the Priority Point Criteria for DWSRF Loan Program Projects (Attachment #2), the proposed binding commitment schedule over eight (8) quarters for FY 2015-2016 (Attachment #3), the DWSRF quarterly ASAP Schedule identifying the anticipated amount of federal dollars to be deposited into the DWSRF over eight (8) quarters (Attachment #4), the DWSRF Quarterly Disbursement Schedule projecting the transfer of cash from the Drinking Water SRF Loan Program to the loan recipients over ten (10) quarters (Attachment #5), Sources and Uses of DWSRF Funds (Attachment #6), and Public Meeting Notice for FY 2015 IUP (Attachment #7).

J. Loan Fee

A loan fee of 8 basis points (0.08%) will be charged on the DWSRF loans that are awarded on or after October 1, 2009.

DWSRF Loan Program Intended Use Plan for FY 2015

K. Description of the Financial Status of the DWSRF Loan Program

The table below details the total dollar amount in the DWSRF Loan Program project fund and the total dollar amount used as set-asides:

Prior-Year Carry-forward Funds*	+	\$ 48,404,625
Principal & Interest Receivables Projected for FY 2015**	+	\$ 9,011,794
Interest on DWSRF Loan Program Cash Projected for FY 2015**	+	\$ 57,137
FY 2015 Capitalization Grant	+	\$ 8,845,000
Less: Set-asides		
4% Administration	-	\$ 353,800
10% Public Water Supply Supervision (PWSS)	-	\$ 884,500
2% Small System Technical Assistance	-	\$ 176,900
84% Balance to Project Fund	=	\$ 7,429,800
20% of FY 2015 Capitalization Grant matched by State	+	\$ 1,769,000
DWSRF Loan Program Project Funds	=	\$ 66,672,356
*Estimated balance at June 30, 2015 pre-year-end adjustments		
**Estimated principal, interest, and treasury interest for FY 2015		

Required State match dollars have been appropriated in the State budget for FY 2015. The 20 percent match of \$1,769,000 will be deposited into the DWSRF Loan Program project fund during FY 2015 and any interest earned on the match dollars will be credited to the DWSRF Loan Program project fund.

L. Short- and Long-Term Goals/Objectives

As required by the State is to identify the goals and objectives of its DWSRF Loan Program. The goals as described below are not presented in any priority order.

The State has the following long-term goals and objectives for the DWSRF Loan Program.

Goal 1: Maintain a self-sustaining revolving loan program through the DWSRF Loan Program to provide local governments and utility districts in Tennessee with low-cost financial assistance to assure affordable drinking water for projects that comply with the SDWA.

Objective 1.A: To ensure the financial stability of loan recipients by reviewing the financial history, loan security, and user rates of loan applicants

Objective 1.B: To ensure the use of accounting, audit, and fiscal procedures that conform with generally accepted governmental accounting standards

Objective 1.C: To obligate funds in a timely manner and provide technical and administrative assistance for efficient project management

DWSRF Loan Program Intended Use Plan for FY 2015

- Goal 2:** Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects
- Objective 2.A: To ensure adequate and effective project planning, design, and construction management
- Objective 2.B: To maintain a priority ranking system and offer available funds to projects with the highest priority points that are ready to proceed

In addition to these long-term goals, the State has the following short-term goals for the DWSRF Loan Program.

- Goal 3:** Maximize funds available in the DWSRF Loan Program through cooperation with the EPA
- Objective 3.A: To prepare and submit an annual Intended Use Plan (IUP) and prepare and submit, along with the IUP, an application for the Capitalization Grant
- Objective 3.B: To actively promote and pursue all potential borrowers, which have needed eligible projects
- Objective 3.C: To provide reports to EPA covering the accomplishments of the IUP
- Goal 4:** Manage an effective and efficient DWSRF Loan Program
- Objective 4.A: To prepare and update administrative policies and guidance and standard operation procedures for the DWSRF Loan Program
- Objective 4.B: To coordinate and work with the Comptroller of the Treasury to ensure the best financing alternative to local governments
- Goal 5:** Direct the necessary resources for Section 1452(g)(2) and 1452(k) toward the State's most pressing compliance and public health protection needs
- Objective 5.A: To provide supervision and technical assistance to public water systems
- Objective 5.B: To assist development and implementation of local drinking water protection initiatives
- Goal 6:**
- Objective 6.A: Solicit green projects for placement on the DWSRF Priority List
- Objective 6.B: Evaluate potential green projects that appear to be likely to qualify in whole or part for purposes of meeting the eligibility requirements

M. Description of Criteria and Method used for Distribution of Funds

Section 1452 of the SDWA authorizes a DWSRF Loan Program. This section of the federal law also authorizes the states to provide funding other than loans for certain activities related to DWSRF called set-asides. States are required to describe in their IUP the amount and intended

DWSRF Loan Program Intended Use Plan for FY 2015

use of these set-aside funds. The State may return all unused set-aside funds to the project loan fund. Set-asides may be used according to the SDWA for administering the loan fund, Public Water System Supervision (PWSS), Well Head Protection (WHP) and Small Systems Technical Assistance (SSTA). Funds can be set-aside from each FY's Capitalization Grant for the activities listed in this section. Funds to delineate and assess source water protection areas were only available from the FY 1997 Capitalization Grant.

The State will determine uses of the Grant that provide for the long-term viability of the fund. The State proposes to use the FY 2015 Capitalization Grant for the following activities to accomplish the objective of directing funding toward the most pressing compliance and public health protection needs.

STATE SET-ASIDE ACTIVITIES

Department/ Division/Program	Activity	Costs Related to:	Comments
4% Administration (FY 2015--\$353,800)			
TDEC/ DWR*/ SRF**	Loan program administration	Personnel, rent, travel, supplies, training	Funds will be used to administer the DWSRF program.
10% State Program PWSS (FY 2015--\$884,500)			
TDEC/ DWR*	Sanitary Surveys, investigation, publications, laboratory support	Personnel, rent, travel, supplies, training	Funds to be spent within 18 months.
2% Small System Technical Assistance (FY 2015--\$176,900)			
TDEC/ DWR*/SRF**/ FTC***	Regulatory compliance assistance to water systems serving less than 10,000 persons	Personnel, travel, and printing	Funds to be spent within 18 months.
TDEC/ DWR*/SRF**/ FTC***	Technical training to water systems serving less than 10,000 persons	Travel, equipment and supplies	Supplemental funding to existing training program.
*DWR—Division of Water Resources; **SRF—State Revolving Fund Loan Program; ***FTC—Fleming Training Center			

TDEC elected to set aside 16 percent of the FY 2015 DWSRF Capitalization Grant for local assistance and other state program activities. No more than 10 percent of the grant may be used for any one activity. The allowed activities are described in Section 1452(k)(1)(C) of the SDWA.

DWSRF Loan Program Intended Use Plan for FY 2015

N. Description of Set-Aside Activities

PUBLIC WATER SUPPLY SUPERVISION (PWSS) WORKPLAN FY 2015

According to provisions of the SDWA 1452(g)(2), the State plans to set aside 10 percent (\$884,500) of the revolving loan Capitalization Grant for FY 2015 to be utilized for the following critical purposes:

- For Public Water System Supervision programs activities under Section 1443(a)
- To further develop and implement a Capacity Development Strategy under Section 1420
- To further develop and implement a Laboratory Certification Program

The PWSS set aside requires a dollar for dollar state match in addition to the 20 percent state match of the Capitalization Grant another \$884,500. At least one-half of the FY 2015 state match funds are provided by the State, plus any overmatch must be in addition to the entire amount the State expended for the PWSS program in FY 1993.

The Tennessee Department of Environment and Conservation's (TDEC) Division of Water Resource (DWR) intends to use the PWSS set-aside money to purchase equipment, supplies and travel necessary for the Drinking Water Program and to conduct the following activities.

- Review Drinking Water engineering plans
- Data Management
- Technical assistance
- Laboratory Certifications / Audits
- Enforcement / Compliance
- Public Hearings
- Public Presentations
- Training
- Sanitary Surveys

The State intends to set-aside 10% of the FY 2015 Capitalization Grant for the PWSS, which will be directed towards salaries and benefits to retain a portion of approximately 40 positions in the Division of Water Resources that conduct drinking water-related work. During FY 2015, DWR will use the majority of the set-aside money to continue the existing level of activities related to Tennessee's public drinking water program. Additional effort will include incorporating capacity development activities into the technical assistance provided to Tennessee's public water systems. In addition to continuing existing activities, DWR proposes to use set-aside money to continue to address issues raised by the 1996 amendments to SDWA.

The PWSS program goals, objectives, and deliverables for this year include such activities as continued implementation of the Enforcement Tracking Tool in conjunction with formal enforcement efforts; continue to manage and implement the laboratory certification program statewide; record keeping and evaluation of voluminous water quality data; and closely tracking monitoring and reporting requirements for all public water systems (see table below). The set-aside will also be used to pay for necessary travel expenses associated with the PWSS program and laboratory certification program. Additional technical services and assistance to public water systems include addressing challenges associated with the managerial, technical, and financial capacity of public water systems. The PWSS program will continue to evaluate its

DWSRF Loan Program Intended Use Plan for FY 2015

success in assisting public water supply systems to achieve compliance with the SDWA. Results of the PWSS program will be provided in the FY 2015 DWSRF Annual Report.

The following staff will be performing, in part, the below activities:

- TDEC Environmental Consultant series = 14 employees
- TDEC Environmental Fellow = 1 employee
- TDEC Environmental Manager = 1 employee
- TDEC Environmental Scientist series = 15 employees
- Environmental Specialist series = 4 employees
- Environmental Program Managers = 2 employees
- Environmental Protection Specialist series = 2 employees
- Environmental Field Office Manager = 1 employee

<u>ACTIVITY</u>	<u>NUMBER PROJECTED</u>
Technical Assistance to PWS's	800 telephone communications
Drinking Water Laboratory Certifications	71
Drinking Water Laboratory Audits	51
Engineering Plans reviewed	100% reviewed within 30 days of receipt
Program Administrative	Management of the PWSS program
Enforcement / Compliance	200 Compliance Status correspondence
Data Management	All reports entered into SDWIS database within 60 days of receipt

The State sufficiently matches federal money to qualify to meet the match requirements needed to be eligible for these set-aside funds. Any excess funds not expended within eighteen (18) months of receipt will be returned to the DWSRF Loan Program project fund if not needed for the Drinking Water Program.

The state is in compliance with the SDWA, which requires the state to adopt and implement a plan for certifying operators of public water systems.

The following activities were projected and achieved during FY 2014.

<u>ACTIVITY</u>	<u>NUMBER PROJECTED</u>	<u>APPROXIMATE NUMBERS ACHIEVED</u>
Technical Assistance Visits	250	521
Compliance Investigations	50	92
Community Sanitary Surveys	150	255
Non-transient Non-community Surveys	20	27
Transient Non-community Surveys	75	139
Public Hearings	9	21
Public Presentations	6	37

DWSRF Loan Program Intended Use Plan for FY 2015

SMALL SYSTEM TECHNICAL ASSISTANCE WORKPLAN FY 2015

The State plans to set aside two percent (2%) of the funds available in the FY 2015 Capitalization Grant of \$176,900 to provide technical assistance to public water systems serving 10,000 or less. These funds will provide partial funding of the eight (8) positions at the Fleming Training Center (FTC). Funds will be expended monthly across the fiscal year, with the bulk of fund anticipated to be expended within the first four (4) months of the grant receipt, as a result of high demand for small water system (SWS) and SWS operator technical assistance. Moreover, the certification program renews SWS operator licenses annually and set-aside funds will support this activity as well.

Anticipated Schedule:

Month	1	2	3	4	5	6	7	8	9	10	11	12
Anticipated Monthly Expenditure	24,000	24,000	24,000	24,000	15,000	12,000	12,000	12,000	10,000	10,000	9,000	900
Total Expenditures	24,000	48,000	72,000	96,000	111,000	123,000	135,000	147,000	157,000	167,000	176,000	176,900

The FTC provides primarily three functions: (1) training of operators in the water and wastewater industry; (2) administering the State water and wastewater operator certification program; and (3) providing technical assistance to water and wastewater facilities/operators. A listing of the FY 2015 classes that are available to public water systems is available at <http://www.tn.gov/environment/water/docs/fleming/schedule.pdf>.

In FY 2015, the goal of the instructors at the FTC will be to provide training and technical assistance to small water system operators to troubleshoot and calibrate equipment, teach safety around water treatment facilities, help achieve and maintain compliance with the SDWA and protect the public. Further, FTC recently conducted a survey of SWS operators in Tennessee and identified additional needs for training in the areas of laboratory activities, Homeland Security, and regulatory compliance. FTC will be looking to expand course offerings for SWS operators in these areas. Training and continuing education will be accomplished through a wide variety of course offerings and seminars. Many of these courses are offered in various locations across the state allowing greater access for operators. FTC staff will also coordinate with other TDEC staff and staff from other departments and agencies to ensure a wide variety of training opportunities statewide. Additionally, FTC staff has developed partnerships with institutions of higher learning in the region to expand opportunities for current SWS operators and those wishing to enter the field. The three instructors at FTC can provide technical assistance and consultation to small systems through on-site visits to the water systems, Facebook® and other social media, technical bulletins, or by telephone.

DWSRF Loan Program Intended Use Plan for FY 2015

FTC will also provide training on consumer confidence reports, Stage 2 DBP Rule, Lab QA/QC general operational training, continuing education for operators, regulatory compliance training, training related to backwash water discharging to receiving streams, globally harmonized systems, lead-free rule, hydrant maintenance, filtration and well rehab. FTC will continue offering training and technical assistance to small systems serving 3,300 customers or less.

Evaluations of the work accomplished will be done quarterly for training and technical assistance. Training evaluations are accomplished after each training class to determine the effectiveness of the instruction. Trip field reports after technical assistance is accomplished, as well as follow-up visits, are completed to evaluate the effectiveness of the training and assistance. Results of the technical assistance provided in FY 2015 to small public water systems will be submitted in the DWSRF Annual Report.

O. Financial, Managerial, and Technical Capacity

The State is required under Section 1452(a) (3) of the SDWA to develop a process to assess the technical, financial, and managerial capacity of water systems before a loan can be awarded. State law was amended March 10, 1998, to give authority to the Tennessee Department of Environment and Conservation (TDEC) to require all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, to demonstrate technical, managerial, and financial capacity to comply with the national primacy drinking water regulations and the provisions of the Tennessee Safe Drinking Water Act and the rules promulgated there under. The law was also amended to grant to TDEC the authority to develop a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity. Regulations governing the Capacity Development Program in the State for new systems became effective on August 29, 1999. The state is in compliance with the SDWA Section 1420 (c) (3), which requires the state to assess the effectiveness of their strategy to ensure that public water systems providers have the technical, managerial and financial capacity to operate a public water system.

In addition to the strategy, the State has two boards that evaluate the technical, financial, and managerial capacity of water systems eligible for DWSRF loans. The Water and Wastewater Financing Board addresses cases involving county and municipal government water systems and water and wastewater authorities. The Utility Management Review Board addresses cases involving utility districts and water and wastewater authorities. Loan applicants in significant noncompliance will be required to demonstrate to the DWSRF Loan Program that the proposed DWSRF project will ensure compliance. The DWSRF Loan Program will assess the loan applicant's managerial, technical, and financial capacity that will allow TDEC to recommend the loan for approval to the Tennessee Local Development Authority Board.

DWSRF Loan Program Intended Use Plan for FY 2015

P. Assurances and Specific Proposals

The State shall provide the necessary assurances and certifications described in the Operating Agreement submitted as part of the Capitalization Grant Application. This Operating Agreement is the official agreement between the State and EPA.

Pursuant to Section 1452 of the SDWA, the State certifies that:

- The State has the authority to establish a DWSRF Loan Program project loan fund and to operate the DWSRF Loan Program in accordance with the SDWA.
- The State will comply with its statutes and regulations.
- The State has the technical capability to operate the program.
- The State will accept Capitalization Grant funds in accordance with a payment schedule.
- The State will deposit all Capitalization Grant funds in the DWSRF Loan Program project fund or set-aside account.
- The State will deposit interest earnings and repayments into the DWSRF Loan Program project fund.
- The State will match Capitalization Grant funds the State uses for 1452(g) (2) set-aside.
- The State will use Generally Accepted Accounting Principles.
- The State will have the DWSRF Loan Program project fund and set aside account audited annually in accordance with General Accepted Government Auditing Standards.
- The State will adopt policies and procedures to assure that borrowers have a dedicated source of revenue for repayments.
- The State will commit and expend funds as efficiently as possible, and in an expeditious and timely manner.
- The funds will be used in accordance with the IUP.
- The State will provide EPA with an Annual Report.
- The State will comply with all federal crosscutting authorities.

In addition, the State certifies that it will conduct environmental reviews on water system projects in satisfying the National Environmental Policy Act-like (NEPA-like) requirements. The State's NEPA-like procedures are contained in the approved Operating Agreement.

The SDWA Amendments of 1996 allow states to transfer up to 33% of the DWSRF Capitalization Grant into the CWSRF or an equal dollar amount from the CWSRF into the DWSRF. Tennessee reserves the right to transfer up to \$2,918,850 between these funds.

Q. Disadvantaged Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals

In accordance with federal Executive Order 11625 dated October 13, 1971, and Executive Order 12138 dated May 18, 1979, the local government must make a good faith effort to include participation from minority and women's businesses in sub-agreement awards. The MBE fair share goal is 2.6 percent for construction and 5.2 percent for supplies, services, and equipment. The WBE fair share goal is 2.6 percent for construction and 5.2 percent for supplies, services, and equipment.

DWSRF Loan Program Intended Use Plan for FY 2015

R. Environmental Benefits

The State agrees to complete on a real-time basis the DWSRF Project Benefits Report (PBR) in accordance with the Procedures for Implementing Certain Provisions of the FY 2015 Appropriation. The following information will be entered into the DWSRF PBR; the State agrees to complete on a quarterly basis the Drinking Water Benefits Report (PBR). The following information for each recipient will be entered into the PBR; (1) Type of GPR Project, if funded, (Green infrastructure, water efficiency, energy efficiency environmentally innovative), (2) Amount of SRF loan and amount of GPR funding, (3) Brief description of the GPR project, (4) The amount of subsidy provided and (5) Population served by the project and (6) Information on the Environmental Benefits of the SRF Assistance Agreements. Copies of the PBR worksheets will be placed in the Annual Report.

S. Annual Report

Section 1452 of the SDWA requires the State to complete and submit a Biennial Report on the uses of the DWSRF Loan Program. The Annual Report shall be submitted to EPA within 90 days after the end of the fiscal year covered by the IUP. This report will contain detailed information on how the State has met the goals and objectives of the previous year as stated in the IUP and Capitalization Grant agreement. Additionally, the Annual Report will identify loan recipients (name and identification number), loan amounts and terms, Green Project Reserve projects, projects receiving subsidization (principal forgiveness), amount of subsidy, similar details on other forms of financial assistance provided from DWSRF, population of loan recipient, and other such information as EPA may require.

T. Future Legislation Affecting the DWSRF Loan Program

At the time of publication, there is future legislation that would allow privately owned water systems to borrow funds from the Drinking Water SRF Loan Program. Stipulations are that they are not eligible for Principal Forgiveness, the ATPI would be 100%, and loans would come directly from the revolving fund dollars.

U. Public Review and Comment

A public meeting was held on May 1, 2015, in Nashville to receive comments on the IUP. The State formally issued a public notice on April 1, 2015, to solicit participation in the public meeting. Over eight hundred notices were sent to local governments including municipalities, counties, water authorities, and utility districts; consulting engineers; and other interested parties that are included on the mailing list. A copy of the IUP is posted on the TDEC's website located at <http://www.tn.gov/environment/srf>. A summary of the public meeting is on file in the offices of the DWSRF Loan Program.

DWSRF Loan Program Intended Use Plan for FY 2015

ATTACHMENTS

- Attachment 1: DWSRF FY 2015/2016 Priority Ranking List
- Attachment 2: Priority Point Criteria for DWSRF Loan Program Projects
- Attachment 3: DWSRF Loan Program Binding Commitment Schedule
- Attachment 4: DWSRF Quarterly ASAP Schedule
- Attachment 5: DWSRF Loan Program Disbursements Schedule
- Attachment 6: DWSRF Loan Program Sources and Uses of Funds
- Attachment 7: Public Notice, April 1, 2015

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DWSRF Loan Program Intended Use Plan for FY 2015

Attachment 1

DRINKING WATER STATE REVOLVING FUND

FY 2015 Priority Ranking List

COMPREHENSIVE LIST

DRAFT

Total DWSRF \$ 65,868,457 \$ 27,381,057 Total Green Requested

* Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Pop.	Local Gov't	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate (%) +	Exp'd Term (Yrs)	Exp'd Loan Award Date (mm/yy)	Const Start	Const. Compl
Row left blank intentionally														
1	85	60	1,500	Gainesboro +	Jackson	GREEN - Waterline Replacement (Replace approximately 6,000 LF of waterlines, approximately 13,130 LF of service lines, 375 meters and 4 zone flow meters) - Green Business Case Required	\$ 684,150	\$ 684,150	TN0000251	1.34%	20	Dec-15	Jun-16	Jun-17
2	65	30	4,250	Monterey +	Putnam	GREEN - Waterline Replacement (Replace waterlines along Holly St, W Stewart Ave, E Stewart Ave, E Stratton Ave, Crossville St, and Hwy 70) - Green Business Case Required	\$ 2,000,000	\$ 2,000,000	TN0000471	0.67%	20	Dec-15	Jun-16	Jun-17
3	65	30	4,988	South Elizabethton Water Utility District +	Carter	GREEN - Waterline Replacement (Replace waterlines along SR 361/Dry Creek Road/SR 362, Sunny Acres, Powder Branch Road, Old Mill Ridge Road, Max Jett Road, and Hamm Hollow Road; and install VFDs at the pump station) - Green Business Case Required	\$ 680,000	\$ 680,000	TN0000646	0.67%	20	Jan-16	Jul-16	Jul-17

DWSRF Loan Program Intended Use Plan for FY 2015

DRINKING WATER STATE REVOLVING FUND

FY 2015 Priority Ranking List

COMPREHENSIVE LIST

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Rank	Priority Points*	ATPI	Pop.	Local Gov't	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate (%) +	Exp'd Term (Yrs)	Exp'd Loan Award Date (mm/yy)	Const Start	Const. Compl
4	65	70	63,966	Franklin	Williamson	WTP Improvements (Upgrade membrane filtration system; add ultraviolet advanced oxidation process and pressurized granular activated carbon contactors; and a new raw water intake and pump station)	\$ 11,666,900	\$ -	TN0000246	1.56%	20	Feb-16	Aug-16	Feb-18
5	45	40	5,000	Smith Utility District +	Smith DeKalb	Waterline Replacement (Phase I & II - replace waterlines along Main Street and Downtown/Cedar St Areas)	\$ 1,464,500	\$ -	TN0000636	0.89%	20	Sep-15	Mar-16	Sep-16
6	45	50	2,373	Parsons +	Decatur	GREEN - WTP Improvements and Distribution System Improvements (Additional basins, new sludge dewatering facilities, change disinfection process, new electrical components, and emergency generators; install an emergency power source to the Perryville WST; and replace waterline beneath Beech River) - Green Business Case Required	\$ 2,704,000	\$ 952,000	TN0000541	1.12%	20	Mar-16	Sep-16	Sep-17
7	45	60	10,200	Paris	Henry	WTP Improvements (Replace aging treatment processes - Phase II)	\$ 7,000,000	\$ -	TN0000536	1.34%	20	May-17	Nov-17	Dec-19
8	45	60	12,245	Erwin	Unicoi	GREEN - Distribution System Improvements (Install AMI meters and replace old/undersized waterlines) - Green Business Case Required	\$ 1,500,000	\$ 1,500,000	TN0000231	1.34%	20	Jan-16	Jul-16	Jun-17

DWSRF Loan Program Intended Use Plan for FY 2015

DRINKING WATER STATE REVOLVING FUND

FY 2015 Priority Ranking List

COMPREHENSIVE LIST

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Rank	Priority Points*	ATPI	Pop.	Local Gov't	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate (%) +	Exp'd Term (Yrs)	Exp'd Loan Award Date (mm/yy)	Const Start	Const. Compl
9	45	60	12,500	Winchester	Franklin	GREEN - WTP Improvements (Install membrane filters, granular activated carbon to existing gravity filters, high service pumps, and sodium hypochlorite generation facilities) - Green Business Case Required	\$ 5,200,000	\$ 5,200,000	TN0000754	1.34%	20	Oct-15	Apr-16	Jul-17
10	45	60	17,000	Cunningham Utility District	Montgomery Cheatham Dickson	Water Transmission Line Extension (Southside Rd, Chapel Hill Rd, Grays Chapel Rd, Hwy 48, Louise Creek Rd, Hwy 13)	\$ 4,516,000	\$ -	TN0000167	1.34%	20	Mar-16	Sep-16	Oct-17
11	45	70	46,000	Cleveland	Bradley	New transmission main (construction of approximately 28,300 LF of 24-inch water main from Tasso Ln to the Hiwassee Utility Commission WTP)	\$ 3,725,500	\$ -	TN0000117	1.56%	20	Apr-16	Oct-16	Mar-19
12	45	70	46,000	Cleveland	Bradley	New Water Storage Tank (Construction of a 500,000 gallon water storage tank and water booster station on Georgetown Road; and install approximately 4,000 LF of 12-inch water main)	\$ 1,195,000	\$ -	TN0000117	1.56%	20	Apr-16	Oct-16	Mar-19
13	45	70	63,966	Franklin	Williamson	Distribution System Improvements (Install new water main along Liberty Pike, remove the Grassland and Royal Oaks WST from service, and install pressure reducing valves and connections)	\$ 2,437,500	\$ -	TN0000246	1.56%	20	Feb-16	Aug-16	Feb-18

DWSRF Loan Program Intended Use Plan for FY 2015

DRINKING WATER STATE REVOLVING FUND

FY 2015 Priority Ranking List

COMPREHENSIVE LIST

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Total DWSRF \$ 65,868,457 \$ 27,381,057 Total Green Requested

* Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Pop.	Local Gov't	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate (%) +	Exp'd Term (Yrs)	Exp'd Loan Award Date (mm/yy)	Const Start	Const. Compl
14	45	80	10,000	Castalian Springs Bethpage Water Utility District	Sumner	GREEN - Waterline Replacement (Replace and/or upgrade existing waterline in poor condition) - Green Business Case Required	\$ 1,400,000	\$ 400,000	TN0000097	1.78%	20	Jul-15	Jan-16	Dec-16
15	45	80	13,300	Blountville Utility District	Sullivan	GREEN - Waterline Replacement (Replace approximately 33,000 LF of 8-inch asbestos cement waterlines and replace pumps at main pump station) - Green Business Case Required	\$ 2,800,000	\$ 2,800,000	TN0000058	1.78%	20	Aug-15	Feb-16	Nov-16
16	45	80	23,000	Lebanon	Wilson	GREEN - Distribution System Improvements (Upgrade the Williams Street Water Booster Station and install approximately 8,000 LF of 16-inch diameter water transmission main) - Green Business Case Required	\$ 2,000,000	\$ 2,000,000	TN0000393	1.78%	20	Aug-15	Feb-16	Jan-17
17	45	80	23,000	Lebanon	Wilson	GREEN - Water Transmission Main and Booster Station (Upgrade the Seay Hill Water Booster Station and install approximately 8,000 LF of 16-inch diameter water transmission main) - Green Business Case Required	\$ 1,200,000	\$ 1,200,000	TN0000393	1.78%	20	Jun-16	Dec-16	Sep-17
18	45	90	11,022	Crossville	Cumberland	Waterline Replacement (Replace approximately 5,200 LF of 6-inch and 10-inch waterlines in the Highland Lane and Industrial Blvd / Hwy 127 Areas)	\$ 1,400,000	\$ -	TN0000150	2.01%	20	Jun-16	Dec-16	Dec-17

DWSRF Loan Program Intended Use Plan for FY 2015

DRINKING WATER STATE REVOLVING FUND

FY 2015 Priority Ranking List

COMPREHENSIVE LIST

DRAFT

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* Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Pop.	Local Gov't	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate (%) +	Exp'd Term (Yrs)	Exp'd Loan Award Date (mm/yy)	Const Start	Const. Compl
19	25	20	8,100	Luttrell-Blaine-Corryton Utility District +	Grainger Union Knox	GREEN - New Water Storage Tank (Construction of a new 300,000 gallon water storage tank - Scenic View) - Green Business Case Required	\$ 375,000	\$ 25,000	TN0000415	0.45%	20	Aug-15	Feb-16	Aug-16
20	25	30	2,800	West Overton Utility District +	Overton	GREEN - Water Meter Replacement (Install approximately 2,600 AMR meters) - Categorically Green	\$ 850,000	\$ 850,000	TN0000578	0.67%	20	Jan-16	Jul-16	Jul-17
21	25	30	2,800	West Overton Utility District +	Overton	Water Tank Rehabilitation (Rehab the Golden Pond and Turkey Mountain water storage tanks)	\$ 130,000	\$ -	TN0000578	0.67%	20	Jan-16	Jul-16	Jul-17
22	25	30	3,313	Newbern +	Dyer	New Water Storage Tank (Construction of a new 250,000 gallon elevated water storage tank on Millsfield Hwy)	\$ 1,000,000	\$ -	TN0000496	0.67%	20	Nov-15	May-16	Dec-16
23	25	30	4,200	Brighton +	Tipton	GREEN - Water Meter Replacement (Install approximately 1,400 AMR meters) - Categorically Green	\$ 632,677	\$ 632,677	TN0000070	0.67%	20	Mar-16	Sep-16	Apr-17
24	25	40	1,620	25 Utility District +	Smith	GREEN - Water Meter Replacement (Installation of approximately 700 AMR meters) - Categorically Green	\$ 400,000	\$ 400,000	TN0000718	0.89%	20	Mar-16	Sep-16	Apr-17
25	25	40	8,957	Munford +	Tipton	GREEN - Distribution System Improvements (Replace telemetry system at pumps and storage tanks) - Green Business Case Required	\$ 141,800	\$ 141,800	TN0000490	0.89%	20	Mar-16	Sep-16	Apr-17

DWSRF Loan Program Intended Use Plan for FY 2015

DRINKING WATER STATE REVOLVING FUND

FY 2015 Priority Ranking List

COMPREHENSIVE LIST

DRAFT

Total DWSRF \$ 65,868,457 \$ 27,381,057 Total Green Requested

* Includes 5 points for having an approved Growth Plan

Rank	Priority Points*	ATPI	Pop.	Local Gov't	County	Project Description	Total Project Amount	Green Component Amount	PWSID# TN000...	Interest Rate (%) +	Exp'd Term (Yrs)	Exp'd Loan Award Date (mm/yy)	Const Start	Const. Compl
26	25	50	19,000	First Utility District of Hawkins County	Hawkins	GREEN - Water Meter Replacement (Install approximately 8,000 AMR meters) - Categorically Green	\$ 2,400,000	\$ 2,400,000	TN0000109	1.12%	20	Jan-16	Jul-16	Dec-16
27	25	60	4,500	Waverly +	Humphreys	GREEN - Water Meter Replacement (Install approximately 2,700 AMR meters) - Categorically Green	\$ 525,000	\$ 525,000	TN0000733	1.34%	20	Apr-16	Oct-16	Jun-17
28	25	60	4,500	Waverly +	Humphreys	New Water Tank (Replace existing 100,000 gallon water storage tank)	\$ 850,000	\$ -	TN0000733	1.34%	20	Jan-16	Jul-16	Dec-16
29	25	70	1,000	Oakland	Fayette	GREEN - Water Meter Replacement (Install approximately 800 AMR meters) - Categorically Green	\$ 1,490,430	\$ 1,490,430	TN0000521	1.56%	20	Mar-16	Sep-16	Feb-18
30	25	80	23,000	Lebanon	Wilson	GREEN - New Water Storage Tank (South Industrial) - Green Business Case Required	\$ 2,500,000	\$ 2,500,000	TN0000393	1.78%	20	Sep-15	Mar-16	Feb-17
31	25	80	23,000	Lebanon	Wilson	GREEN - New Water Storage Tank (Construction of a 0.5 MG water storage tank at Seay Hill) - Green Business Case Required	\$ 1,000,000	\$ 1,000,000	TN0000393	1.78%	20	Jun-16	Dec-16	Oct-17

Notes:

+ Small System less than 10,000 population

* Anticipated Interest Rate based on 4/13/2015 BBI of 3.49% and Base Calc Rate of 2.23%

STATE OF TENNESSEE

PRIORITY POINTS FOR DRINKING WATER STATE REVOLVING FUND PROJECTS

1. Water Quality Problems
 - 100 Points - Disease outbreak or acute health risk
 - 80 Points - Chronic water quality problems
 - 60 Points - Potential water quality problems
 - 40 Points - Operational problems
 - 20 Points – Other
2. Source or Plant Capacity
 - 80 Points - Water shortage or rationing
 - 60 Points - 80% capacity rule
 - 40 Points - Exceeding capacity on peak days
 - 20 Points - Projected need within 10 years
3. Water Storage
 - 80 Points - Less than 50% daily demand
 - 60 Points - 50 to 75% daily demand
 - 40 Points - 75 to 100% daily demand
 - 20 Points - 100 to 125% daily demand
4. Leakage Problems
 - 80 Points - 50% or greater water loss
 - 60 Points - 40 to 49% water loss
 - 40 Points - 30 to 39% water loss
 - 20 Points - 20 to 29% water loss
5. Pressure Problems
 - 80 Points - pressure consistently less than 20 psi
 - 60 Points - pressure periodically less than 20 psi
 - 40 Points - pressure occasionally less than 20 psi
 - 20 Points - pressure marginal (20 to 30 psi)
6. Replacement or Rehabilitation Projects
 - 80 Points - essential equipment failure
 - 60 Points - essential equipment deteriorated & near failure
 - 40 Points - non-essential equipment failure
 - 20 Points - non-essential equipment deteriorated
7. Water Line Extensions
 - 100 Points - special acute health problems
 - 80 Points - exceeding drinking water limits or without water
 - 60 Points - nuisance or quantity problems
 - 40 Points - extend public water to private well supplies
 - 40 Points - water line relocations and upgrades

DWSRF Loan Program Intended Use Plan for FY 2015

DRINKING WATER STATE REVOLVING FUND – PRIORITY POINTS NARRATIVE

Water systems requesting loans for water projects through the DWSRF Loan Program will be assigned priority points based on instructions given in The Safe Drinking Water Act (SDWA). The SDWA instructs states to utilize DWSRF Loan Program funds to address risks to human health, compliance with the Act, and to assist systems most in need on a per household basis. Tennessee has established a priority ranking system, which will comply with the instructions in the SDWA. Priority points will be assigned on a 100-point scale based on the severity of the problem.

The only projects eligible for the maximum of 100 points will be those that address serious, acute risks to human health. Other projects will be assigned 20, 40, 60, or 80 points depending on the severity of the problem and whether a compliance problem exists. Projects requesting funds for ineligible activities such as fire protection, dam construction or future growth will not be assigned priority points. Projects that receive the same priority points will be ranked according to the ability to pay index for each community. This will satisfy the SDWA requirement to assist systems most in need on a per household basis. Seven categories of projects have been established which encompass all types of water system projects.

DWSRF Loan Program Intended Use Plan for FY 2015

Attachment 3

DWSRF LOAN PROGRAM BINDING COMMITMENT SCHEDULE

<u>QUARTER</u>		<u>AMOUNT</u>
October 1, 2015	- December 31, 2015	\$ 0
January 1, 2016	- March 31, 2016	\$ 1,500,000
April 1, 2016	- June 30, 2016	\$ 1,500,000
July 1, 2016	- September 30, 2016	\$ 1,500,000
October 1, 2016	- December 31, 2016	\$ 1,045,000
January 1, 2017	- March 31, 2017	\$ 1,100,000
April 1, 2017	- June 30, 2017	\$ 1,100,000
July 1, 2017	- September 30, 2017	\$ 1,100,000
	TOTAL	<u>\$ 8,845,000</u>

DWSRF Loan Program Intended Use Plan for FY 2015

Attachment 4

**DWSRF LOAN PROGRAM QUARTERLY
AUTOMATED STANDARD APPLICATION for PAYMENTS (ASAP)**

(Quarters are based on Federal fiscal year)

<u>FY 2015</u>	<u>Amount</u>
Qtr 4	\$ 1,200,000

<u>FY 2016</u>	<u>Amount</u>
Qtr 1	\$ 1,000,000
Qtr 2	\$ 1,000,000
Qtr 3	\$ 1,400,000
Qtr 4	\$ 1,200,000

<u>FY 2017</u>	<u>Amount</u>
Qtr 1	\$ 1,045,000
Qtr 2	\$ 1,000,000
Qtr 3	\$ 1,000,000
TOTAL	<hr/> \$ 8,845,000 <hr/>

DWSRF Loan Program Intended Use Plan for FY 2015

Attachment 5

DWSRF LOAN PROGRAM QUARTERLY DISBURSEMENTS

(Quarters are based on Federal fiscal year)

<u>FY 2015</u>	<u>Amount</u>
Qtr 4	\$ 0

<u>FY 2016</u>	<u>Amount</u>
Qtr 1	\$ 1,300,000
Qtr 2	\$ 1,300,000
Qtr 3	\$ 1,200,000
Qtr 4	\$ 1,200,000

<u>FY 2017</u>	<u>Amount</u>
Qtr 1	\$ 1,300,000
Qtr 2	\$ 1,300,000
Qtr 3	\$ 1,245,000

TOTAL	<hr/>
	\$ 8,845,000

DWSRF Loan Program Intended Use Plan for FY 2015

Attachment 6

PROJECTED FUNDS AVAILABLE TO LOAN DURING 2016 - WITH FEDERAL GRANT

	<u>Through</u> <u>FY 2015</u>	<u>For</u> <u>FY 2016</u>	<u>Total</u>
Sources of Funds:			
Capitalization Grants	\$ 194,192,900	\$ 8,845,000	\$ 203,037,900
State Match	\$ 34,790,980	\$ 1,769,000	\$ 36,559,980
Investment Earnings (estimated)	\$ 5,749,668	\$ -	\$ 5,749,668
Loan Repayments - Principal & Interest (estimated)	\$ 81,354,608	\$ -	\$ 81,354,608
Total Sources of Cash	<u>\$ 316,088,156</u>	<u>\$ 10,614,000</u>	<u>\$ 326,702,156</u>
Uses of Funds:			
Loans and Amendments	\$ 223,155,011	\$ -	\$ 223,155,011
Administration Expense Allocations	\$ 7,767,716	\$ 353,800	\$ 8,121,516
PWSS Expense Allocations	\$ 18,772,085	\$ 530,700	\$ 19,656,585
Small Technical Assistance Expense Allocations	\$ 3,880,518	\$ 176,900	\$ 4,057,418
Wellhead Protection Expense Allocations	\$ 3,506,126	\$ -	\$ 3,506,126
Source Water Assessment Expense Allocations	\$ 1,277,620	\$ -	\$ 1,277,620
Capacity Development Expense Allocations	<u>\$ 255,524</u>	<u>\$ -</u>	<u>\$ 255,524</u>
Total Uses of Cash	<u>\$ 258,614,600</u>	<u>\$ 1,061,400</u>	<u>\$ 230,347,236</u>
Sources of Cash less Uses of Cash	<u>\$ 57,473,556</u>	<u>\$ 9,198,800</u>	
Net Available to Loan during FY 2016		<u>\$ 66,672,356</u>	<u>\$ 66,672,356</u>



STATE OF TENNESSEE
DEPARTMENT OF ENVIRONMENT AND CONSERVATION
Division of Water Resources
State Revolving Fund Loan Program
William R. Snodgrass – TN Tower
312 Rosa L. Parks Ave., 12th Floor
Nashville, TN 37243

April 1, 2015

PUBLIC NOTICE

TO ALL POTENTIAL **STATE REVOLVING FUND** LOAN APPLICANTS AND INTERESTED PARTIES

The Tennessee Department of Environment and Conservation (TDEC) will conduct a public meeting on **Friday, May 1, 2015**, to present the fiscal year (FY) 2015 Draft Intended Use Plans (IUPs) for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) capitalization grants and to receive comments from the public. The meeting will be held in the **Multi-Media Room, 3rd Floor, William R. Snodgrass - TN Tower, 312 Rosa L. Parks Ave., Nashville, Tennessee**, at **10:00 a.m. CDT**. Attendees will need to bring identification containing a photo and check-in at the Security Desk upon arrival to gain admission to the building.

IUPs serve as the planning documents for the state's intended use of this fiscal year's Federal and State appropriations for the CWSRF and DWSRF. IUPs include the Priority Ranking Lists of eligible water and sewer projects and explanations of the intended uses of the set-asides for non-project activities, DWSRF and CWSRF Loan Program goals, and the criteria and methods used for distributing funds. The draft IUPs will become final after a 10-day post-public meeting comment period.

CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2015 Environmental Protection Agency (EPA) Capitalization Grant from the CWSRF Loan Program in the amount of \$20,397,000 and requires a state match of \$4,079,400.

DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC is currently applying for the FY 2015 (EPA) Capitalization Grant from the DWSRF Loan Program in the amount of \$8,845,000 and requires a state match of \$1,769,000.

DWSRF Loan Program Intended Use Plan for FY 2015

SPECIAL PROVISIONS OF THE FY 2015 CWSRF AND DWSRF CAPITALIZATION GRANTS

The Capitalization Grant Conditions for FY 2015 requires the State to set aside up to an estimated 10 percent Green Project Reserve for the CWSRF loan program, and possibly an additional subsidy to eligible recipients for both CWSRF and DWSRF programs. If there is a subsidy, it will be in the form of Principal Forgiveness (PF).

This meeting will also serve as the Public Meeting to present the revised Ability To Pay Index (ATPI) that was revised January, 2015. Every five years the base data utilized to establish the ATPI is revised by the University of Tennessee's Center of Business and Economic Research. Comments will also be accepted regarding the revised ATPI.

If you are unable to attend the meeting but would like to review the IUPs, please contact Sharon Moody at (615) 532-0472. All comments must be received in the State Revolving Fund Loan Program's office no later than May 15, 2015. Comments may be mailed to Ms. Moody at the letterhead address above, submitted via e-mail to sharon.moody@tn.gov, or sent to Ms. Moody at facsimile number (615) 532-0199.

Individuals with disabilities who wish to participate in these proceedings or to review these filings should contact the Tennessee Department of Environment and Conservation to discuss any auxiliary aids or services needed to facilitate such participation. Such contact may be in person or by writing, telephoning, or other means and should be made no less than 10 days prior to the scheduled meeting date to allow time to provide such aid or services. To make these arrangements, contact the Tennessee Department of Environment and Conservation, ADA Coordinator Beverly Evans, William R. Snodgrass – TN Tower, 312 Rosa L. Parks Ave. 2nd Floor, Nashville, TN 37243, (615) 532-0207. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

If you have any questions regarding this notice please contact Sharon Moody at (615) 532-0472 or sharon.moody@tn.gov.