



Intended Use Plan  
Clean Water State Revolving Fund

Supplemental Appropriation for Hurricanes  
Helene and Milton and Hawai'i Wildfires

**Clean Water State Revolving Fund  
Draft Intended Use Plan for SA-HMW  
April 30, 2026**

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### Introduction

In 1987 the Tennessee General Assembly passed the Wastewater Facilities Act and established the Tennessee Clean Water State Revolving Fund (CWSRF). This program is

#### Elements of the Clean Water State Revolving Fund Intended Use Plan:

- TDEC SRF long term and short-term goals
- The financial status of the Clean Water SRF loan program
- Description of the methods and criteria used to distribute funds
- Automated Standard Application for Payments (ASAP) Schedule
- Priority Ranking List (PRL) for 2025
- TDEC's new principal forgiveness methodology

implemented, in part, using Tenn. Comp. R. & Regs. ("Rule") Chapter 0400-46-01 Priority Ranking System and 0400-46-06 State Revolving Fund. The Tennessee Department of Environment and Conservation manages the CWSRF through the Division of Water Resources in the State Revolving Fund (SRF) program. The CWSRF loan program provides low-interest loans to local governments and publicly owned treatment works for wastewater and stormwater infrastructure improvement projects.

In late September 2024, Hurricane Helene devastated infrastructure in many communities in Northeast Tennessee. On December 21, 2024, the American Relief Act, 2025, P.L. 118-158, ("the Act") became law. Title VII of the Act included disaster relief supplemental funding for the State Revolving Fund (SRF) programs.

This law includes appropriations for disaster relief funding due to Hurricane Helene via the Supplemental Appropriation for Hurricanes Helene and Milton and Hawai'i Wildfires (SA-HMW). This supplemental appropriation includes allotments to the Tennessee Clean Water State Revolving Fund for impacted treatment works and decentralized wastewater treatment systems. The State obligates its federal funds allocation to provide financing for planning, planning and design, and construction projects that include (but are not limited to): plant replacement and upgrade; collection system installation, repair, and upgrade; treatment; storage; water reuse; green infrastructure; energy optimization; stormwater management; and resilience. These funds are repaid over

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time, ensuring the long-term viability of the CWSRF loan program.

Section 606(c) of the CWA 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.

### **Capitalization Grants**

This Intended Use Plan (IUP) for the Clean Water State Revolving Fund documents how the federal fiscal year (FFY) 2025 appropriations for the CWSRF Loan Program will be used. Stakeholders and interested parties can access a copy of this and other IUPs on [TDEC's SRF website](#).

#### ***Clean Water SA-HMW Capitalization Grant***

The State of Tennessee's capitalization grant allotment for the CWSRF SA-HMW funding is \$8,167,000. The State is not required to provide a match to receive the full capitalization grant allotment.

Through the SA-HMW, Congress mandates a minimum 30% and a maximum of 100% of the funding be provided as grants or forgivable loans to communities. These additional subsidy funds are not restricted to rural communities or those meeting affordability criteria. The actual amount of principal forgiveness awarded by TDEC for communities receiving SA-HMW CWSRF funds will be detailed in the Annual Report. For more information on the subsidies that apply to this capitalization grant, refer to the Subsidies and Affordability Criteria section of this document.

#### ***Clean Water SA-HMW Decentralized Systems Capitalization Grant***

Tennessee's FFY 2025 SA-HMW Allotment for Decentralized Systems is \$3,524,000; no State match is required. TDEC intends to provide support funding under the TN CWSRF program, with a goal of providing \$3,524,000 in assistance over the course of state fiscal year (SFY) 2027. The purpose of addition funds will be to provide funding to an eligible borrower or borrowers, for CWSRF-eligible projects including:

- Protecting decentralized wastewater treatment systems (DWTS) from rising water

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- Improving DWTS resilience to flooding (power and failure risks)
- Increasing DWTS capacity to handle flood risks
- Consolidating DWTS to reduce flood risks
- Planning projects to assess the potential to connect homes currently using decentralized systems to centralized wastewater treatment systems, and
- Projects implementing these connections

TDEC will provide all funding to the eligible CWSRF borrower(s) through the SA-HMW allotment as 100% principal forgiveness..

Congress mandates 100% of the decentralized systems funding be provided as grants or forgivable loans to communities. Additional subsidy funds are not restricted to rural communities or those meeting affordability criteria.

### **Clean Water State Revolving Fund Goals and Objectives**

Congress allows state CWSRF loan programs flexibility to design a program tailored to meet the needs of the state, local communities, stormwater utilities, and publicly owned wastewater treatment works. The [CWSRF loan program](#) developed long and short-term goals as a framework for decisions Tennessee makes in the CWSRF loan program.

#### ***Long-Term CWSRF Loan program Goals***

1. Provide financial assistance to water systems to repair, replace, or fortify wastewater or stormwater systems damaged by Hurricane Helene.
2. Provide funding to homeowners or other eligible entities for DWTS protections, improvements and consolidations.

#### ***Short-Term CWSRF Loan program Goals***

1. Coordinate with current SRF loan recipients to determine the components of their ongoing projects which were damaged or destroyed by Hurricane Helene.
2. Restore disaster-damaged facilities to their pre-disaster design and function, including applicable codes and standards, to ensure access to clean and safe water for all

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communities.

3. Provide public assistance funding for cost-effective hazard mitigation measures for disaster-damaged facilities.

The CWSRF program strives to be a good partner with the EPA. Aligning the program goals is one part of the good partnership agreement both agencies maintain. Below is a table demonstrating the connection between the states program goals above and the goals outlined within the [EPA's strategic plan for FY 2022 -2026](#).

Tennessee has set its short- and long-term goals of this IUP to align with EPA's "Powering the Great American Comeback" Initiative, specifically Pillar 1: Clean Air, Land, and Water for Every American and Pillar 3: Permitting Reform, Cooperative Federalism, and Cross-Agency Partnership. CWSRF outputs and outcomes ensure commitments made by the State are properly correlated to the strategic goals and objectives of the EPA.

***Tennessee SRF Outputs and Outcomes***

1. Output: Fund projects that restore the operation of wastewater and stormwater facilities which were impacted by Hurricane Helene.

Outcome: Ensure that disaster-impacted communities have access to clean and safe water.

2. Output: Fund projects which improve a loan recipient's resilience to extreme weather and flooding.

Outcome: Increase the state's resilience to flooding by reducing the risk to power systems, improving DWTS' resilience to flooding, and increasing the State's capacity to handle flood risks.

3. Output: Coordinate with impacted communities which already have an on-going TN SRF loan.

Outcome: Build trust with impacted communities and reduce the financial impact on them by Hurricane Helene.

4. Output: Prioritize funding for projects that benefit underserved and disadvantaged

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communities, address environmental health disparities, and ensure equitable access to clean water and sanitation services for all residents of Tennessee.

Outcome: Improved public health and safety in vulnerable communities.

By aligning the goals of the CWSRF program with those of the EPA, the state can leverage federal resources, expertise, and guidance to advance its priorities related to clean water infrastructure, water quality, and sustainability to benefit the health and well-being of its residents. Additionally, collaboration between the state and federal agencies can facilitate the exchange of best practices, data, and innovative solutions to address common challenges and achieve shared objectives more effectively.

### **Clean Water Priority Ranking System**

TDEC will use a priority ranking system specifically tailored to SA-HMW to develop a Priority Ranking List (PRL) for projects to be funded under CWSRF eligibility rules. This scoring system provides a clear, objective order of ranking wastewater infrastructure projects for eligible assistance recipients. The criteria focus on aiding impacted Tennessee communities with recovering and rebuilding damaged facilities as well as making existing, repaired, and new infrastructure more resilient, more affordable, and less vulnerable to future natural disasters and other threats to their stable operation. The full scoring criteria is available in the Appendix.

Applicants seeking funding must login to the TDEC Grants Management System (GMS) and create an account. Once the online GMS account is created the applicant can complete and submit a SA-HMW CWSRF Questionnaire detailing a project description, explanation of project need, project location, cost estimate, and project start and completion dates to the CWSRF loan program.

### ***Eligible Project Types***

#### **SA-HMW CWSRF Program**

Projects eligible for SA-HMW CWSRF funding are described in the [SA-HMW Implementation Memo](#). For an activity to be eligible to receive SA-HMW CWSRF capitalization grant funding, it must be otherwise SRF eligible *and* serve one or more of the following purposes:

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- Reduce flood or fire damage risk and vulnerability at treatment works as defined by section 212 of the Clean Water Act.
- Enhance resiliency to rapid hydrologic change or natural disaster at treatment works as defined by section 212 of the Clean Water Act.

**SA-HMW Decentralized Systems Program**

For an activity to be eligible for the Decentralized Systems funding, it must otherwise be CWSRF eligible and serve one or more of the following purposes:

- Improve resilience of decentralized wastewater treatment systems to flooding,
- Assess the potential to connect homes served by decentralized wastewater treatment systems to centralized wastewater systems, and/or
- Fund connections from homes served by decentralized wastewater treatment systems to centralized wastewater treatment systems.

***List of Projects***

In accordance with CWA § 606(c)(1) of the and 40 CFR § 35.3150, the CWSRF loan program has developed a list of projects to receive funding. The PRL includes community information, project description, total priority points, the ATPI, total project cost, funding source, associated wastewater facility information, potential FFY 2025 principal forgiveness, amount of GPR, anticipated construction start and end dates, and the EPA Needs Survey Category. All projects awarded will follow the Intended Use Plan and policies in effect when establishing loan terms and conditions.

The PRL contains a list of all eligible projects that entities provided during the solicitation period. For projects to receive project priority points, it must meet the ranking criteria. The ranking criteria are defined as:

1. The community must have submitted the last 3 fiscal years of audited financial statements to the comptroller's office; and
2. The community has demonstrated an impact to their system due to Hurricane Helene.

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The Appendix contains the CWSRF PRL, which exclusively includes eligible projects where the requested assistance's total cost is at least equal to the amount of the FFY 2025 SA-HMW Allotment. This ensures that the PRL focuses on projects that align with the available funding and prioritizes those with the greatest need and potential impact.

### ***Readiness to Proceed***

Applicants can demonstrate their readiness to proceed by:

- Attesting that the three most recent fiscal years of audited financials have been submitted to and are on file with the State of Tennessee Comptroller;
- Uploading audited financial statements;
- Clearly identifying the legal entity requesting the loan (This should be the entity legally authorized to take on debt. This could be the utility name, municipal system, utility district or jointly operated system);
- Verifying the project description provided in the Questionnaire; and
- Demonstrating the impact to the system caused by Hurricane Helene.

If an applicant needs assistance with these steps or anything else related to getting through the project application process and to construction, TDEC will use resources from the 4% Admin funds to provide direct technical assistance either using TDEC staff or a contracted third party.

### **Sources and Uses of Funds**

The State of Tennessee's allotment of SA-HMW CWSRF capitalization grant dollars is expected to be \$8,167,000. The State is not required to provide a match of federal funds. The State of Tennessee's SA-HMW Decentralized Systems allotment is expected to be \$3,524,000. The State is not required to provide a match of federal funds.

Tennessee's Clean Water State Revolving Fund (CWSRF) does not assess any fees that are included in the principal of the loan, ensuring full compliance with federal requirements governing the assessment and use of such fees.

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SRF is currently developing cash flow modeling. This forecasting tool will incorporate all inflows and outflows of the funds to estimate a state’s capacity to make loans, ensuring the fullest possible utilization of all available SRF infrastructure financing resources.

<b>Financial Status of Funds for the SA-HMW CW</b>	
<b>Prior-Year (SFY 2025) Carry-forward Funds*</b>	\$0
Less Unliquidated Obligations	\$0
Principal repayments **	\$0
Loan Interest Income **	\$0
Treasury Interest Income **	\$0
FFY 2025 SA-HMW Clean Water Grant***	\$8,167,000
4% Admin Assistance	(\$326,680)
FFY 2025 SA-HMW Decentralized Systems Grant ***	\$3,524,000
4% Admin Assistance	(\$140,960)
<b>CWSRF Loan Program Project Funds***</b>	<b>\$11,223,360</b>
* Estimated balance at June 30, 2025, pre-year-end adjustments	
** Principal, loan interest, and treasury interest for SFY 2025	
*** No state match required	

Table 1: Financial Status of Funds for the CWSRF Loan program

**Criteria and Methods for Distributing Funds**

The primary use of the SA-HMW capitalization grant funding is for assistance to stormwater and wastewater utilities for capital improvements (infrastructure projects) related to the 2024 Hurricane Helene damage.

The CWSRF loan program will provide funding letters to all communities with projects above the ranking line on the FFY 2025 PRL after the EPA provides CWSRF with a notice regarding the FFY 2025 capitalization grant award. For the FFY 2025 SA-HMW capitalization grant, funding priority will be directed to only effected areas as designated by the Federal Emergency Management Agency under the direction of the President of the United States. Project loans may be awarded each month depending upon a community’s readiness to proceed and the scheduling of the Tennessee Local Development Authority board meeting.

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***Project By-Passing Procedures***

Despite their ranking on the PRL, projects selected for loans may risk being bypassed if communities are unprepared, unable, or unwilling to proceed. However, TDEC is dedicated to collaborating with these entities at risk for by-passing to help maintain their project eligibility by providing technical assistance with the loan application process. The CWSRF program now facilitates the entire application process online via the Grants Management System (GMS) platform. After completing the Questionnaire, applicants must adhere to established timelines to advance their projects efficiently through the CWSRF process.

***Subsidies and Affordability Criteria***

The CWSRF loan program continues to respond to requests from Governor Lee regarding rural community assistance by prioritizing the subsidy allocation for stormwater and wastewater infrastructure (in the form of principal forgiveness and lower interest rates) to communities identified as small or economically disadvantaged. Communities and utility systems seeking infrastructure financing from SRF may meet the eligibility requirements in order to take advantage of the program’s multiple subsidy strategies.

<b>SA-HMW CWSRF Capitalization Grant</b>		
<b>Capitalization Grant</b>	<b>Minimum (\$)</b>	<b>Maximum (\$)</b>
<b>\$8,167,000</b>	<b>\$4,083,500</b>	<b>\$6,125,250</b>
<b>ATPI</b>	<b>CWSRF Subsidy (%)</b>	<b>Dollar Amount</b>
0-50	75%	\$5,000,000
60-100	50%	\$5,000,000
<b>SA-HMW Decentralized Systems</b>		
<b>Capitalization Grant</b>	<b>Minimum (\$)</b>	<b>Maximum (\$)</b>
<b>\$3,524,000</b>	<b>\$3,524,000</b>	<b>N/A</b>

Table 2: SA-HMW Capitalization Grants and Principal Forgiveness

**SA-HMW CWSRF Additional Subsidy**

The SA-HMW CWSRF Capitalization Grant requires states to use 30%-100% of the capitalization grant amount to provide additional subsidy. The actual amount of principal

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forgiveness awarded by TDEC for communities receiving SA-HMW CWSRF funds will be reported in the Annual Report.

All principal forgiveness options are awarded on a “first-come-first-serve” basis for eligible entities ready to proceed until funds are no longer available. CWSRF will work to maximize an entity’s principal forgiveness where possible.

***Principal Forgiveness for Disadvantaged Communities***

Eligibility of SA-HMW CWSRF principal forgiveness for disadvantaged communities will be determined based on the most current ATPI. To be considered disadvantaged, the community must score 50 or less on the ATPI. The affordability score in the ATPI will also be used to prioritize projects that have the same number of points from the PRL. Communities with a lower affordability score and smaller populations will be given a higher ranking.

Communities with an ATPI less than or equal to 50 can receive 75% loan forgiveness, up to a maximum of \$5,000,000.

**Principal Forgiveness Eligibility Requirements:**

1. Communities must have an ATPI of 50 or less
2. Projects must be on the current PRL
3. Entity must pass a financial sufficiency review by CWSRF
4. Projects must include construction (planning, design, and construction projects or construction solely).

**Principal Forgiveness for Non-Disadvantaged Communities**

Communities with an ATPI greater than or equal to 60 can receive 50% loan forgiveness, up to a maximum of \$5,000,000.

**Eligibility Requirements:**

1. Projects must be on the current PRL.
2. Entity must pass a financial sufficiency review by CWSRF.

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3. Projects must include construction (planning, design, and construction projects or construction solely).

**SA-HMW CWSRF Decentralized Systems Additional Subsidy**

The Decentralized Systems Capitalization Grant requires states to use 100% of the grant amount to provide additional subsidy.

**Green Project Reserve**

CWSRF capitalization grants require that a portion of the funds be allocated to GPR projects which address green infrastructure, stormwater, resilience, water or energy efficiency improvements, or other environmentally innovative activities. The State will allocate a minimum of 10% of the SA-HMW project funds to fund eligible green projects.

The State will have met the GPR requirement when the minimum percentage of the capitalization grant for SA-HMW is in executed assistance agreements for qualifying green projects. If a green project is underbid and the State has not met the required percentage for GPR, the difference between the amount in the executed assistance agreement and the winning bid must be used by the state for another green project(s).

These projects must meet EPA criteria and eligibility requirements for [GPR projects](#). Additionally, green projects will be drawn separately from FFY 2025 project funds until the 10% allocation has been met. The SA-HMW and SA-HMW Decentralized Systems funds will be used to provide GPR principal forgiveness as funds are available. A detailed list of Green Project Reserve project eligibilities and examples of common practices can be found in the [EPA guidance](#) document.

**ATPI Reduced Interest Rates**

The State will use the ATPI to allocate CWSRF subsidies and interest rates. The development and use of the index are required for the administration of SRF loans by the Water Resources Reform and Development Act (WRRDA) of 2014, 33 U.S.C.A. §§ 2201 to 2355. The index is derived from a database of socioeconomic and financial data. It is used to assist in decision-making regarding interest rates, allocation of subsidies, and identification of options intended to benefit communities most in need. The index is determined based on a normal

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distribution of affordability scores for cities and counties. The affordability score is a simple average of nine (9) factors unique to each community. These factors: median household income, unemployment, food stamp dependence, families in poverty, community assets, revenues, debt, expenditures, and change in population determine a community's Ability To Pay Index value (ATPI). Tennessee intends to update the ATPI annually to capture the current fiscal capacity, changes, and economic trends of communities across the state.

Starting July 1, 2025, interest rates are set by the SRF program on a quarterly basis based on 100 percent of the interest rate reported on the 20-year, 25-year, and 30-year Bond Buyer Index and the Municipal Market Data General Obligation Yields published on the first Monday of the first month of the quarter. Interest rate quarterly updates will be published to the SRF website.

A community's interest rate will be based partly on its ATPI. Interest rates can vary from 40 percent of the quarterly interest rate reported for communities with a low affordability score and low ATPI to 100 percent of the quarterly interest rate. 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 benefits from the project(s) associated with the loan.

The State has developed a tiered interest rate reduction methodology corresponding to a community's ATPI. Low-range ATPIs (0-20) will be awarded a 0.40 multiplier. ATPI scores ranging from 30-40 will be awarded a 0.60 multiplier, 50-60 will be awarded a 0.80 multiplier, and ATPIs of 70 or greater will receive the standard reported interest rates. SRF interest rates are further stratified by the term of the loan. Once loan terms are established, the appropriate base interest rate is selected. The community ATPI is verified, then the multiplier corresponding to the ATPI is multiplied by the base interest rate to establish the SRF awarded interest rate. (Figure 1)

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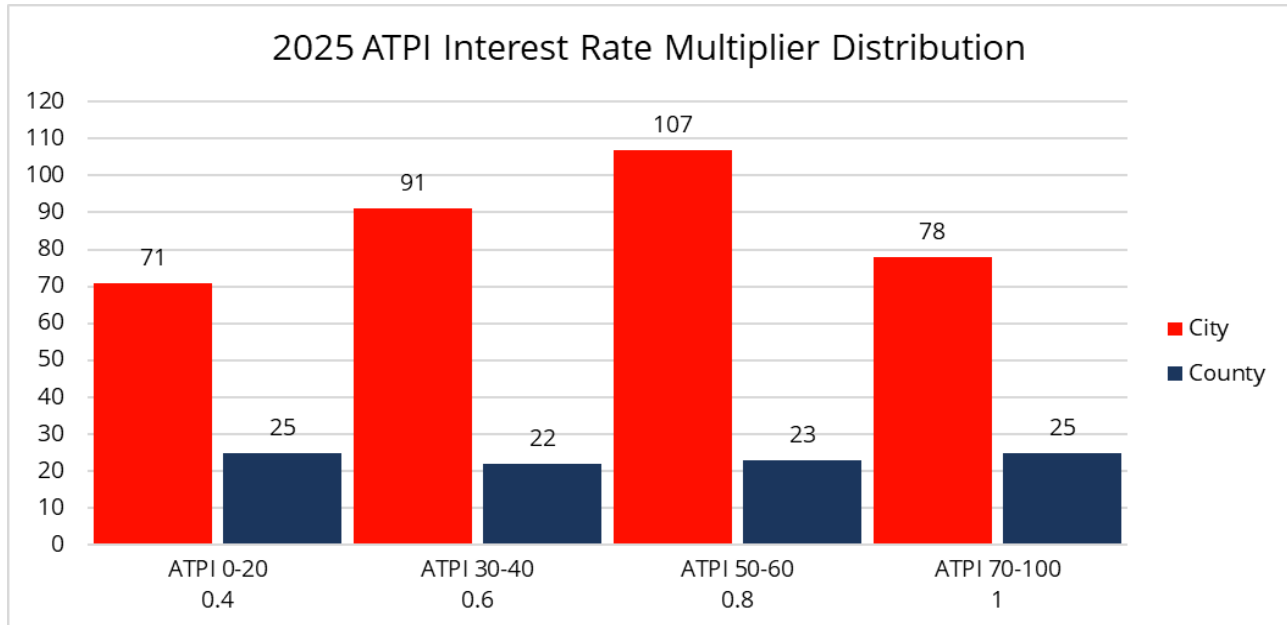


Figure 1: ATPI Interest Rate Multiplier Distribution

**Loan Terms and Fees**

The term for a CWSRF loan SA-HMW funding will be a maximum of 30 years or the useful life of the project, whichever is shorter. The Office of State Government Finance charges a loan fee of 8 basis points (0.08%) for all CWSRF loans awarded on or after October 1, 2009, that are paid directly by the recipient to support administrative services during the loan repayment period. In accordance with 40 CFR § 35.3120 and related federal regulations, these fees are not included as principal in the loan and must be deposited into either the fund or a separate account, with their use limited to authorized purposes such as program administration or other eligible activities. Fees collected fund State Government Finance personnel and operational costs associated with administering loans, payment disbursement requests, repayments, and fund management.

**Recipient Project Requirements**

All CWSRF projects must comply with all current CWSRF rules, regulations, policies, and

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procedures provided in this section.

***Davis-Bacon***

The Davis-Bacon Act, 46 Stat. 1494 (Pub. Law 71-800), and Related acts apply to contractors and subcontractors performing on federally funded or assisted contracts over \$2,000 for the construction, alteration, or repair (including painting and decorating) of public buildings or public works. The Davis-Bacon Act (DBA) and Related Acts require contractors and subcontractors to pay their laborers and mechanics employed under the contract 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 locally prevailing wage rates. The Davis-Bacon Act applies to contractors and subcontractors performing work on federal or District of Columbia contracts. The prevailing Davis-Bacon Act 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.

***Disadvantaged Business Enterprise (DBE) Goals***

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 the requirements outlined in 40 CFR Part 33, Subpart D when renegotiating the fair share objectives/goals.

Pursuant to 40 CFR § 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:

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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 whether firms competing for large contracts could subcontract with DBEs in the contracting process. 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 Small Business Administration (SBA) and the Minority Business Development Agency of the Department of Commerce.
6. If the prime contractor awards subcontracts, the prime contractor must take steps in paragraphs (1) through (5).

***American Iron and Steel***

The American Iron and Steel (AIS) provision requires CWSRF assistance recipients to use iron and steel products 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, and is a permanent requirement for all SRF projects.

***Cost and Effectiveness Analysis***

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CWA § 602(b)(13) requires all assistance recipients meeting the definition of municipality or inter-municipal, interstate, or state agency to certify that they have conducted the studies and evaluations referred to as a cost and effectiveness analysis. The statute requires that a cost and effectiveness analysis involve, at a minimum: the study and evaluation of the cost and effectiveness of the processes, materials, techniques, and technologies for carrying out the proposed project or activity for which assistance is sought under this title; and the selection, to the maximum extent practicable, of a project or activity that maximizes the potential for efficient water use, reuse, recapture, and conservation and energy conservation, taking into account:

- The cost to construct the project or activity;
- The cost to operate and maintain the project or activity over the life of the project or activity; and
- The cost to replace the project or activity.

A cost and effectiveness analysis is an eligible cost. CWSRFs can provide assistance for planning or engineering activities that involve this analysis; however, certification must be provided before loan approval. This provision applies to all types of assistance provided to the public entities described above for which the recipient applies on or after October 1, 2015.

***Generally Accepted Accounting Principles (GAAP)***

The State requires assistance recipients to follow CWA section 602(b)(9) and maintain project accounts according to Generally Accepted Accounting Principles (GAAP) as issued by the [Government Accounting Standards Board \(GASB\)](#). This provision requires assistance recipients to use standards relating to the reporting of infrastructure assets. The most recent applicable standard is GASB Statement No. 34 (GASB 34), issued in June 1999, which details governmental reporting requirements, including standards for reporting infrastructure assets. Further details on the requirements and the full text of GASB 34 can be obtained through GASB.

***Fiscal Sustainability Planning – Tennessee’s Asset Management Plan***

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Fiscal Sustainability Planning (FSP), also known as the [Asset Management Plan \(AMP\)](#) in Tennessee, is a requirement under the WRRDA and CWA §603(d)(1)(E). It mandates that recipients of loans for projects involving the repair, replacement, or expansion of publicly owned treatment works must develop and implement an AMP or certify that they have done so. This requirement applies to loans with applications submitted on or after October 1, 2014.

AMPs should be treated as “living documents” that are regularly reviewed, revised, expanded, and implemented as an integral part of the operation and management of the system. At a minimum, the AMPs should include:

- An inventory of critical assets that are part of the treatment works;
- An evaluation of the condition and performance of inventoried assets or asset groupings;
- A certification that the assistance recipient has evaluated and will implement water and energy conservation efforts as part of the plant; and
- A plan to maintain, repair, and, as necessary, replace the treatment works and a plan to fund such activities

The State has determined that certification will be submitted to SRF before loan approval. The AMP must be completed and in place by the “Notice to Proceed” and made available for review by SRF staff upon the first interim construction inspection visit.

### ***Architectural and Engineering Procurement***

According to the Amendments to the Water Resources Reform and Development Act, for any capitalization grant awarded after October 1, 2014, the State must ensure that all architectural and engineering (A/E) contracts for projects identified as using funds “directly made available by” a capitalization grant (i.e., equivalency projects) comply with the elements of the procurement processes for A/E services as identified in 40 U.S.C. 1101 et seq., or an equivalent state requirement. All projects funded by SA-HMW capitalization grants will be equivalency projects.

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## **Additional Use of Funds**

CWSRF funds include reasonable costs for CWSRF administration, consistent with CWA section 603(d)(7). The maximum annual amount of CWSRF funds (not including any fees collected that are placed in the fund) that may be used to cover the reasonable costs of administering the fund (i.e., all IJA, SA-HMW, and base appropriations) is the greatest of the following: an amount equal to 4% of all grant awards to the fund received by a state CWSRF (less any amounts that have been used in previous years to cover administrative expenses) for the fiscal year; \$400,000; or 1/5 percent of the current valuation of the fund.

In addition, states may use up to an amount equal to 2% of the SA-HMW CWSRF capitalization grant for the purpose of small systems technical assistance with CWA section 603(k). The form of that assistance is flexible and could include, but is not limited to, community outreach, technical evaluation of wastewater solutions, preparation of applications, preliminary engineering reports, and financial documents necessary for receiving SRF assistance.

CWSRF intends to utilize 4% of the SA-HMW CWSRF and SA-HMW Decentralized Systems capitalization grants for administration, pursuant to section 603(d)(7) of the CWA. Tennessee SRF estimates up to \$326,680 of the SA-HMW CWSRF capitalization grant and \$140,960 of the SA-HMW Decentralized Systems capitalization grant may be allocated for the administration, management, and operation of the programs. The administrative support includes salaries and benefits of employees; travel of staff relating to project management, conferences, seminars, and workshops; technical assistance efforts, including staff time and third-party contracts, to support CWSRF applicants through the application process; training for state employees; general office supplies; laptop computers; equipment purchases (as needed), communication; printing; and office rental space.

CWSRF will not utilize 2% for small systems technical assistance. The State of Tennessee reserves the right to use the additional set-aside funds at a later date.

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## **Annual Report Requirements**

CWA § 606(d) requires the State to provide an Annual Report to EPA beginning the first fiscal year after receiving payments under the CWSRF. The Annual Report shall be submitted to EPA within 90 days after the end of the fiscal year covered by the IUP. The Annual Report shall provide an update on the deliverables and milestones accomplished by the program in the fiscal year. This report shall 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 by CWSRF, the population of the loan recipient, and additional information such as EPA may require.

## **Environmental Benefits**

To conform to EPA's Policy for Environmental Results under EPA Assistance Agreements, EPA Order 5700.7, and the Consolidated Appropriations Act of 2017, P.L. 115-31, the CWSRF loan program agrees to comply with all requests for data by EPA related to the use of the funds under Subchapter VI of the CWA, and to report all uses of the funds within the Office of Water State Revolving Funds (OWSRF) System database no less than quarterly. This reporting will include but not be limited to data for compliance with the Green Project Reserve.

## **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 and is incorporated herein by reference. Pursuant to sections 606(c)(4) (5) of the CWA, the State certifies that:

- The State will enter into binding commitments equal to at least 100% of each quarterly grant payment within one year after receipt of the payment
- The State will expend all CWSRF funds in a timely and expeditious manner
- Funds will first be used to ensure maintenance of progress toward compliance with

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enforceable deadlines, goals, and requirements of the CWA

- The State agrees to commit or expend each quarterly capitalization grant payment in accordance with the state's own laws and procedures.

States can transfer up to 33% of the DWSRF Capitalization Grant into the Clean Water State Revolving Fund (CWSRF) or an equal dollar amount from the CWSRF into the DWSRF. 40 C.F.R. § 35.3555(c)(8). Tennessee reserves the right to transfer between these funds.

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

### **Amending the Intended Use Plan**

The SRF Loan program reserves the ability to amend the IUP as needed for an efficient and effective program. Changes to the IUP that impact the administration of the program will be made public on the SRF website and through appropriate communication channels.

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**Appendix A**

**Sources and Uses Table**

Sources and Uses Summary				
Clean Water State Revolving Fund SA-HMW Sources and Uses				
Administered by Tennessee Department of Environment and Conservation - State Revolving Fund Loan Program				
State Fiscal Year July 1, 2025 - June 30, 2026				
Sources and Uses	Federal Contribution	State Contribution	CW SRF Fund	Total
<i>Funding Sources</i>				
Prior Year Project Carry Forward Funds	\$ -	\$ -	\$ -	\$ -
Loan Repayments (P&I)	\$ -	\$ -	\$ -	\$ -
Investment Income	\$ -	\$ -	\$ -	\$ -
Banked Set Asides	\$ -	\$ -	\$ -	\$ -
FFY 2025 SA-HMW CW Grant	\$ 8,167,000	\$ -	\$ -	\$ 8,167,000
FFY 2025 SA-HMW DS Grant	\$ 3,524,000	\$ -	\$ -	\$ 3,524,000
<b>Totals for Funding Sources</b>	<b>\$11,691,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,691,000</b>
<i>Funding Uses</i>				
Project Disbursements	\$ 11,223,360	\$ -	\$ -	\$ 11,223,360
Set Asides Spending	\$ 467,640	\$ -	\$ -	\$ 467,640
<b>Total for Funding Uses</b>	<b>\$ 11,691,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,691,000</b>

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<b>Sources and Uses Detail</b>		
<b>Sources</b>	<b>%</b>	<b>Amount</b>
<b>Projects</b>		
FFY 2025 SA-HMW CW Grant		\$8,167,000
Set Asides		-\$326,680
<b>Total Project Fund</b>		<b>\$7,840,320</b>
FFY 2025 SA-HMW DS Grant		\$3,524,000
Set Asides		-\$140,960
<b>Total Project Fund</b>		<b>\$3,383,040</b>
<b>Set Asides</b>		
Administrative Assistance		\$467,640
<b>Total Available Set Aside Funds</b>		<b>\$467,640</b>
<b>Total Sources of Funds</b>		<b>\$11,691,000</b>
<b>Uses</b>		
<b>Projects</b>		
Anticipated Commitments SFY26		\$11,223,360
Anticipated Commitments SFY27		\$0
<b>Total Anticipated Loan Commitments*</b>		<b>\$11,223,360</b>
<b>Set Asides</b>		
Administrative Assistance		\$467,640
		<b>\$467,640</b>
<b>Total Uses of Funds</b>		<b>\$11,691,000</b>

\* from PRL - maximum available for funding or all available projects (whichever is less)

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**Appendix B**

**Priority Ranking Lists**

**2026 CLEAN WATER STATE REVOLVING FUND APPROPRIATIONS for HURRICANES HELENE and MILTON (SA-HMW)  
Priority Ranking List  
April 29, 2026**

Total CWSRF Requested \$140,730,000  
Estimated Amount of SA-HMW Principal Forgiveness \$104,597,500

\*\* ATPI is the SRF's Ability To Pay Index (ATPI). The index scores entities on their economic health and financial stability.

Rank Order	Priority Points	Application ID	ATPI**	Pop.	NPDES	Local Government	County	Project Description	Total Project Amount (\$)	Estimated Amount of SA-HMW Principal Forgiveness (\$)	Proposed Construction Start	Proposed Construction Completion	Proj. Type (212 or 319)	EPA Needs Category	Discharge Treatment Requirement (Secondary, Advanced, or N/A)	HUC Code
<b>2026 RANKED PROJECTS</b>																
1	70	2025-13720	0	17,779	TN0023001	Erwin Utilities Authority	Unicoi	New WWTP (Relocation of Erwin Utilities WWTP due to damages from Hurricane Helene.)	\$60,000,000	\$ 45,000,000	Jul-27	Jul-33	212	I	Secondary	06010108
2	70	2025-13800	10	6,001	NA	Erwin	Unicoi	Gray Infrastructure (Development of a Stormwater Master Plan to include inventory and condition of existing assets, GIS mapping, and hydraulic modeling and a preventative work plan for prioritizing assets, and to maintain a capital improvement plan to increase efficiency and reliability.)	\$68,000,000	\$ 51,000,000	Jul-26	May-27	212	VI-A	NA	06010108
3	55.0	2025-13742	40	14,364	TN0023515	Elizabethton	Carter/ Washington	Gray Infrastructure (Installation of approximately 2,500 linear feet of 15-inch, 18-inch, and 24-inch diameter piping with catch basins, ditching/swales, and miscellaneous small diameter drainage features at the Cat Island Park that was decimated by Hurricane Helene.)	\$1,000,000	\$ 750,000	Oct-26	Apr-27	212	VI-A	NA	06010103
4	50	2026-13807	40	14,364	TN0023515	Elizabethton	Carter/ Washington	WWTP Improvements (Installation of a SCADA system at the WWTP and 7 pumping stations to enhance resiliency to rapid hydrological change and reduce flood risk and vulnerability.)	\$1,130,000	\$ 847,500	Sep-26	Dec-27	212	I	Secondary	06010103





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**2026 CLEAN WATER STATE REVOLVING FUND APPROPRIATIONS for HURRICANES HELENE and MILTON (SA-HMW)  
Priority Ranking List  
April 29, 2026**

Total CWSRF Requested      \$140,730,000  
Estimated Amount of SA-HMW Principal Forgiveness      \$104,597,500

\*\* ATPI is the SRF's Ability To Pay Index (ATPI). The index scores entities on their economic health and financial stability.

Rank Order	Priority Points	Application ID	ATPI**	Pop.	NPDES	Local Government	County	Project Description	Total Project Amount (\$)	Estimated Amount of SA-HMW Principal Forgiveness (\$)	Proposed Construction Start	Proposed Construction Completion	Proj. Type (212 or 319)	EPA Needs Category	Discharge Treatment Requirement (Secondary, Advanced, or N/A)	HUC Code
5	45	32701-2026-123	50	27,490	TN0023531	Bristol	Sullivan	I/I Correction (Rehabilitation of approximately 10,000 linear feet of 8-inch through 12-inch diameter sewerlines by method of CIPP and open-cut replacement; and the replacement/rehabilitation of approximately 40 manholes to mitigate damage and enhance resiliency to rapid hydrological change.)	\$6,800,000	\$ 5,100,000	Jan-27	Sep-27	212	III-A	NA	06010102
6	45	32701-2026-29	60	NA	TN0062057	Mount Carmel	Hawkins	Pump Station Rehabilitation (Improvements to the Town's aging eleven pump stations to ensure system reliability and enhance resiliency to rapid hydrological change.)	\$3,800,000	\$ 1,900,000	Jun-26	Feb-27	212	III-B	NA	06010102
<b>Totals:</b>									\$ 140,730,000	\$ 104,597,500						

**2026 CLEAN WATER DECENTRALIZED STATE REVOLVING FUND APPROPRIATIONS for HURRICANES HELENE and MILTON (SA-HMW)  
Priority Ranking List  
April 29, 2026**

Total CWSRF Requested      \$3,000,000  
Estimated FY25 Disadvantaged Communities Principal Forgiveness Eligibility      \$3,000,000

\* Disadvantaged Communities: Communities with an ATPI of 0-50 are considered a Disadvantaged Community and eligible for Principal Forgiveness.

+ Small Systems with a population less than 10,000

\*\* ATPI is the SRF's Ability To Pay Index (ATPI). The index scores entities on their economic health and financial stability.

Rank Order	Priority Points	Application ID	ATPI**	Pop.	NPDES	Local Government	County	Project Description	Total Project Amount (\$)	Estimated Amount of SA-HMW Principal Forgiveness (\$)	Proposed Construction Start	Proposed Construction Completion	Proj. Type (212 or 319)	EPA Needs Category	Discharge Treatment Requirement (Secondary, Advanced, or N/A)	HUC Code
<b>2026 RANKED PROJECTS</b>																
1	55	32701-2026-120	0	17,779	TN0023001	Erwin Utilities Authority	Unicoi	Decentralized Wastewater Treatment (Expand the sewer collection system to approximately 150 residential customers to remove them from septic tanks to the sanitary sewer system. This will include the construction of a 200 GPM lift station and the installation of approximately 4,000 linear feet of 6-inch diameter force main to provide sewer service to residents that lost septic capacity from Hurricane Helene.)	\$3,000,000	\$ 3,000,000	Dec-26	Jul-28	212	XII	NA	06010202
<b>Totals:</b>									\$ 3,000,000	\$ 3,000,000						

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## Appendix C

### SA-HMW CWSRF Scoring Criteria

#	Criteria	Priority Points	Max Points
1	<b>What is the primary purpose of the proposed project?</b>		15
	o Reducing flood risk and vulnerability	5	
	o Enhancing resiliency to rapid hydrological change	5	
	o Mitigating potential damage from future natural disasters	5	
2	<b>Does the proposed project move existing infrastructure out of the floodplain or fortify infrastructure within the floodplain?</b>		15
	o Project relocates and/or improves infrastructure to ensure continued operation during a 500-year flood event	15	
	o Project relocates and/or improves in infrastructure to ensure continued operation during a 100-year flood event	10	
	o Neither	0	
3	<b>Does the project provide redundancy/resiliency for critical treatment and/or transmission/distribution system functions including cybersecurity and/or backup electrical power source?</b>		10
	o Yes	10	
	o No	0	
4	<b>Will the proposed project include a system merger or regionalization?</b>		10
	o System Merger	10	
	o System Regionalization	10	
	o Neither	0	
5	<b>Will the proposed project result in reducing water use or energy use at least by 20%?</b>		5
	o Yes	5	
	o No	0	
6	<b>What best describes the infrastructure of the applicant due to damages sustained from Hurricane Helene?</b>		20
	o Completely inoperable	20	
	o Operational but damaged	10	
	o Fully operational with minimal damage	5	
	o Fully operational	0	

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<b>7</b>	<b>What percentage of commercial, residential, wholesale, etc. customers was lost due to Hurricane Helene?</b>		<b>20</b>
	<input type="radio"/> 71-100	20	
	<input type="radio"/> 41-70	15	
	<input type="radio"/> 21-40	10	
	<input type="radio"/> 0-20	0	
<b>8</b>	<b>Do you have an existing SRF loan still in repayment?</b>		<b>5</b>
	<input type="radio"/> Yes	5	
	<input type="radio"/> No	0	
<b>Bonus</b>	<b>Does the proposed project replace, repair, or rehab infrastructure damaged by Hurricane Helene?</b>		<b>20</b>
	<input type="radio"/> Yes	20	
	<input type="radio"/> No	0	
<b>MAXIMUM TOTAL POINTS</b>			<b>100 (120)</b>

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***SA-HMW CWSRF Decentralized Scoring Criteria***

#	Criteria	Priority Points	Max Points
1	<b>What is the primary purpose of the proposed project?</b>		15
	o Reducing flood risk and vulnerability	5	
	o Enhancing resiliency to rapid hydrological change	5	
	o Mitigating potential damage from future natural disasters	5	
2	<b>Does the proposed project move existing infrastructure out of the floodplain or fortify infrastructure within the floodplain?</b>		15
	o Project relocates and/or improves infrastructure to ensure continued operation during a 500-year flood event	15	
	o Project relocates and/or improves in infrastructure to ensure continued operation during a 100-year flood event	10	
	o Neither	0	
3	<b>What best describes the infrastructure of the applicant due to damages sustained from Hurricane Helene?</b>		20
	o Completely inoperable	20	
	o Operational but damaged	10	
	o Fully operational with minimal damage	5	
	o Fully operational	0	
4	<b>What percentage of the decentralized systems impacted by this project were also impacted by Hurricane Helene? (Round down to the nearest option)</b>		20
	o 25%	5	
	o 50%	10	
	o 75%	15	
	o 100%	20	
<b>MAXIMUM TOTAL POINTS</b>			<b>70</b>