



INTENDED USE PLAN DRINKING WATER STATE REVOLVING FUND

Fiscal Year 2020



Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

Table of Contents

Introduction	2
Drinking Water State Revolving Fund Program Goals	3
Long-Term DWSRF Goals	3
Short Term DWSRF Goals	4
Drinking Water Priority Ranking System.....	5
List of Projects	6
Funding of Projects.....	6
Project By-Passing Procedures	6
Interest Rates and Affordability Criteria	7
Small and Disadvantaged Communities.....	7
Green Projects.....	8
Financial Status of the DWSRF Loan Program	9
Criteria and Method used for Distribution of Funds.....	10
Financial, Managerial, and Technical Capacity	11
Set-Aside Activities	11
Public Water Supply Supervision (PWSS).....	12
Small Systems Technical Assistance.....	15
Local Assistance and Other State Programs	16
Program Assistance Contracts	17
Assurances and Specific Proposals	17
FFY 2019 Appropriations Bill and Other Requirements.....	18
Subsidization	18
Davis-Bacon	18
American Iron and Steel	19
Disadvantaged Business Enterprise (MBE)/Women's Business Enterprise (WBE) Goals.....	19
Environmental Benefits	21
Appendix	21

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

Introduction

The Tennessee General Assembly passed the “Drinking Water Revolving Fund Act of 1997” to provide low interest loans to local government as a vehicle to finance water infrastructure improvement projects. Today, the Drinking Water State Revolving Fund loan program is within the Tennessee Department of Environment and Conservation (TDEC) Division of Water Resources, and has provided over \$300 million dollars in assistance to Tennessee communities since the program began. The TDEC State Revolving Fund (SRF) program provides low-interest loans and technical assistance to cities, counties, utility districts, and water authorities across the state for planning, design, and construction of drinking water and wastewater infrastructure projects. The SRF program supports TDEC’s mission to protect and promote human health & safety, and to protect and improve water quality across the state

by helping communities afford safe, sustainable and resilient water systems. The Drinking Water SRF is designed as a federal-state partnership program to assist public water systems (PWS) in attaining safe and reliable drinking water. The program was created through the 1996 Amendments to the Safe Drinking Water Act (SDWA) authorizing the U.S. Environmental Protection Agency (USEPA) to establish a Drinking Water State Revolving Fund (DWSRF) loan program to further the objectives of the SDWA. The SDWA instructs states to utilize DWSRF funds to address risks to human health, drinking water compliance issues, and to assist public water systems most in need. Additional information about the DWSRF program can be found on the TDEC SRF website.

The USEPA awards a Drinking Water Capitalization Grant annually to the State, and in turn, the State obligates federal funds, along with a 20% state match, to provide financing to public water systems for planning, design, and construction projects that include (but are not limited to): plant replacement and upgrade; distribution system installation, repair, and upgrade; water loss; treatment; storage; water reuse; green infrastructure; energy optimization; and resilience. These funds are repaid over time, ensuring the long-term viability of the DWSRF program. In addition, a portion of the Capitalization Grant (up to 31%) can be “set-aside” for direct support of state staff, DWSRF administration, water system capacity development, operator certification, source water protection, small systems technical assistance and the Public Water System Supervision (PWSS) program. Each state

Elements of the Drinking Water State Revolving Fund Intended Use Plan:

TDEC SRF long term and short term goals

The financial status of the Drinking Water SRF loan program

Description of the methods and criteria used to distribute funds

Description of the amount of set aside dollars and details on how the state intends to use those monies.

Priority Ranking List (PRL) for FFY 2019

TDEC’s new Small and Disadvantaged Community program

TDEC’s new Ability to Pay Index

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

determines the appropriate balance between water infrastructure projects and set-asides for their unique circumstances. Section 1452(b) of the SDWA requires each state to annually prepare an Intended Use Plan (IUP) to outline the use of grant funds awarded to the state and to describe how those uses support the goal of protecting public health and the environment.

TDEC's [Drinking Water IUP](#) serves as the planning document detailing how the federal fiscal year (FFY) 2019 appropriations for the DWSRF loan program will be used. The State of Tennessee's federal allotment of FFY 2019 DWSRF Loan Program dollars is \$19,113,000. The State is required to provide a 20% match of federal funds. Based on the FFY 2019 capitalization grant, a state match of \$3,822,600 is required.

Drinking Water State Revolving Fund Program Goals

The U.S. Congress gives state DWSRF programs flexibility to design a program tailored to meet the needs of the state, local communities, and public water systems. Tennessee's DWSRF program has developed long and short-term goals as a framework for decisions Tennessee makes in the DWSRF program.

Long-Term DWSRF Goals

1. Ensure a safe and adequate water supply for the small communities through maximizing the small community participation in the DWSRF program.
2. Provide assistance for projects, to facilitate compliance with national primary drinking water regulations under section 1412 of the SDWA or otherwise significantly further the health protection objectives of the Act (section 1452(a)(2)).
3. Protect and enhance the water quality in Tennessee by ensuring the technical integrity of funded projects.
4. Maintain the long-term financial integrity of the DWSRF program through the judicious use and management of its assets and by realizing an adequate rate of return, preventing fraud, waste, and abuse.
5. Ensure the use of accounting, audit, and fiscal procedures that conform with [General Accepted Accounting Principles \(GAAP\)](#) as issued by the Government Accounting Standards Board (GASB).
6. Obligate funds in a timely manner and provide technical and administrative assistance for efficient project management.
7. Use the DWSRF set-aside funds strategically and in coordination with the program loans to

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

maximize the DWSRF loan account's impact on achieving affordable compliance and public health protection.

8. Facilitate allocation of program resources to address the most significant public health and compliance problems by actively working with these systems and the drinking water regulatory staff.
9. Promote the development of the technical, managerial, and financial capability of all public water systems to maintain or come into compliance with state drinking water and federal SDWA requirements.
10. Encourage the consolidation or regionalization of public water systems that lack the capability to operate and maintain systems in a cost-effective manner, thus allowing them to take advantage of the economics of scale available to larger water systems.
11. Provide drinking water assistance in an orderly and environmentally sound manner.
12. Assure that all new water systems funded by the program demonstrate technical, managerial, and financial capability with respect to each national primary drinking water regulation in effect.
13. Update Division of Water Resources rules governing the Drinking Water State Revolving Fund.

Short Term DWSRF Goals

1. Coordinate completion of set-aside work plans for each set-aside activity annually.
2. Support the continuation of source water protection programs.
3. Coordinate implementation of capacity development strategy with PWSS staff.
4. Update administrative policies and guidance including standard operation procedures for the DWSRF Loan Program.
5. Provide supervision and direct technical assistance to public water systems.
6. Assist the development and implementation of local drinking water protection initiatives.
7. Expand the use of green projects funding to include more projects and encourage innovative use of SRF funds following EPA's guidance. TDEC SRF has elected to strive for a goal of up to 18% of grant funds to be used for innovative, green, or resilient projects.
8. Expand and broaden our outreach activities to ensure that public water systems are aware of and

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

understand DWSRF assistance options and the loan application process by presenting an annual statewide workshop to publicize the DWSRF program in coordination with Tennessee Department of Economic & Community Development and USDA-Rural Development.

9. Develop a database for drinking water project data and program management data.
10. Ensure that all funds in the state revolving fund and grant award are expended in an expeditious and timely manner.
11. Use the federal DWSRF Project Benefits Reporting (PBR) system to track drinking water projects and report quarterly to EPA.

Drinking Water Priority Ranking System

TDEC’s DWSRF program uses a priority ranking system to develop the Priority Ranking List (PRL).

Applicants seeking funding must submit a letter of

Table 1: DWSRF Drinking Water Project Options

request along with a detailed project description, need for the project, total project cost, projected construction start and completion dates, requested loan amount, and term of the loan. Projects eligible for DWSRF funding are described in the [EPA eligibility handbook](#). Projects are prioritized by those that address reducing risks to human health or those working to maintain or improve compliance with SDWA. Tennessee has established a priority ranking system, compliant with the SDWA, based on a scale from 0-100

Fundable Drinking Water Project Categories

- Water Quality Issues
- Source or Capacity Challenges
- Water Storage
- Leakage Problems
- Pressure Issues
- Replacement or Rehabilitation Needs
- Water Line Extensions
- Regional Drinking Water Consolidation
- New Drinking Water Systems

points. Priority points will be assigned based on the type of project and the severity of the problem to be addressed by the proposed project. 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 demonstrating the greatest risk to human health will receive the highest priority points followed by projects addressing compliance problems and then projects addressing other needs. Projects with the same priority points will be ranked based on consideration of ATPI and population served to assist smaller and less affluent communities.

SDWA §1452 (3)(B) (i-ii) establishes the DWSRF Loan Program may not provide assistance to any system

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

that is in significant non-compliance 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.

Table 2: Ineligible Projects

Projects and activities *not* eligible for funding and primarily intended for the following:

- Future growth
- Economic development
- Fire protection
- Dams
- Reservoirs
- Water rights
- Laboratory fees for monitoring
- Operation and maintenance expenses

List of Projects

In accordance with Section 1452(b) of the SDWA, TDEC SRF has developed a list of projects to receive funding in the first year after the grant award and a comprehensive priority list of eligible projects for funding in future years (DWSRF will maintain past PRLs). This list, the Priority Ranking List (PRL) includes: the name of the community, project title, points awarded, green project amount and description (if applicable),

population in the service area, expected terms of financial assistance, and the projected amount of eligible assistance. The SRF PRL in Appendix C contains eligible projects for which the total cost of assistance requested is at least equal to the amount of the Capitalization Grant being applied for before the EPA awards the grant. The PRL for FY 2020 is available on the [TDEC SRF](#) website.

Funding of Projects

For the FFY 2019 capitalization grant, funding priority will be directed to highest ranked projects that are ready to proceed. This includes small and disadvantaged communities, green and resilient infrastructure projects, and projects with subsidies. Letters will be mailed to all communities with projects on the FY 2020 PRL after the EPA loan award date. Projects will be funded based on PRL ranking with priority given to projects that are ready to proceed with construction.

Project By-Passing Procedures

Projects on the Priority Ranking List, regardless of rank, may be bypassed if communities are not ready to proceed. DWSRF Loan Program projects are ranked with the potential to be funded based on the highest number of priority points awarded on the FY 2020 DWSRF Priority Ranking List (PRL). In addition, DWSRF gives priority to communities with projects that are ready to proceed. Upon receipt of the FFY 2019 Capitalization Grant, TDEC will contact all communities with projects on the FY 2020 PRL with a funding notification letter. Communities that do not respond to the funding notification letter may be bypassed. The DWSRF Loan Program will work with entities with ranked projects to be bypassed to ensure that the projects will be eligible for funding in the following fiscal year to the maximum extent

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

possible. Exceptions to the order of funding may be allowed under special circumstances. Such projects would include those where some type of failure was unanticipated and requires immediate attention to protect public health, safety, and to improve water quality conditions.

Interest Rates and Affordability Criteria

The interest rate will be based on a community's ability to pay determined through the State of TN 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 SRF program provides an updated interest rate every Monday. The State may also recommend a reduction of the interest rate to incentivize green projects and sustainable & resilient projects, but not below zero percent. Disadvantaged communities, as determined by the ATPI, will be eligible for a lower interest rate or other subsidy. Communities, utility districts, and water authorities may also be eligible for lower interest rates or other subsidy if they agree to pilot new and innovative techniques or agree to in-kind efforts that benefit the public through providing templates, education, or other actions that can broadly assist other communities in Tennessee to achieve high priority drinking water goals. The interest rates for utility districts and water authorities that have service areas in more than one county will be evaluated and ranked by utilizing the lowest ATPI for the county or city that directly benefit from the project(s) associated with the loan. The term of the loan is either a maximum of 30 years ([AWIA](#)), or 40 years for state identified economically distressed communities or the useful life of the project whichever is shorter.

The affordability criteria from the ATPI will also be used to prioritize projects that have the same number of points from the PRL. Communities with greater economic need and smaller populations are given a higher ranking. The allocation formula uses a broad definition of fiscal capacity that considers income, unemployment data, and population trends. The intent is to measure fiscal capacity in terms of the available resources to pay for services. The new ATPI will be updated with current data every year by the University of Tennessee.

Small and Disadvantaged Communities

In 2019, the SRF loan program responded to requests from Governor Lee regarding rural community assistance by prioritizing allocation of subsidy for water and wastewater infrastructure (in the form of principal forgiveness and lower interest rates) to communities identified as economically disadvantaged. Allocation of DWSRF subsidy will be determined based on the Ability to Pay Index (ATPI) developed by the University for Tennessee Institute of Agriculture (UTIA) in 2019. The ATPI is a database of socioeconomic and financial data, including the Appalachian Regional Commission (ARC) ranking, used to help make decisions regarding determination of interest rates, allocation of subsidy, and identification of options intended to benefit communities that need it the most. The ATPI is required for administration of SRF loans by the Water Resources Reform and Development Act (WRRDA) of 2014

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

(H.R. 3080).

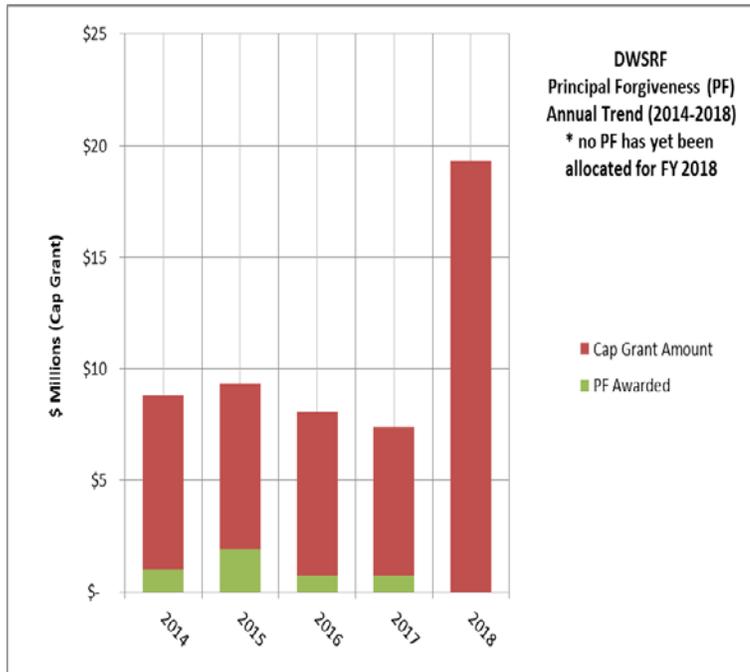


Figure 1: Annual Trend in DWSRF PF Allocation

Additional subsidy may also be awarded to eligible communities for resilient or green projects that meet eligibility requirements for EPA SRF Green Projects, and for projects that demonstrate an in-kind-contribution that serves broader State interests (e.g., developing model projects for high priority water infrastructure needs, or utilizing new and innovative approaches with the potential of replication across the state). SRF plans to pilot a small number of these pilot projects in each fiscal year for communities that are willing to provide in-kind-contribution and undergo additional monitoring to determine the benefit of such projects to water quality and the State.

TDEC SRF will continue to allocate proportional amounts of principal forgiveness on an annual basis, and will not significantly

exceed historic trends (Figures 1). To ensure the long term stability of SRF funds, the SRF program will also develop a cash flow model to analyze the DWSRF funding base, and forecast impacts to the overall SRF revolving fund. This information will assist the State in program evaluation and make future programmatic decisions regarding fund management for green reserve projects and small and disadvantaged communities.

Green Projects

The FFY 2019 Capitalization Grant allows DWSRF funding of Green Projects at the discretion of each State to address green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities such as disaster resilience. Green projects must constitute an overall 20% of the total loan request to be considered for this category of funding.

EPA's Drinking Water State Revolving Fund Eligibility Handbook establishes criteria to evaluate projects, regardless of the projects' ranking in the DWSRF State priority ranking system. Projects that meet the eligibility criteria may be eligible to receive subsidy in the form of reduced interest rates or principal forgiveness based on their ATPI.

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

Financial Status of the DWSRF Loan Program

The DWSRF carried forward, from the prior year, \$70,735,909 in funds. DWSRF transferred \$42,809,917 of these funds to the CWSRF program as recommended by USEPA to meet the project needs of the clean water program. Based on the carry forward dollars, coupled with the available funds from the FFY 2019 Capitalization Grant the state can provide up to \$60,246,165 to loan for projects (Table 3). These funds are obligated, at the 80% federal and 20% state match. Reimbursements are submitted by loan recipients, once approved by the State, the funds are reimbursed to the recipient for expenditure. Recipients repay the loans and these dollars are deposited into the Fund and interest is earned.

Table 3: Financial status and fund distribution of the DWSRF

Financial Status of the DWSRF Loan Program		
Prior-Year Carry-forward Funds*		\$ 70,735,909
Principal & Interest Receivables Projected for FY 2019**		12,077,200
Interest on DWSRF Loan Program Cash Projected for FY 2019**		734,553
FFY 2019 Capitalization Grant		19,113,000
20% of FY 2019 Capitalization Grant matched by State		\$ 3,822,600
Less: Set-asides		
4% Administration	\$ (764,520)	
9% Public Water Supply Supervision (PWSS)	(1,718,141)	
2% Small System Technical Assistance (SMS)	(382,260)	
3% Local Assistance and Other State Programs (PFAS)	(562,259)	
Total Set-asides		\$ (3,427,180)
Transfer of funds to CW		(42,809,917)
DWSRF Loan Program Project Funds		\$ 60,246,165
*Estimated balance at June 30, 2019 pre-year-end adjustments		
**Estimated principal, interest, and treasury interest for FY 2019		

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

Criteria and Method used for Distribution of Funds

The Safe Drinking Water Act allows each state flexibility in establishing how much of the Capitalization Grant should be used for infrastructure loans, assistance to financially disadvantaged communities, and set-aside activities. The state, in turn, has the responsibility to best direct the funds to address water and wastewater infrastructure problems.

The primary use of capitalization grant funding is for assistance to water utilities for capital improvements (water infrastructure projects). This assistance can be provided as: planning and design loans; or construction loans. It is to be noted that not all drinking water compliance problems, however, can be solved through capital financing of infrastructure improvements.

TDEC SRF has determined, based on projected total award dollars, and potential use of set-asides, the DWSRF will have \$19,508,420 in project loan funds available from the FFY 2019 Capitalization Grant (Table 4). The state is required, by §1452(a)(2) of the SDWA, to use fifteen percent (15%) of the FFY 2019 Project Funds 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. In addition, America's Water Infrastructure Act (AWIA) of 2018 provisions and amendments to the SDWA require states to provide at least six percent (6%) and up to thirty five percent (35%) of the federal fiscal year capitalization grant as subsidies for disadvantaged communities to the extent there are sufficient applications for loans. Tennessee's DWSRF Loan Program developed a small and disadvantaged community principal forgiveness process that prioritizes allocation of subsidy for disadvantaged communities with an Ability to Pay of 60% or less.

Table 4: Loan funds available for projects from FFY 2019 Cap Grant

Funds Available for Projects from the FFY 2019 Capitalization Grant		
FFY 2019 Capitalization Grant		\$ 19,113,000
State Match (20%)		3,822,600
Total Set-Asides	\$ (3,427,180)	
Totals Funds Available FFY 2019		\$ 19,508,420

In addition, SRF will apply for new non-competitive EPA grants as authorized by the [Water Infrastructure Improvements for the Nation Act \(WIIN\) Grants](#). The first of the EPA grants is the [Assistance for Small and Disadvantaged Communities Drinking Water Grant](#). The intent of this grant is to provide assistance to communities with a population less than 10,000 that do not have the capacity to incur debt sufficient to finance projects to comply with SDWA. Grant funds received will be administered by SRF in the form of loans with maximum principal forgiveness. In order to receive the grant, EPA requires states to provide a mandatory 45% match of state funds before the loans can be administered. The state allotment for this grant is \$1,067,200 with a state match of \$331,200. Should

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

other non-competitive grant opportunities become available, DWSRF will provide information to the public.

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 (2) 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. SRF 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 access 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. Additionally, as part of the loan application process, an administrative loan fee is charged to DWSRF loans awarded after October 1, 2009.

Set-Aside Activities

The U.S. Congress recognizes that not all drinking water problems can be solved through new or improved infrastructure, therefore, amendments to the SDWA provides allowances for states to take a portion of their annual capitalization grant to support water system capacity, operator certification, source water protection, training, and technical assistance to public water systems. The Safe Drinking Water Act §1452(g) and §1452(k) allows States to set aside up to 31% of the Capitalization Grant for specific activities. The eligible DWSRF set-aside types include: administration and technical assistance (4%), small systems technical assistance (2%), state program management (10%) and local assistance and other state programs (15%). TDEC SRF intends to use a portion of the total set-asides allowable

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

under the law. Table 5 outlines the DWR program, amount of Capitalization Grant (both in percent and dollars), and activities TDEC intends to fund through the set-aside allotment. Funds not expended in these categories by the end of the fiscal year will revert to the DW Loan Fund Account.

Table 5: DWSRF set aside totals and activities by type

Division and Program	Set Aside %	Activities	Funds
DWR / SRF	4% Administration	DWSRF loan program administration, support for needs surveys,	\$764,520
DWR/ Drinking Water Unit, TN H2O, FTC	9% State Program Public Water System Supervision (PWSS)	Sanitary surveys, investigation, publications, laboratory support, operation certification	\$1,718,141
DWR/SRF/FTC	2% Small System Technical Assistance (SMS)	Regulatory compliance, technical assistance to small communities	\$382,260
DWR/SRF/FTC	3% Local Assistance and Other State Programs	PFAS sampling	\$562,259
TOTALS			\$3,427,180

The SDWA allows each state to set-aside these funds from its federal capitalization grant to support various drinking water programs including administration, technical assistance, state program management, and special activities. The DWSRF program plans to use approximately \$ 3,427,180 in federal funding for eligible DWSRF activities. Outcomes from these activities are reported to EPA in the DWSRF Annual Reports.

Public Water Supply Supervision (PWSS)

The State of Tennessee intends to set aside 9 percent (9%) or \$1,718,141 of the Capitalization Grant for FFY 2019 to be utilized for the following critical purposes:

- Public Water System Supervision programs activities under Section 1443(a)
- Develop and implement a Capacity Development Strategy under Section 1420
- Implement a Laboratory Certification Program.

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

The PWSS program goals, objectives, and deliverables for this year include 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. The set-aside will also be used to provide the necessary training and travel expenses associated with the PWSS program and laboratory certification program. Other 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 success in assisting public water supply systems to achieve compliance with the SDWA. Results of the PWSS program will be provided in the FFY/FY 2019-20 DWSRF Annual Report.

Tennessee Department of Environment and Conservations' (TDEC) Division of Water Resource (DWR) intends to use 9 percent (9%) of the set-aside, also known as the Public Water System Supervision (PWSS) set-aside, to purchase technical supplies along with field supplies necessary for the Drinking Water Program and to conduct the following activities:

- Review Drinking Water Engineering Plans
- Compliance Monitoring Data Management
- Technical Assistance
- Laboratory Certifications/Audits
- Enforcement/Compliance
- Sanitary Surveys
- Area Wide Optimization Program / Capacity Development Training and Assistance
- Technical Meetings/Trainings

The PWSS set-aside will also be utilized for salaries and benefits for approximately 16 full or part-time positions in DWR for team members who conduct drinking water-related work activities along with their time and travel. During FY 2020, DWR will use the majority of the set-aside money to continue the existing level of activities related to Tennessee's PWSS program. Table 6 highlights projected outputs from team members conducting drinking-water related activities. TDEC DWR work efforts include incorporating capacity development activities into the technical assistance provided to Tennessee's public water systems.

The following positions will perform the aforementioned activities:

Drinking Water Program Manager

Drinking Water Fellow

(2) Administrative Support Members

(2) Drinking Water Engineers

(4) Drinking Water Laboratory Certification Officers

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

- (4) Drinking Water Compliance Data Management
- (2) Area Wide Optimization Program staff

Table 6: Projected activities scheduled for completion using PWSS set-aside dollars

Projected Activity	Projected Outputs
Technical Assistance Visits (Environmental Field Offices)	350 visits
Drinking Water Laboratory Certifications	75 certifications
Drinking Water Laboratory Audits	50 audits
Engineering Plans reviewed	1500 Engineering plans reviewed within 30 days of receipt
Enforcement / Compliance	200 Compliance Status correspondence; 40 Directors Orders
Data Management	Reports entered into SDWIS database within 60 days of receipt

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.

Drinking Water Operator Certification Program

The Fleming Training Center (FTC) administers the Operator Certification Program for the State of Tennessee. The FTC Certification staff members manage over 3,600 licenses in water treatment and distribution while offering certification exams to over 500 applicants yearly. The certification program evaluates and approves over 300 continuing education activities a year. The set-aside will partially fund five positions and a seasonal clerk. Over the next year, the certification program will complete an updated database and job analysis study. Tennessee has contracted with vendor to design and develop a new operator database.

This will be an integrated database application and will allow operator training and certification data to be transferred over the internet. The new database will allow for more water treatment operators to access and review their certification status and determine their CEU status to determine how many CEUs are needed to maintain their certification. Some key features of this database will allow for the differentiation of continuing education (management, technical and operational) CEUs and allow entities approved by TDEC to input training records. This is the first step toward digitalization of the operator certification files. The anticipated completion date is December 31, 2019.

The Operator Certification Program will also conduct a job task analysis study to ensure that the

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

operator certification exam material reflects the skills and training needed by today's operator. This study will provide the information necessary to update our Need to Know guidance and training for operator certification and training. FTC will recruit subject matter experts to develop the Need to Know data. Operator Certification questions will be evaluated by a psychometrician(s) to help ensure that all questions are technically sound and unbiased. The study will be the foundation of the operator certification examination and help determine the direction of future evaluation methodology.

Small Systems Technical Assistance

TDEC will set aside two percent (2%) of the funds available in the FFY 2019 Capitalization Grant of \$385,860 to provide technical assistance to public water systems serving 10,000 or fewer persons. These funds will provide partial funding of the nine (9) full-time positions at the Fleming Training Center (FTC) and training for small water system operators as well as supporting the Small Water Systems certification program. FTC plans to increase the training center staff by one full-time position to meet the training needs of operators. Funds will be expended monthly across the fiscal year.

The FTC provides four primary services to water and wastewater treatment systems and operators:

1. Training individuals to become water and wastewater system operators;
2. Administering the State water and wastewater operator certification program;
3. Providing Continuing Education classes and seminars to certified operators allowing them to meet their CEU requirements; and
4. Providing technical assistance to water and wastewater facilities/operators.

A listing of the FY 2019 classes that are available to public water systems is available at <https://tn.gov/environment/article/wr-ftc-schedule-of-classes-and-seminars>.

In FFY 2019, the FTC instructor goals are to provide training and technical assistance to small water system operators to help them calibrate equipment, provide health and safety training needed for persons working at water and wastewater treatment facilities, promote compliance with the SDWA and help protect public health and the environment. New to this year, FTC created a 3-day course designed specifically for operators of small water systems. In addition to this course, FTC offers multiple mathematics classes, a one week basic laboratory class, a two week intermediate laboratory class, pumps and motors class available for all plant personnel, and operator certification classes throughout the year to meet the needs of the operators.

The Tennessee Water and Wastewater Operator Certification Board are using ABC generated examination for Small Water Systems (SWS) operators. In 2019, an updated job task analysis study will be initiated to ensure the content areas and coinciding need-to-know reflect that of current operators. In addition, FTC staff will monitor examinee performance and modify training classes to help SWS

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

operators be better prepared for the examinations.

FTC receives feedback from operators and regulators and has identified the need for additional training in laboratory testing and regulatory compliance resulting in expanded course offerings for SWS operators in these areas. FTC plans to address the laboratory training needs of the operators by purchasing additional laboratory equipment and designing training classes incorporating the new equipment. Training and continuing education will be provided to water and wastewater operators using a wide variety of classes and seminars.

FTC will also coordinate with TDEC staff and staff from other departments and agencies to provide classes and seminars across the state for more efficient and less costly operator training. Additionally, FTC staff has developed partnerships with institutions of higher learning in the region to expand training opportunities for current SWS operators and persons interested in becoming certified water and wastewater treatment plant operators. With the average age of the certified Tennessee Small Water System Operator being 58, these partnerships are necessary to address the need of an aging workforce and succession planning in the water utilities.

The three instructors and certification staff at FTC will provide technical assistance and consultation to small systems through on-site visits to the water systems, Facebook and other social media, technical bulletins, e-mail, or by telephone. FTC will provide Lab QA/QC training, general operational training, continuing education for operators, regulatory compliance, operator certification assistance, and cross-connection control training. FTC will continue offering training and technical assistance to small systems serving 3,300 customers or less.

FTC will assess work accomplished each quarter. This includes training, continuing education classes, operator certification and annual operator recertification. FTC asks class attendees to complete training evaluations at the end of each class. FTC uses this information to help evaluate trainers, class content and class setting. This information is used to improve classes and seminars. After staff members provide on-site technical assistance and follow-up visits, trip reports are completed. The information is used to evaluate how well training classes prepare operators for their daily responsibilities.

In FY 2020, FTC will continue to develop the new TDEC Operator training and certification database. Operators will not only be able to see all of FTC's offerings, but register for classes through the online portal as well. Operators will be able to track their continuing education, see certifications and expiration dates, access training transcript, and renew their certifications online. TDEC projects the database project will be complete in FY 2020.

Local Assistance and Other State Programs

In addition to continuing existing activities, DWR proposes to use set-aside money to address issues

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

raised by the 1996 amendments to SDWA along with continued implementation of the Revised Total Coliform Rule, SDWA updates and possible revisions to the Lead and Copper Rule. Further, DWR proposes to have public water systems begin monitoring for Per- and Polyfluoroalkyl Substances (PFAS) in anticipation of revisions to the SDWA. The benefits of PFAS monitoring is to establish a baseline of understanding of a contaminant of concern and considered special (non-routine) monitoring. PFAS monitoring is included in the Capacity Development portion of the 2017 Drinking Water State Revolving Fund Eligibility Handbook.

Program Assistance Contracts

Targeted Technical Assistance and Training for Small and Disadvantaged Communities

TDEC SRF will contract with the Tennessee Association of Utility Districts (TAUD) to develop a consolidated technical assistance contract to provide targeted technical assistance to distressed or disadvantaged communities. This contract (\$100,000 from FY 2020) will focus on issues with public water and wastewater systems; managerial, financial, and technical capacities for systems; assist in reducing occurrence of health based drinking water violations; optimize resources and support to small and disadvantaged communities and systems across the state; develop new capacity to make full use of Federal Capitalization Grant set asides for drinking water; and implement priorities under TNH2O. Technical assistance will be provided at no cost to eligible communities.

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 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

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

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 Environmental Review Process (SERP) procedures are contained in the approved Operating Agreement.

States are allowed to transfer up to 33% of the DWSRF Capitalization Grant into the CWSRF or an equal dollar amount from the CWSRF into the DWSRF (40 CFR §35.3555(c)(8)). Tennessee reserves the right to transfer between these funds. Last year TDEC transferred \$42,809,917 from the Drinking Water Revolving Fund into the Clean Water Revolving Fund. This transfer aligned with USEPA recommendations and will provide additional dollars towards clean water loan program demands.

FFY 2019 Appropriations Bill and Other Requirements

Subsidization

The [America's Water Infrastructure Act \(AWIA\) of 2018](#) provisions and amendments to the SDWA require states to provide at least six percent (6%) and up to thirty five percent (35%) of the federal fiscal year capitalization grant as subsidies for disadvantaged communities to the extent there are sufficient applications for loans. Tennessee's DWSRF Loan Program developed a small and disadvantaged community principal forgiveness process that portions funds for disadvantaged communities with Ability to Pay of 60% or less.

Additional subsidy may also be awarded to eligible communities for resilient or green projects that meet eligibility requirements for EPA SRF Green Projects, and for projects that demonstrate an in-kind contribution that serves broader State interests (e.g., developing model projects for high priority water infrastructure needs, or utilizing new and innovative approaches with the potential of replication across the state). SRF plans to pilot a small number of these pilot projects in each fiscal year for communities that are willing to provide in-kind contribution and undergo additional monitoring to determine the benefit of such projects to water quality and the State.

Davis-Bacon

The Davis-Bacon and related Acts, apply to contractors and subcontractors performing on federally funded or assisted contracts in excess of \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. Davis-Bacon Act and related Act contractors and subcontractors must pay their laborers and mechanics employed under the contract

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

no less than the locally prevailing wages and fringe benefits for corresponding work on similar projects in the area. The Davis-Bacon Act directs the Department of Labor to determine such locally prevailing wage rates. The Davis-Bacon Act prevailing wage provisions apply to the "Related Acts," under which federal agencies assist construction projects through grants, loans, loan guarantees, and insurance.

For prime contracts in excess of \$100,000, contractors and subcontractors must also, under the provisions of the Contract Work Hours and Safety Standards Act, as amended, pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular rate of pay for all hours worked over 40 in a workweek. The overtime provisions of the Fair Labor Standards Act may also apply to DBA-covered contracts.

American Iron and Steel

The American Iron and Steel (AIS) provision requires Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) assistance recipients to use iron and steel products that are produced in the United States. This requirement applies to projects for the construction, alteration, maintenance, or repair of a public water system or treatment works and if the project is funded through an assistance agreement executed beginning January 17, 2014.

The AIS provision is a permanent requirement for all CWSRF projects. The America's Water Infrastructure Act of 2018 extends the AIS provision for DWSRF projects through Fiscal Year 2023.

On October 23, 2018, the President signed the "America's Water Infrastructure Act of 2018" (AWIA), which includes several updates and revisions to the Safe Drinking Water Act (SDWA), including the Drinking Water State Revolving Fund (DWSRF) provisions. Section 2022 of AWIA amended Section 1452(a)(4)(A) of SDWA to extend the requirement for the use of American Iron and Steel (AIS) products in projects receiving financial assistance from the DWSRF during fiscal years 2019 through 2023.

Disadvantaged Business Enterprise (MBE)/Women's Business Enterprise (WBE)

Goals

MBE/WBE reporting is required in annual reports. Reporting is required for assistance agreements where there are funds budgeted for procuring construction, equipment, services and supplies, including funds budgeted for direct procurement by the recipient or procurement under sub-awards or loans in the "Other" category that exceed the threshold amount of \$150,000, including amendments or modifications.

The State of Tennessee has negotiated the following, applicable MBE/WBE fair share objectives/goals with EPA as follows:

MBE: CONSTRUCTION 2.6%; SUPPLIES 5.2%; SERVICES 5.2%; EQUIPMENT 5.2%

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

WBE: CONSTRUCTION 2.6%; SUPPLIES 5.2%; SERVICES 5.2%; EQUIPMENT 5.2%

In accordance with 40 CFR, Part 33, Subpart D, established goals/objectives remain in effect for three fiscal years unless there are significant changes to the data supporting the fair share objectives. The loan recipient is required to follow requirements as outlined in 40 CFR Part 33, Subpart D when renegotiating the fair share objectives/goals.

Pursuant to 40 CFR, Section 33.301, the recipient agrees to make the following good faith efforts whenever procuring construction, equipment, services and supplies under an EPA financial assistance agreement, and to require that sub-recipients, loan recipients, and prime contractors also comply. Records documenting compliance with the six good faith efforts shall be retained:

1. Ensure DBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and local Government recipients, this will include placing DBEs on solicitation lists and soliciting them whenever they are potential sources.
2. Make information on forthcoming opportunities available to DBEs and arrange time frames for contracts and establish delivery schedules, where the requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
3. Consider in the contracting process whether firms competing for large contracts could subcontract with DBEs. For Indian Tribal, State and local Government recipients, this includes dividing total requirements when economically feasible into smaller tasks or quantities to permit maximum participation by DBEs in the competitive process.
4. Encourage contracting with a consortium of DBEs when a contract is too large for one of these firms to handle individually.
5. Use the services and assistance of the SBA and the Minority Business Development Agency of the Department of Commerce.

If the prime contractor awards subcontracts, require the prime contractor to take the steps in paragraphs (1) through (5).

Drinking Water State Revolving Fund

Draft Intended Use Plan

July 2019

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 FFY 2019 Appropriation. The following information will be entered quarterly into the DWSRF 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, (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. Section 1452 of the SDWA requires the State to complete and submit an Annual Report 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 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.

Appendix

**DRINKING WATER STATE REVOLVING FUND
FY 2019 Priority Ranking List**

COMPREHENSIVE LIST

Total DWSRF \$ 125,694,693 \$ 43,071,000 Total Green Requested

*Includes 5 points for having an approved Growth Plan + Small System less than 10,000 population

Rank	Priority Points*	ATPI	Population Served	Local Government	County	Project Description	Total Project Amount	Running Total of Total Project Amount Requested (\$)	Green Component Amount	Green Component Running Total (\$)	PWSID# TN000...	Expected Term (Years)	Expected Loan Award Date (mm / yy)	Const. Start	Const. Completion
Row left blank intentionally															
1	85	30	3,986	Hampton Utility District ⁺	Carter	GREEN - Waterline Replacement (Replacing approximately 25,000 LF of galvanized waterlines.)	\$ 1,250,000	\$ 1,250,000	\$ 1,000,000	\$ 1,000,000	TN0000282	20	Oct-19	Jan-20	Jan-21
2	85	40	3,843	Clifton+	Wayne	New Water Treatment Plant (Construction of a 1.5MGD WTP) Planning and Design Loan	\$ 707,500	\$ 1,957,500	\$ -	\$ 1,000,000	TN0000119	5	Sep-19	NA	NA
3	85	40	5,103	Spencer ⁺	Van Buren	Water Treatment Plant Improvements (Construction of a new sedimentation basin, plate settlers, piping, and related appurtenances.)	\$ 975,000	\$ 2,932,500	\$ -	\$ 1,000,000	TN0000655	20	Sep-19	Jul-20	Dec-21
4	85	40	15,139	Harriman Utility Board	Roane/Morgan	Water Loss Reduction (Survey the distribution system within the service area for leaks; establish district metering zones; and link monitoring to SCADA to readily detect leaks.) Planning Only	\$ 500,000	\$ 3,432,500	\$ -	\$ 1,000,000	TN0000287	5	Sep-19	NA	NA
5	85	60	5,116	Oliver Springs ⁺	Anderson/Roane/Morgan	GREEN - Water Loss Remediation - Planning and Design	\$ 500,000	\$ 3,932,500	\$ 500,000	\$ 1,500,000	TN0000523	5	Jun-19	NA	NA
6	65	30	2,215	Grainger County ⁺	Grainger	Waterline Extension (Extending the Sneedville Utility District's existing waterline at the Hancock County/Grainger County line to the Thorn Hill Community.) Design and Construction	\$ 195,000	\$ 4,127,500	\$ -	\$ 1,500,000	TN0000640	20	Aug-19	Sep-19	Jan-20
7	65	40	9,629	Camden ⁺	Benton	Waterline Relocation (Replacing the raw water main along Hwy 70 from the Tennessee River to the WTP and along Hwy 70 to the Birdsong WST.)	\$ 3,700,000	\$ 7,827,500	\$ -	\$ 1,500,000	TN0000090	20	Oct-19	Nov-19	Oct-21
8	65	40	32,594	Elizabethton	Carter	Waterline Replacement (Replacing the existing 12-inch and 16-inch diameter cast iron Doe River transmission lines adjacent to Hwy 19E bridge in the Valley Forge Community to provide resiliency against severe flooding.)	\$ 1,050,000	\$ 8,877,500	\$ -	\$ 1,500,000	TN0000221	20	Sep-19	Oct-19	Sep-21
9	65	70	9,036	Hartsville-Trousdale Water and Sewer Utility District ⁺	Trousdale	Distribution System Improvements (Construction of a new 2 MG WST, a booster pumping station, and associated appurtenances.)	\$ 1,750,000	\$ 10,627,500	\$ -	\$ 1,500,000	TN0000291	20	Jan-20	Mar-20	Dec-20
10	65	70	637,216	Metropolitan Nashville	Davidson	GREEN - Water Storage Tank Upgrade (Installation of new a new concrete tank in the interior of the existing structure; replacing the western chamber with a 15 MG tank with a baffling system; and replacing the disinfection system at the 8th Ave S WST.)	\$ 17,373,000	\$ 28,000,500	\$ 17,373,000	\$ 18,873,000	TN0000494	20	Aug-19	Jul-19	Jan-21

**DRINKING WATER STATE REVOLVING FUND
FY 2019 Priority Ranking List**

COMPREHENSIVE LIST

Total DWSRF \$ 125,694,693 \$ 43,071,000 Total Green Requested

*Includes 5 points for having an approved Growth Plan + Small System less than 10,000 population

Rank	Priority Points*	ATPI	Population Served	Local Government	County	Project Description	Total Project Amount	Running Total of Total Project Amount Requested (\$)	Green Component Amount	Green Component Running Total (\$)	PWSID# TN000...	Expected Term (Years)	Expected Loan Award Date (mm / yy)	Const. Start	Const. Completion
11	65	100	308	Candlewood Lakes POA Water Works, Inc.	Hardeman	Distribution System Improvements (Construction of a new raw water well)	\$ 200,000	\$ 28,200,500	\$ -	\$ 18,873,000	TN0000797	30	Sep-19	Oct-19	Dec-19
12	45	0	1,064	Griffith Creek Utility District ⁺	Marion/Grundy	Waterline Replacement/Extension (Replacing approximately 5,300 LF of 8-inch diameter waterlines along Pocket Lane and the installation of approximately 3,500 LF of 4-inch diameter waterlines along Kelly's Creek Road.)	\$ 550,350	\$ 28,750,850	\$ -	\$ 18,873,000	TN0000278	30	Aug-19	Sep-19	Oct-20
13	45	10	6,143	Huntingdon ⁺	Carroll	GREEN - Distribution System Improvements (Replacing existing waterlines on Main Street; extending waterlines to customers along Hwy 77; and replacing existing water meters with AMR meters.)	\$ 2,000,000	\$ 30,750,850	\$ 780,000	\$ 19,653,000	TN0000316	20	Sep-19	Oct-19	Oct-20
14	45	20	9,869	Arthur-Shawnee Utility District ⁺	Claiborne	Distribution System Improvements - (Construction of a new 400,000 gal water storage tank in the Powell Valley/Speedwell Area; installation of approximately 7,500 LF of 10-inch diameter PVC supply waterlines; and modifications to the existing pressure reducing station.)	\$ 800,000	\$ 31,550,850	\$ -	\$ 19,653,000	TN0000022	20	Oct-19	Aug-20	Mar-21
15	45	20	12,510	Fayetteville	Lincoln	Distribution System Improvements (Improvements to the WTP to include solids management, disinfection byproduct control, and disinfection; WST and booster pumping station improvements; and WL replacements and extensions.)	\$ 11,687,000	\$ 43,237,850	\$ -	\$ 19,653,000	TN0000242	20	Sep-19	Jan-21	Dec-25
16	45	20	30,743	Crossville	Cumberland	Waterline Extension (Installation of approximately 6,000 LF of 10-inch diameter waterlines in the Meadow Park Lake Area.)	\$ 585,000	\$ 43,822,850	\$ -	\$ 19,653,000	TN0000150	20	Sep-19	Oct-19	Apr-20
17	45	30	19,197	First Utility District of Hawkins County	Hawkins	Distribution System Improvements (Construction of a 560 gpm water booster pumping station; installation of approximately 11,000 LF of 12-inch diameter waterlines; and the decommission of the Hord Creek WTP.)	\$ 950,000	\$ 44,772,850	\$ -	\$ 19,653,000	TN0000109	20	Sep-19	Nov-19	Dec-19
18	45	40	7,674	Smith Utility District ⁺	Smith/DeKalb	Waterline Replacement (Replacing existing waterlines with 8-inch or 10-inch PVC or HDPE waterlines along Main Street in Gordonsville.)	\$ 2,265,000	\$ 47,037,850	\$ -	\$ 19,653,000	TN0000636	20	Mar-20	Jun-20	Dec-20
19	45	40	10,602	Lewis County	Lewis	Water Line Extension (Installation of approximately 44,480 LF of waterlines in the Indian Creek and Big Swan Creek Road Areas.)	\$ 1,453,340	\$ 48,491,190	\$ -	\$ 19,653,000	TN0000304	25	Feb-20	Apr-20	Dec-20

**DRINKING WATER STATE REVOLVING FUND
FY 2019 Priority Ranking List**

COMPREHENSIVE LIST

Total DWSRF \$ 125,694,693 \$ 43,071,000 Total Green Requested

*Includes 5 points for having an approved Growth Plan + Small System less than 10,000 population

Rank	Priority Points*	ATPI	Population Served	Local Government	County	Project Description	Total Project Amount	Running Total of Total Project Amount Requested (\$)	Green Component Amount	Green Component Running Total (\$)	PWSID# TN000...	Expected Term (Years)	Expected Loan Award Date (mm / yy)	Const. Start	Const. Completion
20	45	40	19,704	Lawrenceburg	Lawrence	Waterline Replacement (Replacing approximately 7,500 LF of existing 2-inch diameter galvanized waterlines in the Hood Hills Area; upgrading the Crockett Pump Station; and construction of a 300,000 gal elevated WST.)	\$ 2,850,000	\$ 51,341,190	\$ -	\$ 19,653,000	TN0000392	20	Sep-19	Mar-20	Sep-21
21	45	50	18,668	Lafayette	Macon	WTP Expansion (Expanding the existing WTP from 2MGD to 4MGD to include the construction of a flocculation basin, two sedimentation basins, a mixed media filter, and 2MG clear well; and expansion of the existing building.)	\$ 4,500,000	\$ 55,841,190	\$ -	\$ 19,653,000	TN0000373	20	Jan-20	Apr-20	Jun-21
22	45	50	36,842	Oak Ridge	Anderson/Roane	GREEN - New Water Treatment Plant (Construction of a 16MGD membrane filtration WTP.)	\$ 18,414,703	\$ 74,255,893	\$ 6,200,000	\$ 25,853,000	TN0000522	30	Jan-20	Mar-20	Mar-22
23	45	50	81,325	Cleveland	Bradley	Pump Station Upgrades (Upgrades to the Dempsey Street Water Booster Pump Station.)	\$ 737,700	\$ 74,993,593	\$ -	\$ 25,853,000	TN0000117	20	Sep-19	Oct-19	Jan-20
24	45	50	81,325	Cleveland	Bradley	WTP Improvements (Construction of a new high service pump station adjacent to the Cleveland Filter Plant.)	\$ 6,982,100	\$ 81,975,693	\$ -	\$ 25,853,000	TN0000117	20	Apr-20	Apr-20	Mar-21
25	45	60	3,973	Loretto*	Lawrence	Waterline Extension (Installation of approximately 13,200 LF of waterlines.)	\$ 2,325,000	\$ 84,300,693	\$ -	\$ 25,853,000	TN0000408	20	Sep-19	Mar-20	Sep-21
26	45	60	19,262	Ocoee Utility District	Bradley/Polk	New Water Treatment Plant (Construction of a 2.0 MGD WTP and 500,000 gal clearwell to replace existing Wildwood WTP.)	\$ 6,000,000	\$ 90,300,693	\$ -	\$ 25,853,000	TN0000525	30	Jul-20	Mar-20	Feb-21
27	45	60	19,262	Ocoee Utility District	Bradley/Polk	WTP Improvements (Construction of a new 200,000 gal clearwell to replace existing clearwell at the Carpenter Springs WTP.)	\$ 800,000	\$ 91,100,693	\$ -	\$ 25,853,000	TN0000525	30	Jul-20	Mar-20	Sep-20
28	45	70	637,216	Metropolitan Nashville	Davidson	GREEN - Water Storage Tank Replacement (Construction of a new 2.5MG 38th Ave WST)	\$ 8,120,000	\$ 99,220,693	\$ 8,120,000	\$ 33,973,000	TN0000494	20	Aug-19	Jul-19	Oct-20
29	45	70	637,216	Metropolitan Nashville	Davidson	Waterline Replacement (Replacing approximately 14,340 LF of 2-inch thru 8-inch diameter cast iron waterlines with 8-inch diameter waterlines in the 12th Ave S Area.)	\$ 7,000,000	\$ 106,220,693	\$ -	\$ 33,973,000	TN0000494	20	Aug-19	Aug-19	Aug-20
30	45	90	2,336	Bell Buckle*	Bedford	New Water Storage Tank (Webb School Water Storage Tank)	\$ 886,000	\$ 107,106,693	\$ -	\$ 33,973,000	TN0000044	20	Sep-19	Apr-19	Aug-19
31	45	100	308	Candlewood Lakes POA Water Works, Inc.	Hardeman	GREEN - Water Meter Replacement (Installation of AMR meters and associated appurtenances.)	\$ 178,000	\$ 107,284,693	\$ 178,000	\$ 34,151,000	TN0000797	30	Sep-19	Oct-19	Dec-19

**DRINKING WATER STATE REVOLVING FUND
FY 2019 Priority Ranking List**

COMPREHENSIVE LIST

Total DWSRF \$ 125,694,693 \$ 43,071,000 Total Green Requested

*Includes 5 points for having an approved Growth Plan + Small System less than 10,000 population

Rank	Priority Points*	ATPI	Population Served	Local Government	County	Project Description	Total Project Amount	Running Total of Total Project Amount Requested (\$)	Green Component Amount	Green Component Running Total (\$)	PWSID# TN000...	Expected Term (Years)	Expected Loan Award Date (mm / yy)	Const. Start	Const. Completion
32	25	30	12,630	Erwin Utilities Authority	Unicoi	GREEN - Water Meter Replacement (Installation of AMR meters and leak detection equipment within the Erwin Utilities service area.)	\$ 2,000,000	\$ 109,284,693	\$ 2,000,000	\$ 36,151,000	TN0000231	20	Jan-20	Jul-20	Dec-21
33	25	40	15,139	Harriman Utility Board	Roane/Morgan	Water Meter Replacement (Replacing approximately 2,048 meters that will be compatible with AMI systems.)	\$ 700,000	\$ 109,984,693	\$ -	\$ 36,151,000	TN0000287	20	Sep-19	Oct-19	Sep-20
34	25	40	95,501	Jackson Energy Authority	Madison	GREEN - Water Meter Replacement (Replacing approximately 37,000 existing water meters with AMR/AMI meters.)	\$ 3,500,000	\$ 113,484,693	\$ 3,500,000	\$ 39,651,000	TN0000299	20	Sep-19	Sep-19	Sep-21
35	25	40	95,501	Jackson Energy Authority	Madison	Distribution System Improvements (Construction of a new WST and raw water well)	\$ 1,600,000	\$ 115,084,693	\$ -	\$ 39,651,000	TN0000299	20	Sep-19	Sep-19	Sep-21
36	25	50	3,130	Alexandria ⁺	DeKalb	GREEN - Water Meter Replacement (Replace approximately 900 water meters with AMR meters) Planning and Design Only	\$ 20,000	\$ 115,104,693	\$ 20,000	\$ 39,671,000	TN0000008	5	Jan-20	NA	NA
37	25	50	81,325	Cleveland	Bradley	New Water Storage Tank (Construction of the new .5MG Cherokee Gateway Boulevard WST)	\$ 990,000	\$ 116,094,693	\$ -	\$ 39,671,000	TN0000117	20	Sep-19	Oct-19	Apr-20
38	25	60	9,039	Atoka ⁺	Tipton	New Water Treatment Plant	\$ 3,600,000	\$ 119,694,693	\$ -	\$ 39,671,000	TN0000033	20	Oct-20	Jan-21	Jan-23
39	25	60	35,609	Lebanon	Wilson	New Water Storage Tank (Construction of a 1.0 MG WST at Seay Hill)	\$ 1,400,000	\$ 121,094,693	\$ -	\$ 39,671,000	TN0000393	20	Sep-19	Aug-19	Jul-20
40	25	70	6,426	Minor Hill Utility District ⁺	Giles	Water Storage Tank Improvements (Improvements to the tank mixing system at the Anthony Hill WST)	\$ 400,000	\$ 121,494,693	\$ -	\$ 39,671,000	TN0000469	20	Mar-20	Mar-20	Jun-20
41	25	70	6,426	Minor Hill Utility District ⁺	Giles	Water Storage Tank Improvements (Improvements to the tank mixing system at the Kedron WST)	\$ 400,000	\$ 121,894,693	\$ -	\$ 39,671,000	TN0000469	20	Mar-20	Mar-21	Jun-21
42	25	70	6,426	Minor Hill Utility District ⁺	Giles	Water Storage Tank Improvements (Improvements to the tank mixing system at the Minor Hill WST)	\$ 400,000	\$ 122,294,693	\$ -	\$ 39,671,000	TN0000469	20	Mar-20	Mar-21	Jun-21
43	25	80	1,536	Huntland ⁺	Franklin	GREEN - Water Meter Replacement (Replacing existing water meters with AMR meters.)	\$ 400,000	\$ 122,694,693	\$ 400,000	\$ 40,071,000	TN0000317	30	Sep-19	Jan-20	Apr-21
44	25	100	20,435	Water & Wastewater Authority of Wilson County	Wilson/Trousdale	GREEN - Water Meter Replacement (Installation of approximately 7,800 AMI meters with leak detection; pressure sensors, and software integration.)	\$ 3,000,000	\$ 125,694,693	\$ 3,000,000	\$ 43,071,000	TN0000191	20	Jul-19	Jun-19	Jun-21



June 18, 2019

PUBLIC NOTICE TO ALL

POTENTIAL STATE REVOLVING FUND (SRF) LOAN APPLICANTS AND INTERESTED PARTIES

The Tennessee Department of Environment and Conservation (TDEC) will hold a public meeting **Thursday, July 18, 2019**, to present the federal fiscal year (FY) 2019 *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 public comments. 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 a government issued, photo identification to check-in at the Security Desk for access to the building.

The state's Intended Use Plans outline the intended use of Federal and State appropriations for the CWSRF and DWSRF. The IUPs include Priority Ranking Lists of eligible water and sewer projects and details use of set-asides monies for non-project activities, DWSRF and CWSRF Loan Program goals, and the criteria and methods used for distributing funds. The draft IUPs will be finalized after a 30-day post-public meeting comment period.

CLEAN WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC will apply for the FY 2019 Environmental Protection Agency (EPA) Capitalization Grant from the CWSRF Loan Program in the amount of \$23,082,000 and requires a state match of \$4,616,400.

DRINKING WATER STATE REVOLVING FUND LOAN PROGRAM:

TDEC will apply for the FY 2019 EPA Capitalization Grant from the DWSRF Loan Program in the amount of \$19,113,000 and requires a state match of \$3,822,600.

SPECIAL PROVISIONS OF THE FY 2019 CWSRF AND DWSRF CAPITALIZATION GRANTS

The Capitalization Grant Conditions for FY 2019 requires the State to set aside a minimum of 10% Green Project Reserve for the CWSRF loan program. The State will set aside a minimum of 10% up to a maximum of 15% of the funds available for the Green Project Reserve for the DWSRF loan program. Additional subsidy for both CWSRF and DWSRF to eligible recipients for both programs will be in the form of Principal Forgiveness (PF), which shall be prioritized based on Ability to Pay.

Ability to Pay is determined using an index (Ability to Pay Index – ATPI) developed by the University of Tennessee Institute of Agriculture (UTIA) in 2019. The ATPI is a database of socioeconomic and financial data which serves as the foundation for an index used to help make decisions regarding determination interest rates, allocation of subsidy, and identification of options intended to benefit communities that need it the most.

If you are unable to attend the meeting, the IUPs will be available on the [SRF website](#) following the meeting. For more information, contact Vena Jones at 615-253-5320. All comments must be received in the State Revolving Fund Loan Program's office no later than August 18, 2019. Comments may be mailed to Ms. Jones at William R. Snodgrass – TN Tower, 312 Rosa L. Parks Ave. 12th Floor, Nashville, TN 37243; or submitted via e-mail to vena.l.jones@tn.gov.

If it is hard for you to read, speak, or understand English, TDEC may provide translation or interpretation services free of charge. Please contact Saul Castillo at 615-532-0462 for more information.

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, please contact the Tennessee Department of Environment and Conservation, ADA Coordinator, Don Tate, William R. Snodgrass – TN Tower, 312 Rosa L. Parks Ave. 22nd Floor, Nashville, TN 37243, or (615) 532-0037. Hearing impaired callers may use the Tennessee Relay Service (1-800-848-0298).

DWSRF LOAN PROGRAM BINDING COMMITMENT SCHEDULE

QUARTER				AMOUNT
Qtr 1	Oct-01-2019	THRU	Dec-31-2019	\$ 4,778,250
Qtr 2	Jan-01-2020	THRU	Mar-31-2020	4,778,250
Qtr 3	Apr-01-2020	THRU	Jun-30-2020	4,778,250
Qtr 4	Jul-01-2020	THRU	Sep-30-2020	4,778,250
TOTAL				\$ 19,113,000



**DWSRF LOAN PROGRAM QUARTERLY ASAP SCHEDULE
(Quarters are based on Federal Fiscal Year)**

FFY 2019				AMOUNT
Qtr 1	Oct-01-2018	THRU	Dec-31-2018	\$ -
Qtr 2	Jan-01-2019	THRU	Mar-31-2019	-
Qtr 3	Apr-01-2019	THRU	Jun-30-2019	-
Qtr 4	Jul-01-2019	THRU	Sep-30-2019	9,000,000
FFY 2020				
Qtr 1	Oct-01-2019	THRU	Dec-31-2019	-
Qtr 2	Jan-01-2020	THRU	Mar-31-2020	-
Qtr 3	Apr-01-2020	THRU	Jun-30-2020	-
Qtr 4	Jul-01-2020	THRU	Sep-30-2020	10,113,000
TOTAL				\$ 19,113,000



DWSRF LOAN PROGRAM QUARTERLY DISBURSEMENT SCHEDULE
(Quarters are based on Federal Fiscal Year)

	FFY 2019			AMOUNT
Qtr 1	Oct-01-2018	THRU	Dec-31-2018	\$ -
Qtr 2	Jan-01-2019	THRU	Mar-31-2019	-
Qtr 3	Apr-01-2019	THRU	Jun-30-2019	-
Qtr 4	Jul-01-2019	THRU	Sep-30-2019	4,778,250
	FFY 2020			
Qtr 1	Oct-01-2019	THRU	Dec-31-2019	3,000,000
Qtr 2	Jan-01-2020	THRU	Mar-31-2020	3,500,000
Qtr 3	Apr-01-2020	THRU	Jun-30-2020	3,000,000
Qtr 4	Jul-01-2020	THRU	Sep-30-2020	<u>4,834,750</u>
	TOTAL			\$ 19,113,000