

2022 DRINKING WATER STATE REVOLVING FUND INTENDED USE PLAN



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SECTION A: Drinking Water State Revolving Fund (DWSRF)

A-1 Plan Introduction

The national Drinking Water State Revolving Fund (DWSRF) program established by the Safe Drinking Water Act (SDWA) Amendments of 1996, authorizes the U.S. Environmental Protection Agency (EPA) to award capitalization grants to states, which in turn may provide low-cost loans and other types of assistance to eligible public water systems to finance the costs of infrastructure projects needed to achieve or maintain compliance with SDWA requirements. States are also authorized to set-aside a portion of their capitalization grants to fund a range of activities including administration, technical assistance, source water protection, capacity development, and operator certification.

Congress made significant changes to the Drinking Water State Revolving Fund operating requirements with the Water Infrastructure Improvement for the Nation Act (WIIN) in 2016 and America's Water Infrastructure Act (AWIA) of 2018. Furthermore in 2021 congress made additional significant changes to the Drinking Water State Revolving Fund program as the program saw the largest investment made by congress into the program since initiation with the Bipartisan Infrastructure Law (BIL). This new investment will be realized over the next 5 years and will be disbursed in three new grants: DWSRF Supplemental; Lead Service Line Replacement; and Emerging contaminants and totals \$305 million. This IUP will reference each of these grants in addition to the traditional base DWSRF grant.

The Utah Legislature enacted Utah Code Annotated (UCA) 19-4-101 et seq. establishing the Utah Safe Drinking Water Board (Board). UCA 19-4-104 empowers the Board with rule making authority to meet the requirements of federal law governing drinking water. UCA 19-1-105(1)(b) establishes the Division of Drinking Water (DDW) which is tasked with the responsibility to administer UCA 19-4-101 et seq. The Board has promulgated rules for making loans incorporating the requirements of the Federal Safe Drinking Water Act at Utah Administrative Code (UAC) R309-705. Additionally, the Board is authorized by UCA 19-4-104(1)(a)(v) and 19-4-104(2) to promulgate rules for certification of operators and governing capacity development in compliance with Section 1419 and 1420 of the Federal Safe Drinking Water Act.

The responsibility of the Board is to develop policies and procedures for program implementation and to authorize loans in the DWSRF program. The Utah Department of Environmental Quality (DEQ) through DDW directly administers the DWSRF program. The DDW's primary DWSRF activities include administering loans and managing and coordinating the fund.

DDW receives assistance and support from the DEQ's Office of Support Services, the State Division of Finance, the State Attorney General's Office and the State Treasurer's Office. The salaries and benefits of the employees, as well as indirect costs based on direct salary costs, are charged to the DWSRF program. Employees charging time to the DWSRF program are covered by the State of Utah personnel benefits plan. The DWSRF program is charged a loan administration fee by the Division of Finance.

The DWSRF Base Program, DWSRF Supplemental Program, Lead Service Line Replacement Program, and Emerging Contaminants Program requires the states to deposit to the loan fund an amount equal to at least 20%, 10%, 0%, 0% respectively of the capitalization grant. Loan repayments made by assistance recipients return to the loan fund and provide a continuing source of financing. The following table summarizes awards received by DDW, the allocation between loan and set-aside funds and the required state 20% match for the Base SRF Program.

TABLE 1 - DWSRF GRANTS SUMMARY

DIVISION OF DRINKING WATER								
State of Utah								
Department of Environmental Quality								
Table 1								
Summary of DWSRF Grants								
June 30, 2021								
Federal Fiscal Year	Award Dated	Award Allocation						State 20% Match
		Total		Loan Fund		Set-Aside Funds		
		Amount	%	Amount	%	Amount	%	
1997	February 9, 1998	\$ 12,558,800	100%	\$ 9,755,575	77.679%	\$ 2,803,225	22.321%	\$ 2,511,760
1998	September 20, 1999	\$ 7,121,300	100%	5,633,563	79.109%	1,487,737	20.891%	1,424,260
1999	May 1, 2000	\$ 7,463,800	100%	6,019,720	80.652%	1,444,080	19.348%	1,492,760
2000	August 21, 2000	\$ 7,732,000	100%	6,515,880	84.272%	1,216,120	15.728%	1,551,400
2001	September 7, 2001	\$ 7,789,100	100%	6,542,844	84.000%	1,246,256	16.000%	1,557,820
2002	July 30, 2002	\$ 8,052,500	100%	6,384,100	79.281%	1,668,400	20.719%	1,610,500
2003	August 11, 2003	\$ 8,004,100	100%	6,473,444	80.877%	1,530,656	19.123%	1,600,820
2004	July 8, 2004	\$ 8,303,100	100%	6,724,604	80.989%	1,578,496	19.011%	1,660,620
2005	June 16, 2005	\$ 8,285,500	100%	6,709,820	80.983%	1,575,680	19.017%	1,657,100
2006	June 29, 2006	\$ 8,228,900	100%	6,583,120	80.000%	1,645,780	20.000%	1,645,780
2007	June 27, 2007	\$ 8,229,400	100%	6,562,696	79.747%	1,666,704	20.253%	1,645,880
2008	July 31, 2008	\$ 8,146,000	100%	6,516,800	80.000%	1,629,200	20.000%	1,629,200
2009	May 18, 2009	\$ 19,500,000	100%	18,915,000	97.000%	585,000	3.000%	0
2009	June 22, 2009	\$ 8,146,000	100%	6,822,275	83.750%	1,323,725	16.250%	1,629,200
2010	June 9, 2010	\$ 13,573,000	100%	11,401,320	84.000%	2,171,680	16.000%	2,714,600
2011	July 1, 2011	\$ 9,418,000	100%	7,440,220	79.000%	1,977,780	21.000%	1,883,600
2012	June 12, 2012	\$ 8,975,000	100%	6,590,250	73.429%	2,384,750	26.571%	1,795,000
2013	June 26, 2013	\$ 8,421,000	100%	6,224,890	73.921%	2,196,110	26.079%	1,684,200
2014	June 9, 2014	\$ 9,229,000	100%	6,779,460	73.458%	2,449,540	26.542%	1,845,800
2015	June 8, 2015	\$ 9,169,000	100%	6,645,060	72.473%	2,523,940	27.527%	1,833,800
2016	May 19, 2016	\$ 8,674,000	100%	5,903,760	68.063%	2,770,240	31.937%	1,734,800
2017	September 28, 2017	\$ 8,600,000	100%	5,800,000	67.442%	2,800,000	32.558%	1,720,000
2018	September 26, 2018	\$ 11,107,000	100%	8,200,000	73.827%	2,907,000	26.173%	2,221,400
2019	August 18, 2019	\$ 11,103,000	100%	8,199,000	73.845%	2,904,000	26.390%	2,220,600
2020	July 16, 2020	\$ 11,011,000	100%	8,093,360	73.502%	2,917,640	26.498%	2,202,200
	Total	\$ 236,840,500	100%	\$ 187,436,761	79.141%	\$ 49,403,739	20.859%	\$ 43,473,100

Utah's DWSRF program results through SFY21

- ✓ Utah's DWSRF Fund Use Rate at the end of SFY21 was 89%. From the beginning of the program thru FY 2021 the DWSRF fund has provided drinking water assistance to communities of approximately \$336 million, \$378 million was available.
- ✓ In SFY21, Utah entered into eight binding-commitments for a total of \$16,263,000. As of March 31, 2022, DWSRF had authorized and closed three projects by the Drinking Water Board totaling \$6,245,000.
- ✓ The calculation of the use rate as of March 31, 2022 is 86%.
- ✓ The allotment between states is based on state needs surveys. DDW was allocated one percent for the federal fiscal years 2018 through 2021.
- ✓ DDW will continue to contract with Rural Water Association of Utah (RWAU) to assist small public water systems. They anticipate assisting approximately 300 water systems with capacity development or technical assistance.

- ✓ The State Auditor, in compliance with the provisions of the Single Audit Act, audits the DWSRF accounts. DWSRF accounts are also subject to review and audit by USEPA, the Office of the Inspector General. DWSRF Funds are included in Utah's Comprehensive Annual Financial Report (CAFR), which uses the modified accrual basis of accounting. Because funds are combined the DWSRF assets, liabilities, and net assets are not identifiable in Utah's CAFR.
- ✓ The State is required to submit an annual Intended Use Plan (IUP) to EPA as long as the Fund or set-aside accounts remain in operation.
- ✓ DDW under the direction of the Board administers the loan and set-aside programs.
- ✓ The DWSRF program and procedures are expected to primarily continue similarly as is described in the Operating Agreement.

Lead Service Line Replacement (LIL)

The BIL Lead Service Line Replacement (LSLR) Funding will help water systems develop service line inventories and fully replace lead service lines. No amount of lead exposure is safe for humans, and lead service lines (LSLs) can be a significant source of lead in drinking water. This funding will protect public health by helping water systems find and fully replace LSLs within their distribution systems.

Utah has been appropriated \$28,350,000 per year in LSLR Funding. 49% of funds under this program will be provided as grants and/or forgivable loans in accordance with the BIL. All lead service line replacements funded by this program must be full replacements in accordance with SDWA Section 1452(a)(2)(B).

Emerging Contaminants (EC)

The BIL Emerging Contaminants (EC) Funding will help water systems in Utah proactively address emerging contaminants before they become regulated and increase water system resilience into the future. For the purposes of this funding, emerging contaminants are defined as any contaminant that has appeared on an Environmental Protection Agency (EPA) Contaminant Candidate List (CCL) and that is not yet regulated. This includes the following: per- and polyfluoroalkyl substances (PFAS), algal toxins, manganese, and unregulated disinfection by-products, among other chemicals. While these contaminants are not yet regulated, they may pose a health risk, and this funding will help protect public health by enabling systems to address these issues earlier than might otherwise be feasible.

Utah has been appropriated \$7,540,000 per year in EC funding. All funds under this program will be provided as grants and/or forgivable loans in accordance with the BIL, and at least 25 percent of the funding is specifically allocated for disadvantaged communities or water systems serving fewer than 25,000 people. All projects funded will be directly related to addressing emerging contaminants per the definition above.

Utah has been conducting proactive PFAS monitoring in drinking water supplies across the state and has not found any cases of PFAS contamination to drinking water requiring treatment by a water system. All data can be found at pfas.utah.gov. Thus, Utah expects to fund projects targeting manganese and algal toxins, which are issues of concern. Should PFAS-related projects

arise, they will be appropriately prioritized, given the BIL EC funding’s prioritization of PFAS-related projects.

A-2 DWSRF Loan Program

The loan program funds low-cost loans and other types of financial assistance to publicly owned and privately owned community water systems and non-profit non-community water systems to finance the costs of infrastructure projects. States are responsible for developing a priority system that identifies how projects will be ranked for funding and a list of projects, in priority order, that are eligible for funding. A description of the criteria and the method used for distribution of loan funds is outlined in Utah Administrative Code R309-705. AWIA extended both the length of years eligible for water systems to repay the debt and the maximum time period allowed before requiring the first payment due on the outstanding principal balance.

Loans Program Eligibility Requirements

1. Repayment must begin no later than 18 months after completion of the project.
2. Loan repayment must be completed no later than 30 years after the completion of the project. A disadvantaged community loan may have up to 40 years as long as the period of the loan does not exceed the expected design life of the project.
3. A minimum of 15% of all dollars credited to the loan fund must provide loans to small systems, those that serve fewer than 10,000 persons.
4. Funding can be used for principal forgiveness for communities meeting the State’s “Disadvantaged” criteria. The Board has defined disadvantaged communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State’s median adjusted gross income, as determined by the Utah State Tax Commission from federal individual income tax returns excluding zero exemption returns or where the established annual cost of drinking water service to the average residential user exceeds 1.75% of the median adjusted gross income.
5. The 2022 DWSRF capitalization grant may require a percentage of federal funds to be used for additional subsidization in the form of principal forgiveness, negative interest loans, or grants, or any combination of these. This will be defined in the programmatic conditions of the award and will be followed as defined.
6. FY22 grants are subject to American Iron and Steel (AIS) and Build America Buy America (BABA). The AIS and BABA provisions require iron and steel products and all other materials permanently incorporated into drinking water infrastructure projects be produced in the United States. DDW intends to follow this requirement and request a waiver for an exception when necessary.
7. It is not anticipated the 2022 capitalization grant will require “Green Infrastructure Projects”.

8. Construction bids are required to use Davis-Bacon Act wage rules.

Interest and Fees

1. Federal rules section 1452 allows the state to assess interest and/or fees. Fees are calculated and paid in the same manner as interest. Fees have fewer restrictions than interest. The Board has authorized by Rule the establishment of a fund (or account) into which the proceeds of annual fees are placed.
2. Interest payments are deposited to the same loan fund as principal payments and have the same restrictions.
3. Hardship fees are deposited to a separate fund authorized for providing grants to water systems through a state revolving fund (SRF) loan program.
4. Technical Assistance fees are to finance technical assistance for eligible water systems or other purposes as allowed by section 1452. This fee is part of the “effective rate” calculated using Table 2, R309-705-6. UAC R309-705-3 defines a SRF Technical Assistance Fund which means a fund (or account) that will be established for the express purpose of providing “Technical Assistance” to eligible drinking water systems. These fees are deposited into the hardship fee fund and are tracked separately. The Technical Assistance Fund will also provide low interest loans for technical assistance, and any other eligible purpose as defined by Section 1452 of the SDWA Amendments of 1996, to water systems that are eligible for Federal SRF loans. Repayment of these loans may be waived in whole or in part (grant funds) by the Board whether or not the borrower is disadvantaged.
5. Origination Fee: The Utah State Legislature established an origination fee to be charged to all new loans to fund the administration of the DWSRF program in accordance with UCA 73-10c-10. The set fee of 1% continues to be the rate charged by the Board. It is reviewed annually and may change based on the needs of the program. The origination fee amount is assessed to the loan recipient as a percentage of the principal balance of the loan. It is generally paid at closing as a one-time fee, but the loan recipient may choose to pay separately or with their first pay request from the loan proceeds. All proceeds are deposited into a separate fund. Since fees will be deposited into an account outside of the Fund, they will only be used for program administration or other purposes for which capitalization grants can be awarded under section 1452. Currently, these fees will not be used for any state match requirements. In addition, this fee will not be charged to any disadvantaged community which receives a loan subsidy provided from DWSRF funding.

State fund Drinking Water Loan Program

The Division of Drinking Water also operates a State-funded Drinking Water Assistance Program also known as the Water Development Security Fund, UCA 73-10c-5. The state program provides Utah the flexibility to put together loan packages without the restrictions that accompany the DWSRF program. The DWSRF program requires a 20% state match which is generated from the state SRF loan program.

A-3 Set-Asides

In addition to loan assistance to eligible public water systems, the DWSRF program also emphasizes the prevention of drinking water contamination by allowing states to reserve a portion of their grant to fund activities that encourage enhanced water system management and source water protection. The funded activities are referred to as set-aside funds.

Set-aside activities include:

1. The four percent set-aside provides an allotment to administer the DWSRF and provide technical assistance to public water systems. The calculation for the four percent administrative set-aside consists of choosing the greatest one of three options: 1) \$400,000; 2) 1/5 percent of the current valuation of the fund (must be an audited fund); or 3) an amount equal to four percent of all grant awards in the fund under this section for the fiscal year.
2. Up to ten percent of the allotment for state program management activities, including administration of the state public water system supervision program, administration of the source water protection program, development and implementation of the capacity development and operator certification programs.
3. Up to two percent of the allotment to provide technical assistance to small public water systems.
4. Up to 15 percent of the capitalization grants to assist in the development and implementation of local drinking water protection initiatives, including capacity development, wellhead protection and other state programs.

SECTION B - Intended Use Plan

B-1 Summary, Financial Status and Goals

An Intended Use Plan (IUP) explains how the State will use all funds available from the capitalization grant, including funds that will be allocated to the set-asides. Specifically, the IUP describes how DDW plans to use available funds. Funds are received from the federal capitalization grants, the state match, loan repayments including interest and fee payments, and investment earnings.

The State is applying for the 2022 DWSRF Base (Base), DWSRF Supplemental, DWSRF Lead Service Line Replacement (LSL), and DWSRF Emerging Contaminants (EC) in the amount of \$7,280,000, \$17,992,000, \$28,275,000, and \$7,540,000 respectively. DDW is requesting \$5,222,200 to be added to the loan fund and \$2,057,800 to the set-aside program for the Base program and \$16,400,000 to be added to the loan fund and \$1,592,000 to the set-aside program for the supplemental program. For LSL and EC programs we are requesting \$26,185,000 and \$6,785,000 for grants and \$2,090,000 and \$755,000 respectively for the set aside programs. The federally mandated 20% and 10% state match of \$1,456,000 and \$1,799,200 will be funded from

the Drinking Water State loan program and will be available to transfer into the DWSRF fund within 90 days of the award date.

The Intended Use Plan (IUP) is for the 2022 DWSRF appropriations and will include:

1. Specifics on how the Board proposes to use the appropriations;
2. A description of the goals of the DWSRF program;
3. A list of projects eligible to receive DWSRF funding, which identifies those serving less than 10,000 people;
4. Cost estimates for listed projects;
5. An estimate of funds anticipated to be available for financial assistance;
6. Criteria for selecting projects to receive financial assistance;
7. Criteria for determining which communities qualify for hardship status;
8. The project scoring and ranking system;
9. Projects authorized for funding and those anticipated to be closed in FFY2022 and the 1st or 2nd quarter of FFY2023.

Short and Long-Term DWSRF & BIL Grant Goals

The DWSRF and LSL program will help ensure Utah's drinking water supplies remain safe and affordable, and drinking water systems are properly operated and maintained. The objectives of the DWSRF program include ensuring the safety of the public health, achieving compliance with SDWA, and assisting systems to provide affordable drinking water.

The EC program will help protect the public health of Utahns by addressing contaminants of concern proactively, prior to regulation. The objectives of the EC program include enabling water systems to address emerging contaminants, supporting planning for projects addressing emerging contaminants, and educating communities about emerging contaminants.

Short-Term Loan Program Goals - Base and Supplemental SRF

1. Seek the award of the FFY 2022 Capitalization Grant to secure federal funding for the DWSRF program and follow all the grant requirements.
2. Implementing process to accommodate water systems having difficulty with loan repayments due to the covid-19 pandemic. This process will likely be a restructure of their loan terms for their amortization schedule.
3. DDW is actively engaging in portfolio and programmatic financing.
4. Continue to upgrade and improve our enterprise resource planning tool Water Link and our document database program D2.
5. Engage in a more aggressive marketing process to reach water systems in need of capital improvements, willing and able to meet DWSRF requirements.
6. Work diligently with borrowers to secure authorization of funding from the Board and closing loans in a timely and efficient manner to DWSRF loan applicants.
7. To maintain a permanent and solvent source of funding to assist communities with financing water systems' capital improvements thereby assisting them to maintain compliance with USEPA standards and promote public health.

8. Develop better cross/legacy training to improve employee development and to help with employee transitions.
9. Improve DDW relationships with drinking water stakeholders and others.
10. To continue to develop our cross connection and operator certification programs to be self-sufficient and self-sustaining, therefore independent of DWSRF program funding.

Long-Term Goals and the Set-Aside Goals - Base and Supplemental SRF

1. To help public water suppliers achieve and maintain compliance with Federal and State drinking water standards.
2. Continue outreach activities to ensure systems understand DWSRF assistance options and the need to develop managerial, technically and financially sound water systems.
3. Continue to educate and support water suppliers with their water protection (counter-terrorism) efforts.
4. Continue to expand and automate the Operator Certification program.
5. Improve on-boarding process for new hires.
6. Continue to develop and grow the department by filling all vacant positions in the division.
7. Upgrading or replacing our document database program tool D2.
8. Continue identifying noncompliant water systems using the ETT (Enforcement Target Tool) to assist them to provide safe drinking water to the public.

Short-Term Goals - Lead Service Line Replacement

1. Seek the FFY 2022 award to secure federal funding for the LSLR program and follow all grant requirements.
2. Engage with water systems to raise awareness of the funding and to explain eligibility.
3. Educate water systems on program requirements and best practices.
4. Provide funding to help water systems rapidly develop service line inventories in accordance with the LCRR and established best practices.
5. Help water systems prioritize LSL identification and replacement at schools and child care facilities to protect the health of children (who are most affected by lead exposure).
6. Help water systems prioritize LSL identification and replacement in disadvantaged communities or neighborhoods within a water system's service area.
7. Fund planning for LSL replacement.
8. Fund full LSL replacement at sites with confirmed LSLs.

Long-Term Goals - Lead Service Line Replacement

1. Continue to work with water systems to reduce the public's exposure to lead via drinking water.
2. Help water systems achieve compliance with LSL-related requirements of the LCRR.
3. Reduce the number of service lines of unknown material in Utah water systems' service line inventories.
4. Continue to develop outreach and education materials explaining the health risks of lead in drinking water and LSLs for both water systems and the public.
5. Assist water systems with the development of more accurate lead and copper sample site plans.

Short-Term Emerging Contaminants Program Goals:

1. Seek the FFY 2022 award to secure federal funding for the EC program and follow all grant requirements.
2. Engage with water systems to raise awareness of the funding and to explain eligibility.
3. Educate water systems on emerging contaminants, program requirements and best practices.
4. Provide funding for water systems to address emerging contaminants.
5. Conduct exploratory monitoring to better understand the scope of emerging contaminant issues in the state and prioritize water systems’ funding requests.

Long-Term Emerging Contaminants Program Goals:

1. Continue to work with water systems to reduce the public’s exposure to emerging contaminants via drinking water.
2. Continue to develop outreach and education materials explaining the health risks of emerging contaminants for both water systems and the public.

Transfer of Funds between the DWSRF and CWSRF

The Drinking Water Board and Division of Drinking Water reserve authority to transfer funds from the Drinking Water SRF program to the Clean Water SRF (CWSRF) program. The amount reserved for future transfers is up to 33% of the DWSRF capitalization grant award. The table below indicates the reserved transfer amount by award year.

Award Year	DWSRF Base Capitalization Grant Award	Reserved Transfer Amount
2019	\$11,103,000	\$3,663,990
2020	\$11,011,000	\$3,633,630
2021	\$11,001,000	\$3,630,330
2022	\$7,280,000	\$2,402,400
	TOTAL	\$13,330,350

Award Year	DWSRF Supplemental Capitalization Grant Award	Reserved Transfer Amount
2022	\$17,992,000	\$5,937,360
	TOTAL	\$5,937,360

For FY22, the projected amount of funds to be transferred is \$0, with no short- or long-term impacts on the fund. Justification for any transfers to the Drinking Water SRF program, including amount, type of funds, and fund impact, will be documented in a future IUP. Additionally, cross-collateralization is not anticipated to be used in the Drinking Water Program as the program does not leverage funding.

Portfolio Financing

The Division of Drinking Water SRF program is in its third year using portfolio financing with its SRF loans. This is a process that will aid larger water systems with substantially large and multiple projects. This will simplify the process as these water systems will be able to fund these projects with a single bond to build these projects over several years whereas previous financing methods the financing would be broken out for each individual project.

Withholding of Funds

EPA has the ability to withhold funds under certain provisions, but the DWB/DDW has complied with the following:

1. The State has authority to ensure all new community water systems and new non-transient, non-community water systems commencing operation after October 1, 1999, demonstrate technical, managerial, and financial capacity with respect to each drinking water regulation in effect. Utah Code Annotated 19-4-104 empowers DDW with rule making authority to meet the requirements of Federal law governing drinking water.
2. The State has developed and is implementing a strategy to assist public water systems in acquiring and maintaining technical, managerial, and financial capacity.
3. The State has adopted and is implementing a program for certifying operators of community and non-transient, non-community public water systems.

EPA has approved the State's capacity development and operator certification programs.

Public Review of the IUP

A draft IUP will be published on the Drinking Water web site, www.drinkingwater.utah.gov in August 2022. Notice of the posting and request for public comment will be included in the DW Board's August 2022 meeting. Minutes will be e-mailed to individuals and agencies asking for review and comments in August 2022. Comments may be made in writing addressed to the Board at 195 North 1950 West, PO Box 144830, Salt Lake City, Utah 84114-4830 or in person at a regular scheduled Board meeting. Comments received will be reviewed and incorporated as deemed necessary into the set-aside work plan (due to EPA 90 days from grant award date); however no comments are anticipated to be received.

Financial status

Initial capitalization for the Utah DWSRF program was provided from the 1997 Federal Capitalization Grant and state matching dollars. For the 24 years, 1997 through 2021, DWSRF capitalization grants totaled \$236,840,500. \$187,436,761 was the total loan program portion and \$49,403,739 was used in the set-aside programs. The State 20% match for the same period was

\$43,473,100 was added to the loan program. Through June 30, 2021 the Board has authorized and closed 167 projects totaling approximately 336,000,000.

DDW is applying for Base SRF Grant of \$7,280,000 using the 1% allocation and based on the continuing resolution as adopted by Congress in fiscal year 2022. It is anticipated \$5,222,200 will be provided to the loan fund and \$2,057,800 to set asides. The state 20% match of \$1,456,000 will be transferred to the loan fund within 90 days of the award date. Table 2 identifies the maximum set-asides which could be requested if every possible set-aside percentage and all reserves were requested to be awarded for in the 2021 capitalization grant.

DDW is applying for the Supplemental SRF Grant of \$17,992,000. It is anticipated that \$16,494,000 will be provided to the loan fund and \$1,498,000 to set asides. The state 10% match of \$1,799,200 will be transferred to the loan fund within 90 days of the award date.

DDW is applying for the Lead Service Line Grant of \$28,275,000. It is anticipated that \$26,185,000 will be provided to the grant fund and \$2,090,000 to set asides. There is no state match required for this grant.

DDW is applying for the Emerging Contaminants Grant of \$7,540,000. It is anticipated that \$6,785,000 will be provided to the grant fund and \$755,000 to set asides. There is no state match required for this grant.

TABLE 2 - MAXIMUM AVAILABLE SET-ASIDES

TABLE 2 - SRF BASE				
MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH				
IF ALL RESERVES WERE USED THIS YEAR				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2022 max with 20% State Match	
Loan Fund	22DA		2,657,583	1,456,000
Combined Loan w/state match		-		4,113,583
4% Administrative Set-Aside	22DD		291,200	4%
4% Reserve Amount		876,026		
Maximum 4% w/max reserves		876,026	291,200	1,167,226
2% Small Sys Tech Asst Max	22DE		145,600	2%
2% Reserve Amount		443,903		
		443,903	145,600	589,503
10% Reserve Amount	22DF	1,045,688		
PWS Supervision full 10%			728,000	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		1,045,688	728,000	1,773,688
15% Local Assistance Set-Aside Max	22DG	no reserve	1,092,000	15%
TOTAL Local Assistance Set-Aside (No more than 10% in one category)		-	1,092,000	1,092,000
TOTALS				
TOTAL LOANS W/STATE MATCH			2,657,583	1,456,000
TOTAL SET-ASIDES AVAILABLE		2,365,617	2,256,800	4,622,417
TOTAL CAPITALIZATION GRANT		2,365,617	4,914,383	8,736,000

TABLE 2 - SRF Supplemental				
MAXIMUM AVAILABLE SET-ASIDE AWARDS W/STATE MATCH				
IF ALL RESERVES WERE USED THIS YEAR				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2022 max with 10% State Match	
Loan Fund	22DA		12,414,480	1,799,200
Combined Loan w/state match		-		14,213,680
4% Administrative Set-Aside	22DD		719,680	4%
4% Reserve Amount				
Maximum 4% w/max reserves		-	719,680	719,680
2% Small Sys Tech Asst Max	22DE		359,840	2%
2% Reserve Amount				
		-	359,840	359,840
10% Reserve Amount	22DF			
PWS Supervision full 10%			1,799,200	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		-	1,799,200	1,799,200
15% Local Assistance Set-Aside Max	22DG	no reserve	2,698,800	15%
TOTAL Local Assistance Set-Aside		-	2,698,800	2,698,800
(No more than 10% in one category)				
TOTALS				
TOTAL LOANS W/STATE MATCH			12,414,480	1,799,200
TOTAL SET-ASIDES AVAILABLE		-	5,577,520	5,577,520
TOTAL CAPITALIZATION GRANT		-	17,992,000	19,791,200

TABLE 2 - SRF Lead Service Line				
MAXIMUM AVAILABLE SET-ASIDE AWARDS				
IF ALL RESERVES WERE USED THIS YEAR				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2022 max with 0% State Match	
Loan Fund	22DA		19,509,750	0
Combined Loan w/state match		-		19,509,750
4% Administrative Set-Aside	22DD		1,131,000	4%
4% Reserve Amount				
Maximum 4% w/max reserves		-	1,131,000	1,131,000
2% Small Sys Tech Asst Max	22DE		565,500	2%
2% Reserve Amount				
		-	565,500	565,500
10% Reserve Amount	22DF			
PWS Supervision full 10%			2,827,500	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		-	2,827,500	2,827,500
15% Local Assistance Set-Aside Max	22DG	no reserve	4,241,250	15%
TOTAL Local Assistance Set-Aside		-	4,241,250	4,241,250
(No more than 10% in one category)				
TOTALS				
TOTAL LOANS W/STATE MATCH			19,509,750	0
TOTAL SET-ASIDES AVAILABLE		-	8,765,250	8,765,250
TOTAL CAPITALIZATION GRANT		-	28,275,000	28,275,000

TABLE 2 - SRF Emerging Contaminants				
MAXIMUM AVAILABLE SET-ASIDE AWARDS				
IF ALL RESERVES WERE USED THIS YEAR				
ACTIVITY	PROG ELEM	BEG RESERVE BALANCE	2022 max with 0% State Match	
Loan Fund	22DA		5,202,600	0
Combined Loan w/state match		-		5,202,600
4% Administrative Set-Aside	22DD		301,600	4%
4% Reserve Amount				
Maximum 4% w/max reserves		-	301,600	301,600
2% Small Sys Tech Asst Max	22DE		150,800	2%
2% Reserve Amount				
		-	150,800	150,800
10% Reserve Amount	22DF			
PWS Supervision full 10%			754,000	10%
Capacity Development Oversight				
Source Water Protection				
Operator Certification				
TOTAL State Program Set-Aside		-	754,000	754,000
15% Local Assistance Set-Aside Max	22DG	no reserve	1,131,000	15%
TOTAL Local Assistance Set-Aside (No more than 10% in one category)		-	1,131,000	1,131,000
TOTALS				
TOTAL LOANS W/STATE MATCH			5,202,600	0
TOTAL SET-ASIDES AVAILABLE		-	2,337,400	2,337,400
TOTAL CAPITALIZATION GRANT		-	7,540,000	7,540,000

TABLE 3 - SOURCES AND USES

SOURCES AND USES TABLE 3			
	Cumulative Total thru 6/30/2021	7/1/21 - 3/31/22	Cumulative Total thru 6/30/2022
SOURCES:			
Federal Capitalization Grants	187,338,000	a 11,001,000	198,339,000
State Match			-
20% Capitalization Grant Match	43,453,000	b 2,200,200	c 45,653,200
10% Set-Aside 1:1 Match	18,041,630	-	d 18,041,630
Principal Repayments on Assistance Provided	118,071,000	11,235,562	e 129,306,562
Interest Payments	19,082,000	1,092,630	20,174,630
Interest Earnings	10,484,000	367,200	10,851,200
Funds from Leveraging	-	-	f -
Fees Deposited into the DWSRF	-	-	-
Funds Transferred from (to) CWSRF	-	-	-
Sources Total	396,469,630	25,896,592	422,366,222
USES:			
Loan/Grant Agreements Entered:			
Large Systems (>10,000 population)	125,163,595	-	125,163,595
Small Systems (≤10,000 population)	211,253,328	9,094,400	220,347,728
Set-Asides:			
4% Administration	8,687,634	440,440	9,128,074
2% Small System Technical Assistance	4,322,927	110,000	4,432,927
10% State Program Management- 1:1 match	18,041,630	-	18,041,630
PWSS Program Augmentation	18,910,549	1,031,100	19,941,649
Source Water Administration	1,618,825	40,000	1,658,825
Operator Certification	1,053,210	-	1,053,210
Capacity Development Program Oversight	435,778	30,000	465,778
PD Database	620,000	-	620,000
State Program Management Total	22,638,362	1,101,100	23,739,462
15% Local Assistance/Other State Programs			-
Local Assistance & Capacity Development Outreach	9,962,106	1,101,100	11,063,206
Capacity Development Project in 1998	997,537	-	997,537
Source Water Assessments	352,978	-	352,978
Wellhead and GIS tracking	1,176,095	165,000	1,341,095
LA/Other State Program Subtotal	12,488,716	1,266,100	13,754,816
Uses Total	402,596,192	12,012,040	414,608,232

- a. Total federal appropriation thru FFY 2021 Capitalization Grant. DDW uses a FIFO methodology for Unliquidated Obligations which can be found in Table 7 "2022 and 2023 Cash Flows and Cash Draw Proportionality" Page 18. (Grant award for 2021 was not awarded until Jul 2021.)
- b. 20% State Match came from Water Development State Revolving Fund thru FY 2021.
- c. 20% State match for 2021 & 2022 Capitalization Grants will be deposited to fund within 90 days of award date.
- d. Any award entered after December 16, 2016, no longer requires the 1:1 State Match in accordance with the 2017 WIIN Act.
- e. 2022 repayments, interest and investment earnings are estimated.
- f. DDW does not leverage any of their SRF funds.

B-2 Loan Program

UAC R309-705 establishes criteria for financial assistance to public drinking water systems in

accordance with the Federal SDWA. A copy of UAC R309-705 can be found at <https://adminrules.utah.gov/public/search/drinking%20water/current@20rules>. The 2022 DWSRF capitalization grant along with carry forward funds from previous grant awards, repayments, interest and fee payments, and investment earnings provides the funds the Division has available to help public water systems finance needed drinking water projects.

Description of Criteria and Method Used for Distribution of Loan Funds

The complete description of the criteria and method used for distribution of funds is outlined in Utah Administrative Code (UAC) R309-705-6. As described in R309-705-6, the priority system assigns points to systems showing a deficiency in source, storage, treatment, and/or the distribution system. Points are assigned based on the relative risk of each deficiency, and are divided as applicable between health risk and compliance with SDWA. The applicant's priority points are modified by a financial factor, known as the Rate Factor, and the AGI Factor. Their calculation is shown below:

Priority rating = (Average number of points received) X (Rate Factor) X (AGI Factor)

Where: Rate Factor = (Average System Water Bill / Average State Water Bill)

AGI Factor = (State Median AGI / System Median AGI)

The priority points for demonstrated deficiencies are multiplied by the Rate Factor and AGI Factor to arrive at a final priority rating. This method addresses financial hardships present in less affluent communities and in those already experiencing higher water rates.

Upon arriving at a final priority rating for each applicant, each application is rated and added to the priority list. The Board may, at its option, modify a project's priority rating based on the conditions described in R309-705. The Board sets the effective interest, hardship fee and/or technical assistance fee rate and decides the amounts allowed for principal forgiveness or grants. The most current Revenue Bond Buyer Index (RBBI) is used as the base rate. Table 2 in UAC R309-705-6 is used to determine the reduction of the interest rate (or other rate) which potentially may be reduced to zero percent.

Project Priority List (PPL)

DDW operates with a continuous project priority list. When applications are received throughout the year, they are reviewed to ensure compliance with federal and state drinking water regulations and scored based on the rating factors indicated in the previous paragraph. Currently, all applications meeting requirements are prepared to be taken to the Board for authorization. (The Board is required by Utah law to meet at least quarterly.) Since the applications are submitted throughout the year and may be scored and closed quickly, on occasion a water system project may not have been included in any intended use plan.

However, the continually updated PPL is posted on the division website and additions or changes are approved by the Board.

The PPL will be used for the 2022 DWSRF capitalization grant and any other funds used for loan projects. Projects authorized by the Board but which have not been closed are entered in the section titled "Authorized Funding". Staff is working with these systems to meet EPA requirements to close the loans. A list of authorized and proposed projects requiring funding is listed next in Table 4.

TABLE 4 - AUTHORIZED FUNDING

TABLE 4. AUTHORIZED FUNDING as of 3/31/2022				
Community	Loan #	Loan Amt	Forgiveness	Total
Daniel Town	3F1777	3,992,000	1,700,000	5,692,000
East Grouse Creek	3F1783	170,000	170,000	340,000
Bicknell	3F1786	1,308,000	870,000	2,178,000
East Carbon	3F1792	994,000	595,000	1,589,000
Little Meadows Estates HOA	3F1795	220,000	94,000	314,000
Spring Creek Water Users	3F1787	162,000	161,000	323,000
Wellington	3F1797	1,000,000	241,000	1,241,000
Cornish Town	3F1812	754,000	750,922	1,504,922
Weber Meadowview	3F1815	2,100,000		2,100,000
Bristlecone	3F1822		93,500	93,500
Elk Meadows SSD	3F1827	1,660,000		1,660,000
Ephraim City	3F1828	500,000		500,000
Heber City	3F1829	12,340,000		12,340,000
Skyline Mountain SSD	3F1831	3,123,000		3,123,000
Blanding City - Westwater #2	3F1820P		340,984	340,984
San Juan County - NTUA Westwater #2	3F1821P		457,000	457,000
PROPOSED AND POTENTIAL PROJECTS				
Community	Loan #	Loan Amt	Forgiveness	Total
Bridgerland Village Water Co	3F1837	1,350,000		1,350,000
Covered Bridge Canyon	3F1833	592,000	102,000	694,000
Enoch City	3F1834	645,000		645,000
High Valley Water Company	3F1835	1,659,000	1,650,000	3,309,000
Spring Creek Water Users	3F1787	131,000	61,000	192,000
Genola	3F1732	4,308,000	576,400	4,884,400
Irontown	3F1794	511,000	1,124,000	1,635,000
	Total	37,519,000	8,986,806	46,505,806

Green Infrastructure

The 2022 capitalization grant does **not** require projects to meet a minimum percentage to be used for water efficiency, energy efficiency, green infrastructure, or other environmentally innovative activities. However, DDW is always pursuing green projects including technological innovations to enhance green development.

Delayed Authorized Projects

Table 5 identifies and explains water system projects which were scored and included in previously submitted project priority lists or were previously included in the 2021 Intended Use Plan. Some of these projects have merely been substantially delayed while others have withdrawn their request or their funding has changed and the project will not be funded with federal DWSRF funds for a variety of reasons.

TABLE 5 - WATER SYSTEM PROJECTS

TABLE 5 - DELAYS			
Community	Loan #	Amt of Loan	Reason not funded
Daniel Town	3F1777	\$ 5,692,000	Internal changes to the water system. Will likley deauthorize this loan.
Virgin Town	3F1702	\$ 800,000	Transferred to state loan program
Bicknell	3F1786	\$ 2,178,000	Delay in project bid process
East Carbon	3F1792	\$ 1,589,000	Delay in project bid process
Provo River Water Users	???	\$ 44,000,000	Turned down funding
Cannonville Town	3F1791	\$ 1,894,000	Turned down funding

Current status and shovel ready loans

DDW staff routinely promotes the program and encourages water systems to apply for financial assistance at conferences, in presentations and training sessions, and through letters written to both water system administrative contacts and consulting engineers. Although DDW is aware of the need for drinking water system infrastructure improvement projects at systems throughout the state, to date these efforts have produced limited results. DDW will continue to explore ways to better market the DWSRF loan program with drinking water systems. Many water systems in Utah qualify and require substantial principal forgiveness (which is currently very limited in the Utah DWSRF Program). Therefore, if Congress were to increase principal forgiveness limits, it would likely encourage decision-makers to improve their system infrastructure and maintain compliance with regulations.

Table 7 identifies shovel ready projects from the authorized table projecting a federal draw forecast to provide federal cash flow in SFY 2021. All projects listed are either in progress or are shovel ready and should be closed in the summer of 2021 or early 2022 calendar year.

Utah Federal SRF Program - Table 6

Priority Points	June 30, 2022						Project Priority List										Authorized							
	Total Unmet Needs:								\$1,021,021,520		Total Needs, incl. Recent funding		\$822,668,206		\$12,650,060		\$376,006,049		Project Segments					
	PWSID	System Name					Add'l Subsidy	Disadvantaged	Green Project	Green Amount	Equivalency Project	County	Pop.	ProjectTitle	Project Total	SRF Assistance	Principal Forgiveness	ARPA Funds Authorized	BIL funds authorized	Funds Authorized	Sour.	Treat.	Stor.	Dist.
N	35.1	UTAH	26069	Canyon Meadows	Y	Y	N	N	N	Wasatch	85	additional funding: tank, treatment plant,waterline, SCADA	\$287,879	\$287,879	\$	57,879								
N	49.6	UTAH	29020	Uintah Town	N	N	N	N	N	Weber	1,300	two new 375,000-gallon storage tanks	\$4,273,831	\$1,000,000									45	
N	17.5	UTAH	07072	Cedarview Montwell SSD	N	Y	N	N	N	Duchesne	402	transmission line to connect to DCWCD Victory Pipeline	\$4,715,000	\$3,665,000		\$	3,500,000						10	
N	43.8	UTAH	07067	South Duchesne	N	Y	N	N	N	Duchesne	525	new waterline, PRV vault, customer meters, SCADA system	\$1,992,500	\$1,982,500		\$	1,982,500						15 30	
N	42.6	UTAH	26057	Timber Lakes	N	Y	N	N	N	Wasatch	1,000	100,000-gallon tank, master meters, waterline upgrade, sprir	\$3,295,630	\$3,263,000							18		30	
N	35.3	UTAH	20013	Moroni	Y	Y	N	N	N	Sanpete	1,200	additional funding: complete 500,000-gallon tank, overflow lir	\$2,357,000	\$2,357,000	\$	707,000								
N	31.2	UTAH	18007	Granger Hunter Improvement District	Y	Y	N	N	Y	Salt Lake	121,083	replace aging water line and booster pump station	\$13,811,820	\$13,811,820	\$	2,811,820							20	
N	45.4	UTAH	01001	Beaver City	Y	Y	N	N	N	Beaver	3,240	Replace failing pipeline, new well house	\$2,679,146	\$2,652,620	\$	1,330,620							30	
N	19.0	UTAH	04004	Helper	N	Y	N	N	N	Carbon	2,000	replace waterline, rehabilitate well, replace meters, install SC	\$3,450,160	\$3,146,000		\$	3,146,000				10		15 10	
N	15.1	UTAH	25006	Provo City	N	Y	N	N	Y	Utah	116,288	water treatment plant for ASR project, waterline	\$69,500,000	\$36,750,000							10			
N	11.5	UTAH	14011	Scpio	Y	Y	N	N	N	Millard	300	redevelop spring	\$3,545,000	\$3,520,000	\$	1,240,000							25	
N	11.4	UTAH	05003	Manila	Y	Y	N	N	N	Daggett	701	evaluate and replace well equipment in three wells	\$505,000	\$500,000	\$	500,000					10			
N	11.3	UTAH	07073	Pinion Forest SSD	N	Y	N	N	N	Duchesne	640	500,000-gallon tank, install transmission/distribution line, purr	\$8,552,520	\$8,552,520									15 20	
N	9.8	UTAH	14013	Holden	Y	Y	N	N	N	Millard	450	drill a new well, new transmission line, 500,000-gallon tank, c	\$8,841,000	\$8,691,000	\$	3,500,000					20	5	15 20	
N	5.6	UTAH	22006	Hoytsville	N	N	N	N	N	Summit	440	400,000-gallon tank, transmission line	\$1,595,000	\$1,595,000							10		5	
A	110.6	UTAH	04011	Wellington	Y	Y	N	N	N	Carbon	1,676	replace asbestos pipe, PRV station, meter replacement	\$7,580,170	\$1,717,000	\$	717,000			\$	1,717,000				55
A	105.6	UTAH	04012	East Carbon City	Y	Y	N	N	N	Carbon	1,600	1.5 MGD conventional treatment plant	\$3,650,000	\$1,989,000	\$	995,000			\$	1,989,000			50	
A	99.3	UTAH	02078	M&J Trailer Home	Y	Y	N	N	N	Box Elder	27	New well, tank, dist line, arsenic tmnt	\$1,660,000	\$1,540,000	\$	1,360,000					85	65	20 40	
A	76.1	UTAH	05001	Daggett Co - Dutch John	N	Y	N	N	N	Daggett	140	1M-gallon raw water tank, new water treatment plant	\$5,190,000	\$3,500,000		\$	3,500,000					50		
A	65.8	UTAH	11011	Brian Head Town	N	Y	N	N	N	Iron	165	Install new transmission line/fire hydrants along Snow Shoe E	\$863,116	\$507,870		\$	507,870						20	
A	63.6	UTAH	07004	Roosevelt City	N	Y	N	N	N	Duchesne	6,800	pipeline replacement, lining of DI pipe, new pipe to bypass tai	\$2,951,400	\$2,841,400									25 35	
A	62.6	UTAH	22021	High Valley Water Co.	Y	Y	N	N	N	Summit	850	2 PRV, new mainline, service connections, meters, hydrants	\$3,609,000	\$3,309,000	\$	1,659,000			\$	3,309,000			40	
A	53.3	UTAH	26023	Daniel Town / Storm Haven	Y	Y	N	N	N	Wasatch	499	New tank, pump house, upgrade distribution lines	\$5,792,000	\$5,692,000	\$	1,700,000			\$	5,692,000	55		75 30	
A	49.8	UTAH	07006	Johnson WID	N	Y	N	N	N	Uintah	1,880	upgrading 24,000 ft undersized waterlines	\$2,452,000	\$2,352,000									40	
A	48.6	UTAH	09004	Escalante	Y	Y	N	N	N	Garfield	800	spring redevelopment, collection box, source protection	\$87,000	\$40,000	\$	40,000					30			
A	48.5	UTAH	07073	Pinion Forest SSD	Y	N	N	N	N	Duchesne	640	Water treatement improvements: chlorination and addressing	\$300,000	\$300,000	\$	300,000							50	
A	47.1	UTAH	11070	Irontown	N	Y	N	N	N	Iron	65	upgrade/replace distribution, hydrants, & meters	\$1,736,000	\$1,635,000		\$	1,635,000						30	
A	42.6	UTAH	12001	Levan	N	Y	N	N	N	Juab	862	lead-joined iron service line upgrades	\$2,895,000	\$2,866,050									55	
A	42.4	UTAH	13037	New Paria	N	N	N	N	N	Kane	35	new well, tank, waterline, and meters in prep to regionalize w	\$3,379,000	\$3,359,000		\$	3,359,000				10		40	
A	42.4	UTAH	13002	Church Wells (ARPA Grant)	N	Y	N	N	N	Kane	200	300K tank, pipes, meters, SCADA, pump, repair well	\$2,262,000	\$2,252,000		\$	2,252,000			\$	2,252,000			
A	38.3	UTAH	16002	Circleville Town (Incl. ARPA Grant)	N	Y	N	N	N	Piute	488	300K tank, well, spring redevelopment	\$4,270,000	\$3,970,000		\$	3,970,000			\$	3,970,000			
A	36.3	UTAH	03005	Cornish Town	N	N	N	N	N	Cache	270	well house, RO/Chlorine Treatment, Booster, 250K tank	\$1,704,922	\$1,504,922		\$	1,504,922							
A	36.1	UTAH	02010	East Grouse Creek	N	Y	N	N	N	Box Elder	70	Chlorination syst, meters, backflow preventers, air/vac	\$343,220	\$340,000						\$	340,000		50 15 30	
A	33.8	UTAH	21003	Austin SSD	N	Y	N	N	N	Sevier	272	Regionalization Project incl. waterline replacement & hydrant	\$3,210,000	\$2,705,000		\$	2,269,000					43	15 40 30	
A	31.7	UTAH	22009	Weber Meadow View Ranches	N	Y	N	N	N	Summit	65	150K tank, waterlines, hydrants, PRV station, well pump upgr	\$2,158,400	\$2,100,000		\$	2,100,000						50 30	
A	31.6	UTAH	13060	Clark Bench	N	Y	N	N	N	Kane	27	new tank, upgrade pump station, waterline replacement and	\$3,464,000	\$3,444,000									25 25 20	
A	26.7	UTAH	08007	North Emery SSD	N	Y	N	N	N	Emery	1,500	new 250,000-gallon tank, replace PRV vaults, replace 4000 f	\$2,550,000	\$2,050,000									20 20	
A	26.6	UTAH	01032	Elk Meadows SSD	N	N	N	N	N	Beaver	303	New: Line, hydrants, isolation valves, PRV stations	\$1,660,000	\$1,660,000						\$	1,660,000		20	
A	24.7	UTAH	11052	Spring Creek Water Users	N	Y	N	N	N	Iron	204	New Well	\$542,000	\$516,000		\$	323,800				20			
A	24.5	UTAH	25024	Covered Bridge Canyon HOA	N	N	N	N	N	Utah	280	Watermain & service connection replacement, meters, hydra	\$714,000	\$694,000		\$	694,000						30	
A	23.0	UTAH	28001	Bicknell Town	N	N	N	N	N	Wayne	380	300-k gal concrete storage tank, New Well	\$2,278,000	\$2,178,000		\$	2,178,000				30	5	20	
A	22.9	UTAH	29028	Powder Mountain WSID	N	Y	N	N	N	Wasatch	1,100	engineer study, pump house, lines, PRV station, hydrants	\$1,397,000	\$1,397,000		\$	1,397,000						20	
A	22.6	UTAH	14008	Lyndyl Town	N	Y	N	N	N	Millard	110	purchase property, new infrastructure, water rights, etc.	\$1,744,152	\$1,744,152									20 25	
A	21.3	UTAH	02070	Bear River WCD	N	###	N	N	N	Box Elder	3	production well and well houses, pumphouse and pipeline i	\$6,251,400	\$2,440,000									20	
A	21.0	UTAH	20043	Skyline Mountain SSD	N	N	N	N	N	Sanpete	225	41K tank and well house, impact fee study, loan refi.	\$3,123,000	\$3,123,000						\$	3,123,000			15
A	20.0	UTAH	20011	Ephraim City	N	N	N	N	N	Sanpete	6,135	well, wellhouse, chlorinator, new line	\$2,560,000	\$500,000		\$	500,000							
A	17.4	UTAH	20051	Axtell SSD	N	Y	N	N	N	Sanpete	280	New Spring, 30,000 ft of 8 inch spring line	\$3,465,110	\$3,255,110									10	
A	13.5	UTAH	24051	Desert Sage AVWID	Y	Y	N	N	N	Uintah	55	Watermain replacement, hydrants, meters, service line repla	\$598,460	\$578,460	\$	496,460							40	
A	11.5	UTAH	09077	Bristlecone	N	Y	N	N	N	Garfield	180	SCADA, drainage and overflow relocation	\$93,500	\$93,500						\$	93,500		8	15

Emerging Contaminants Project List To-Date

Water System	Number	Emerging Contaminant(s)	Estimated Cost	Project Description
Ogden City Water System	29011	Cyanotoxins	\$500,000	Bubble curtain in reservoir to protect intake from algal blooms
Price Municipal Corporation	04007	Cyanotoxins	\$20,000,000	Plant retrofit for ozone/GAC to address algal toxins
Price River WID	04020	Cyanotoxins	\$1,000,000	Reservoir remediation project to address algal blooms in source
East Carbon City	04012	Cyanotoxins	\$2,000,000	Addition of ozone to treatment to address algal toxins
Green Hills Country Estates	29053	Manganese	\$300,000	Installation of manganese treatment
Granger-Hunter Improvement District	18007	Manganese	\$9,500,000	Installation of manganese treatment
Central Utah WCD - Utah Valley	25112	Manganese	\$85,000,000	Installation of manganese treatment
Layton City Water System	06018	Unregulated Disinfection By-products (DBPs)	\$2,000,000	Optimization of chlorination to address unregulated DBPs
Weber Basin WCD - South	06013	Manganese	\$18,000,000	Installation of manganese treatment
		Total	\$138,300,000	

TABLE 7 - FEDERAL CASH FLOWS AND DRAW FORECAST

TABLE 7 – 2022 and 2023 FEDERAL CASH FLOWS AND DRAW FORECAST												
SUBRECIENT	LOAN NO	BINDING CLOSED DATE	STRT DATE	TOTAL ULO's and new loan amounts	FFY 2022 Ending 9/30/22					SFY 2022 Ending 6/30/22		
					QTR 4 (J-S 22)	QTR 1 (O-D 22)	QTR 2 (J-M 23)	QTR 3 (A-J 23)	QTR 4 (J-S 23)	QTR 1 (O-D 21)	QTR 2 (J-M 22)	QTR 3 (A-J 22)
Closed loans fed funds not fully disbursed as of 6/30/2021												
2020-2023 portfolio projects based on cash flow reports from water systems												
Granger-Hunter ID	3F1708	Jul-19	Jul-19	10,700,000	3,000,000		3,000,000		4,700,000			
Kearns ID	3F1725	Dec-19	Dec-19	12,000,000	4,000,000		4,000,000		4,000,000			
Central Utah WCD-DVVWTP	3F1731	Jun-20	Jun-20	1,393,100	1,393,100							
TOTALS				\$ 24,093,100	\$ 8,393,100	\$ -	\$ 7,000,000	\$ -	\$ 8,700,000	\$ -	\$ -	\$ -
2021 SRF AWARD #FS 99878421				\$11,001,000	fed	\$ 696,100	\$ 696,100	\$ -	\$ -	\$ -		
State Match was 100% trnsfrd to loans by Jul 20.				\$2,200,200	state			\$ -				
				\$ 696,100		\$ 696,100	\$ -	\$ -	\$ -	\$ -	\$ -	
2022 SRF Base AWARD #FS 99878422				\$7,280,000	fed	\$ 5,222,200	\$ 5,222,200	\$ -	\$ -	\$ -	\$ -	
State match will be 100% trnsfrd to loans within 90 days of award.				\$1,456,000	state	\$ 1,456,000	\$ 1,456,000	\$ -				
				\$ 6,678,200		\$ 6,678,200	\$ -	\$ -	\$ -	\$ -	\$ -	
2022 SRF Supplemental AWARD #FS 99878422				\$17,992,000	fed	\$ 14,919,600		\$ 6,219,600	\$ -	\$ 8,700,000	\$ -	
State match will be 100% trnsfrd to loans within 90 days of award				\$1,799,200	state	\$ 1,799,200	\$ 1,018,800	\$ -	\$ 780,400	\$ -	\$ -	
				\$ 16,718,800		\$ 1,018,800	\$ -	\$ 7,000,000	\$ -	\$ 8,700,000	\$ -	
Total of all grants				\$ 24,093,100		\$ 8,393,100	\$ -	\$ 7,000,000	\$ -	\$ 8,700,000	\$ -	

Additional information: 1. The 20% state match for grant award 2021 was transferred 100% into the DWSRF fund within 90 days from receiving the awards. The state match for both awards were transferred to escrow accounts prior to moving any federal grant dollars to escrow.
 2. All federal funds are disbursed using a FIFO method (first in first out)

Assistance for Disadvantaged Communities

Section 1452 (d) changed in 2009 to require states to provide a minimum of 20 percent additional loan subsidies in the form of negative interest, grants or principal forgiveness to benefit communities meeting the State’s definition of “disadvantaged”. Since then there has been a variety of changes as to how much subsidization has been required each year or that may have been permitted with a ceiling percentage as high as 50 percent of the annual DWSRF capitalization award amount. The 2022 allotments from the Consolidated Appropriations Act of 2022 now mandates the states use at least twelve percent but not more than 35 percent for additional subsidization of the 2022 allotment of the DWSRF capitalization grant. Additional authority was authorized in the America’s Water Infrastructure Act (AWIA) of 2018. In AWIA’s authority, States must use 14 percent of the funds made available in the 2022 DWSRF capitalization grant to provide additional subsidization to eligible disadvantaged recipients. Therefore, a minimum of 26 percent to a ceiling amount of 49 percent will be included with the 2022 loans closed to provide subsidization to any DWSRF eligible applicant based on the definition adopted the State’s definition. DDW will comply with the programmatic conditions of the grant award to match the 2022 subsidization requirements.

The BIL mandates that 49% of funds provided through the DWSRF General Supplemental Funding and DWSRF Lead Service Line Replacement Funding must be provided as grants and forgivable loans to disadvantaged communities. The BIL also requires that not less than 25% of funds provided through the DWSRF Emerging Contaminants Funding be provided as grants and forgivable loans to disadvantaged communities or public water systems serving fewer than 25,000 people with the remaining 75% of funds provided as grants or forgivable loans to qualified applicants. The SDWA requires states to establish a definition of disadvantaged communities that can receive this additional subsidization.

The Board defines disadvantaged communities as those communities located in an area which has a median adjusted gross income which is less than or equal to 80% of the State’s median adjusted gross income, as determined by the Utah State Tax Commission (USTC) from federal individual income tax returns excluding zero exemption returns, or where the estimated annual cost, including loan repayment costs of drinking water service for the average residential user exceeds 1.75% of the median adjusted gross income. The current metrics used for defining disadvantaged communities do not capture differences in affordability within a community or service area. To better capture these differences, the disadvantaged community criteria as it applies to Lead Service Line Replacement Funding are being expanded to include zip codes or census tracts with a local MAGI that is less than 80% of the State’s MAGI as well as applying a demographic Index. Expanding the criteria in this way not only ensures that disadvantaged areas within a community or service area are not overlooked or disqualified from receiving assistance that is needed, but it also prioritizes funding for these communities. Communities meeting the criteria are eligible to receive grant funding or forgivable loans in accordance with BIL requirements. If, in the judgment of the Board, the USTC data is insufficient, the Board may accept other measurements of the water users income (i.e. local income survey or questionnaire when there is significant difference between the number of service connections for a system and the number of tax filing for a given zip code or city, or when the water system claims that the MAGI (incomes) of its users is lower than the MAGI (incomes) of the larger community covered by the USTC data).

The amount and type of financial assistance offered by the Board will be based upon the criteria shown in UAC R309-705-6 (2). Disadvantaged communities may receive zero-percent loans, negative interest rate loans, principal-forgiveness loans or grants. Terms for each method of financial assistance shall be determined by a Board resolution.

The Board has not set any predetermined amount of DWSRF funds that may be used for principal forgiveness to disadvantaged communities. It is the Board's intention to authorize additional subsidization only to communities that meet the "disadvantage criteria".

Costs Incurred After Application and Prior to Execution of the Loan Agreement

Eligible project costs incurred after application to the Board and prior to execution of the loan agreement are eligible for reimbursement. Reimbursement will only be made after the loan closing.

Municipal Bond Legal Fees

The Board may purchase bonds of the applicant only if the bonds are accompanied by a legal opinion of a recognized municipal bond counsel selected by the Board UAC (R309-705-8 (2)). The loan recipient is responsible for the legal costs. Legal costs may be paid from the loan proceeds.

Capacity Development Requirements

Eligible Systems - The SDWA allows DWSRF assistance to publicly and privately owned community water systems and nonprofit, non-community water systems other than systems owned by Federal agencies. Federal Regulations also set forth certain circumstances under which systems that will become community water systems upon completion of a project may be eligible for assistance. UAC R309-705 Financial Assistance: Federal Drinking Water Project Revolving Loan Program (Effective July 1, 2011) establishes criteria for financial assistance to public drinking water systems in accordance with a federal grant 42 U.S.C. 300j et seq., Federal Safe Drinking Water Act. The SDWA requires that loan recipients must demonstrate the technical, managerial, and financial capacity (TMF) to comply with the SDWA and not be in significant noncompliance with any requirement of a national primary drinking water standard or variance. The State will assess TMF and compliance in accordance with UAC R309-800 Capacity Development Program after loan applications have been received. Those systems lacking in TMF or compliance may still be eligible for a loan if the loan will address the non-compliance or the system agrees to undertake feasible and appropriate changes in operations. In accordance with the AWIA changes, DDW will include in the state capacity development triennial report to the Governor a description of how the state will implement procedures to encourage the development of technical, managerial, financial and an asset management plan program with provisions of technical assistance. It is DDW's intention to encourage water systems to implement asset management plans that include best practices in any training or technical assistance into the division's capacity development methodologies.

Environmental Reviews and Categorical Exclusions

The State Environmental Review Process (SERP) is described in the Operating Agreement.

The Grantee, the State of Utah, may elect to partition an environmental review or Categorical Exclusion (Cat Ex) from environmental review. The procedures listed below will be followed by the State in order to evaluate if partitioning a project from environmental review is appropriate.

A. Authority

The authority for including these procedures in the Division's Intended Use Plan (IUP) and State Environmental Review Process (SERP) is contained in the SDWA Amendments of 1996 (Pub. L. 104-182) and the guidance provided by the EPA DWSRF Program Guidelines, document # 816-R-97-005 (February 1997). In particular, see Section IV. STATE/PROJECT LEVEL AUTHORITIES, Subsection B. Environmental Reviews.

1. Procedures for Making Determination Cat Ex:
2. If the Division has reason to believe that the project falls within one of the categories listed under paragraph "C" and thereby may qualify for a Cat Ex from environmental review, the State will make a preliminary survey of the proposed project site(s).
3. During this survey the State will evaluate whether or not the project meets the criteria for a Cat Ex from environmental review.
4. If the State determines the site qualifies for Cat Ex from environmental review, it will document the justification of this determination, including a listing of the dates of activities, which led to this determination, and a statement of relevant findings.
5. Even if the project qualifies for Cat Ex from environmental review according to the criteria listed under paragraph "C", the State may require an environmental review if the State determines that an environmental review is warranted or appropriate because of conditions found at the site or because the project is controversial.

Criteria for Categorical Exclusion from Environmental Review

In order for a project to qualify for an environmental determination of Cat Ex from environmental review, the general location of the project should have been previously disturbed. Site conditions which will be evaluated in making this determination include a) how urbanized the location is, b) whether wildlife has previously been displaced, and c) whether the wildlife habitat has been previously destroyed or replaced. The project site shall meet at least one of the following criteria:

1. A proposed water line will be placed in a roadway(s) and/or rights-of-ways where existing pipes, telephone wires, cables, or other facilities have previously been installed.
2. A proposed tank site will be located on a site with other previously constructed utility facilities on a previously disturbed site.
3. The proposed facilities will be located at a site with other existing community infrastructure; e.g. a booster station, pump house, water treatment plant, or similar facility within a previously disturbed area and which will not extend into sensitive areas in the ground or adjacent to the previously disturbed area.

Public Notice and Participation

The State will provide public notice when a Cat Ex is issued or rescinded. However, no formal public comment period need be provided prior to the Cat Ex becoming effective.

SRF Reporting

Reporting for any loan closing for the SRF program are done quarterly. This reporting is done in the SRF Data System (OWSRF). In addition for transparency to the public at large loan's closed on non-revolving funds will be reported in the Federal Funding Reporting System (FSRS).

B-3 Set-Asides

Congress has established multiple set-asides under the DWSRF for each of the Base and BIL grants. States have the flexibility to take set-asides from the grants but must use them to either administer the capitalization grant or meet the statutory purpose of each grant. Consistent with DWSRF regulations, states have the flexibility to reserve the authority under the 2%, 4%, and 10% set-asides to take from future capitalization grants those set-aside funds they have not included in workplans. DDW will comply with all programmatic and administrative conditions as required for the 2022 grant awards.

Set-aside funding is used to:

- ✓ Fund established programs
- ✓ Fund continuing growth
- ✓ Fund increasing operating costs
- ✓ And to the extent set-aside funds are available, assist in funding the additional staff needed to implement new Federal rules regarding regulation of drinking water contaminants

The state will not use set-aside funds for those projects or project-related costs that are eligible or explicitly ineligible for assistance from the DWSRF except DDW may use set-aside funds for: 1) project planning on design costs for small systems, and 2) for costs associated with restructuring a system as part of a capacity development strategy.

Set-aside funds have been used on first in first out (FIFO) basis and will continue to be so. Usage is accounted for by set-aside. Unused funds are carried forward to the next fiscal year.

Final reports have been submitted to USEPA for DWSRF capitalization grants through 2018. 2019 and 2020 grant year has been fully spent, and the final reports are being prepared. DDW is currently spending 2021 grant year. In anticipation of the 2022 grant year being delayed in being awarded, DDW respectfully requests authorization to receive pre-award ability to cover set-aside expenses for the period of July 1, 2022 through September 30, 2022. The loan funds are also treated on the FIFO basis.

Intended use of set-aside funds

Maintain the staff (FTEs) hired with set-aside funds including benefits, costs allocated as a percent of personal services, and other related costs.

Continue our contract with the Rural Water Association of Utah (RWAU) to implement portions of the expanded operator certification, wellhead protection and capacity development programs. RWAU has also been assisting the DWSRF program with capacity development outreach program.

TABLE 8 - SET-ASIDE AND STATE MATCH REQUESTS

TABLE 8 - SRF Base				
SET-ASIDE AND STATE MATCH REQUESTS				
ACTIVITY				TOTAL
Loan Fund & 20% State Match Requirement	22DA	5,222,200	1,456,000	6,678,200
4% Administrative Set-Aside max =	22DD	291,200	4%	
Less \$ to be added to reserve (see Table 9)				291,200
2% Small Sys.Tech. Asst. max =	22DE	145,600	2%	
Less \$ to be added to reserve (see Table 9)				145,600
10% State Program Set-Aside max =	22DF	728,000		
PWS Supervision		618,000	8.49%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		15,000	0.21%	
Source Water Protection		95,000	1.30%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		728,000	10.0%	728,000
15% Local Assistance Set-Aside max=	22DG	1,092,000		
Local Assistance and			0.0%	
Capacity Development Outreach		728,000	10.0%	
Source Water Assessment		0	0.0%	
Wellhead Protection		165,000	2.3%	
TOTAL Local Assistance Set-Aside		893,000	12.3%	893,000
TOTAL CAPITALIZATION GRANT =		7,280,000	1,456,000	8,736,000

TABLE 8 - SRF Supplemental SET-ASIDE AND STATE MATCH REQUESTS				
ACTIVITY				TOTAL
Loan Fund & 10% State Match Requirement	22DA	16,399,000	1,799,200	18,198,200
4% Administrative Set-Aside max =	22DD	719,680	4%	
Less \$ to be added to reserve (see Table 9)		485,680		234,000
2% Small Sys.Tech. Asst. max =	22DE	359,840	2%	
Less \$ to be added to reserve (see Table 9)		304,840		55,000
10% State Program Set-Aside max =	22DF	1,799,200		
Less \$ to be added to reserve (see Table 9)		1,229,200		
PWS Supervision		343,000	1.91%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		132,000	0.73%	
Source Water Protection		95,000	0.53%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		570,000	3.2%	570,000
15% Local Assistance Set-Aside max=	22DG	2,698,800		
Local Assistance and			0.0%	
Capacity Development Outreach		734,000	3.8%	
Source Water Assessment		0	0.0%	
Wellhead Protection		0	0.0%	
TOTAL Local Assistance Set-Aside		734,000	3.8%	734,000
TOTAL CAPITALIZATION GRANT =		19,573,040	1,799,200	21,372,240

TABLE 8 - SRF Lead Service Line SET-ASIDE REQUESTS				
ACTIVITY				TOTAL
	22DA	26,185,000	0	26,185,000
4% Administrative Set-Aside max =	22DD	1,131,000	4%	
Less \$ to be added to reserve (see Table 9)		901,000		230,000
2% Small Sys.Tech. Asst. max =	22DE	565,500	2%	
Less \$ to be added to reserve (see Table 9)		415,500		150,000
10% State Program Set-Aside max =	22DF	2,827,500		
Less \$ to be added to reserve (see Table 9)		2,117,500		
PWS Supervision		710,000	2.51%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		0	0.00%	
Source Water Protection		0	0.00%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		710,000	2.5%	710,000
15% Local Assistance Set-Aside max=	22DG	4,241,250		
Local Assistance and			0.0%	
Capacity Development Outreach		1,000,000	3.2%	
Source Water Assessment		0	0.0%	
Wellhead Protection		0	0.0%	
TOTAL Local Assistance Set-Aside		1,000,000	3.2%	1,000,000
TOTAL CAPITALIZATION GRANT =		30,908,000	0	30,908,000

TABLE 8 - Emerging Contaminants SET-ASIDE REQUESTS				
ACTIVITY				TOTAL
	22DA	6,785,000	0	6,785,000
4% Administrative Set-Aside max =	22DD	301,600	4%	
Less \$ to be added to reserve (see Table 9)		86,600		215,000
2% Small Sys.Tech. Asst. max =	22DE	150,800	2%	
Less \$ to be added to reserve (see Table 9)		110,800		40,000
10% State Program Set-Aside max =	22DF	754,000		
Less \$ to be added to reserve (see Table 9)		554,000		
PWS Supervision		200,000	2.65%	
Plus/(less) reserves from prior grants		0	0.00%	
Capacity Development Oversight		0	0.00%	
Source Water Protection		0	0.00%	
Operator Certification		0	0.0%	
TOTAL State Program Set-Aside		200,000	2.7%	200,000
15% Local Assistance Set-Aside max=	22DG	1,131,000		
Local Assistance and			0.0%	
Capacity Development Outreach		300,000	3.8%	
Source Water Assessment		0	0.0%	
Wellhead Protection		0	0.0%	
TOTAL Local Assistance Set-Aside		300,000	3.8%	300,000
TOTAL CAPITALIZATION GRANT =		7,934,800	0	7,934,800

TABLE 9 - SET-ASIDE RESERVES

Table 9				
Reserves				
Set-Asides Base SRF				
Set aside	FY22 Request	FY21 Request	FY22 Reserves	Reserve Balance
4%	291,200	350,000	-	876,026
2%	145,600	190,000	-	443,903
10%	728,000	1,100,100	-	1,045,688
15%	893,000	765,000	-	-
Total Base SRF Reserves	2,057,800	2,405,100	-	2,365,617
Set-Asides Supplemental SRF				
Set aside	FY22 Request	FY21 Request	FY22 Reserves	Reserve Balance
4%	234,000	-	485,680	485,680
2%	55,000	-	304,840	304,840
10%	570,000	-	1,229,200	1,229,200
15%	734,000	-	-	-
Total Supplemental SRF Reserves	1,593,000	-	2,019,720	2,019,720
Set-Asides Lead Service Line				
Set aside	FY22 Request	FY21 Request	FY22 Reserves	Reserve Balance
4%	230,000	-	901,000	901,000
2%	150,000	-	415,500	415,500
10%	710,000	-	2,117,500	2,117,500
15%	1,000,000	-	-	-
Total Lead Service Line Reserves	2,090,000	-	3,434,000	3,434,000
Set-Asides Emerging Contaminants				
Set aside	FY22 Request	FY21 Request	FY22 Reserves	Reserve Balance
4%	215,000	-	86,600	86,600
2%	40,000	-	110,800	110,800
10%	200,000	-	554,000	554,000
15%	300,000	-	-	-
Total Emerging Contaminants Reserves	755,000	-	751,400	751,400
Total Reserves			6,205,120	8,570,737
Total Set-Aside Request	\$ 6,495,800	\$ 2,405,100	6,205,120	8,570,737

Set-aside requests and intended use

Administration set-aside

The calculation for the four percent administrative set-aside in accordance with the SRF and BIL Grants, consists of an amount equal to the sum of any state fees collected (i.e. Loan Origination Fees) plus the greatest one of three options: 1. \$400,000, 2. 1/5 of the current fund value if the fund has been audited from an outside agency (DDW's fund is not audited from an outside agency) or 3. Four percent of all grants awarded to the fund under this section for the fiscal year ($\$7,280,000 \times 4\% = \$291,200$).

Of the three options, DDW chooses option three of \$291,200, \$234,000, \$230,000, and \$215,000 for the Base SRF, Supplemental SRF, Lead Service Line, and Emerging Contaminants BIL and SRF Grants and will be referenced in this order throughout this IUP. The administrative set-aside also has reserves available of \$876,026 accumulated from previous grant years (1997-2021) which have been reserved for future use for the Base SRF program and will have in reserves \$485,680, \$901,000, \$86,600 for the other three BIL grants. See table 9 for reserve balance.

The administration set-aside will fund nine to ten full-time equivalents (FTEs) positions to operate the program in SFY 2022. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and an indirect allocation for SFY 2022.

State Programs set-aside

The state programs set-aside total amount requests are \$728,000, \$570,000, \$710,000, and \$200,000. See Table 8 for a detailed breakout of this set aside for each of the BIL grants. The sub-categories include PWS Supervision, Capacity Development, and Source Protection. In the past, DDW has requested a subcategory of funding for its Operator Certification Program. DDW has increased the Operator Certification and the Cross Connection fees and is working toward both programs being self-sufficient by fee revenue collected for each program, respectively. Budgeting, disbursements and draws are also accounted for by sub-categories. DDW does intend to use these set-asides for the upcoming year of 2022. See table 9 for reserve balance.

The WIIN Act of 2016 removed the dollar for dollar match requirement for the 10% set-aside on any grant awarded after December 16, 2016. DDW has submitted all final close-out forms from all grants prior to the WIIN Act.

PWS Supervision (augmentation) set-aside

DDW is requesting from the 2022 grant awards \$618,000, \$343,000, \$710,000, and \$200,000. The PWS Supervision set-aside is primarily used to support DDW's Engineering Section.

Approximately eleven to twelve engineers will charge to this set-aside and four other employees for program support. Additionally, oversight of the PWS Supervision Program is funded from general funds and the Water Development Security Fund (state funds about \$2 M) and \$959,000 from the PWSS grant. Combined totals will also be expended for division related activities. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and an indirect allocation for SFY 2022.

Engineering tasks include water system plans and specification reviews, operating permits, waivers, water treatment plant inspections, witnessing well grouting, and proactive recommendations to help water systems ensure the public receive safe drinking water. DDW's engineers also receive training to keep their skills diverse with new technologies in solving water system issues. Growth impacts in the state combined with the stricter EPA standard levels SDWA amendments and associated State and Federal regulations create a tremendous workload.

Capacity Development Program

DDW is requesting \$15,000 and \$132,000 from the 2022 grants for oversight of the capacity development program. DDW has carry-over funds available from prior grants for this program of \$12,468. The amount budgeted for SFY 2022 is \$150,000. If expenses exceed the grant funds available in SFY 2022, a request to move funds from the PWS Supervision sub-category will be requested.

The State of Utah has statutory authority for a capacity development program (Section 19-4-104 of the Utah SDWA). Time of two FTE, as needed, will oversee and maintain the program. The Division is current with all reports due to the Governor and USEPA. The Division will add the language to encourage the development of technical, managerial, financial and asset management plans to the Governor's Triennial Report as required in the Amendments in America's Water Infrastructure Act (AWIA) of 2018.

Operator Certification Program

The State has an Operator Certification program that has been mandatory since 1985. Prior to 1997 the program required community water systems serving more than 800 population and any public water systems treating surface water to have a certified operator. The statutory authority to reduce the threshold population from 800 to 25 was enacted by the 1997 Legislature. The Safe Drinking Water Act requires all community and non-transient, non-community water systems and all public water systems that treat surface water to have a certified operator.

USEPA published final Guidance (EPA-816-R-98-006) in July 1998 establishing national policy regarding the implementation of the operator certification related provisions of the SDWA including how EPA would assess State operator certification program for purposes of making withholding decisions.

In 2019, a 50% increase was legislated for various fees in the Operator Certification program. The Operator Certification Program requires an operator to pay a fee to become certified. The fees received in FY 2022 are reasonably close to covering the expenses being incurred in the Operator

Certification Program. It is the Division's intention for the Operator Certification and Cross Connection Programs to be self-funded by the fees paid by the water systems and/or operators.

Source Protection Administration

The SDWA Amendments of 1996 require each state to maintain a source water quality assessment program for all public water systems. The time of less than one FTE is dedicated to developing, implementing, and coordinating this program.

We are requesting \$95,000 from the 2022 BIL grants for the source water program. DDW has estimated carry-over funds available from prior grants for this program of \$12,448. Estimated expenditures for FY 2022 were budgeted at \$75,000. The budget estimate will fund salary, benefits, office space, equipment, travel, training, supplies, and an indirect allocation for SFY 2022.

Small Systems Technical Assistance

DDW is requesting \$145,600, \$55,000, \$150,000, and \$40,000 for the 2% set-asides. DDW has estimated carry-over funds available from prior grants for this program of \$10,042. This set aside is usually contracted out to a third party. The vendor of this contract will be assisting public water systems serving 10,000 people or fewer (section 1452(g) (2)) to maintain viable water systems.

DDW created an energy cost saving handbook in 2016 which provided water system operators and managers with multiple strategies to reduce their energy costs. Some water systems have identified energy efficiency improvement opportunities in both operations and infrastructure. RWAU is encouraging all drinking water systems to investigate energy efficiency options to identify cost savings where possible. The small and very small water systems are often unable to take full advantage of such initiatives due to lack of knowledge, lack of money, and/or lack of proper equipment.

RWAU is a critical partner assisting DDW in responding to water system inquiries and taking action to assist water systems to be technically, managerially, and financially sound.

Such assistance includes, but not limited to:

- a. On site assistance to resolve or recommend specific solutions to managerial, technical or mechanical problems, sanitary survey deficiencies, or other compliance issues, within the requirements of the applicable rules.
- b. Training on state rules found under UAC R309-100 through 800.
- c. Emergency response to support division efforts to mitigate emergencies.
- d. Representation to local officials (such as mayors, county personnel, etc.) regarding drinking water issues and how local government can best support public drinking water systems.
- e. Representation to water systems on UT-WARN, including membership, emergency response credentials, emergency response, and disaster preparedness.
- f. County-based training and ordinance development dealing with non-public water systems in the early stages of development. This issue is related to ensuring that when and if a non-public system may grow to become "public", the system will be able to meet applicable drinking water rules, and will not become an economic burden on itself, the county, or require supplemental funding from the state to meet such requirements.

Local Assistance, Capacity Development, Source Water Assessment, Wellhead Protection and Other State Programs (15% set-aside)

We are requesting \$893,000, \$734,000, \$1,000,000 and \$300,000 for this set-aside. A carry forward balance of approximately \$806,677 is anticipated for FY 2022, making a total estimated balance available of \$1,571,677 for this set-aside. The FY 2022 budget was estimated at \$2,500,000. It is divided into two sub-categories, local assistance/capacity development outreach and wellhead protection. Budgeting, disbursements, and draws are each accounted for by the two sub-categories separately.

Capacity Development Out-reach/Local Assistance with Public Water Systems Sub-Category

We are requesting \$728,000, \$734,000, \$1,000,000 and \$300,000 from the 2022 BIL grants for capacity development, out-reach, and local assistance. The amount budgeted for FY 2022 is \$2,000,000.

Some of the activities DDW employees will provide and charge to this set-aside include the following:

1. Math calculations to determine dosing, volumes, flows and horsepower, etc.
2. Minor repairs on pumps, as well as, knowledge of pump curves, monitory well levels, troubleshooting, hydraulics, motor maintenance and metering, etc.
3. Teach proper techniques for unidirectional flushing of fire hydrants, pipeline maintenance, pressure zones, valve maintenance (exercising and annual maintenance, instrumentation, tank inspections, and distribution system and treatment plants.
4. Proper disinfection techniques, and correct handling and use of various disinfection chemicals, properties of chemicals, emergency disinfection techniques, and monitoring of residuals.
5. Safety- proper use of equipment and how to follow proper procedures, MSDS.
6. Security- proper procedures to interact with law enforcement and mitigation.
7. Provide technical training on existing and new rules, proper sampling techniques, proper monitoring, and an understanding of sample results, reporting procedures.
8. Emergency Response- training on the Incident Command System (ICS) and how they would fit into that system. Train systems with the National Incident Management System (NIMS), response protocols, mitigation, setting-up table top exercises, maintaining a plan, flushing and disinfection.
9. Cross Connection Control assistance to help the water system properly assemble, avoid hazards, resolve physical deficiencies during a sanitary survey and follow State guidelines on managing a program.

DDW understands all charges by employees need to have direct interaction with the water systems with some form of training or technical assistance. Rural Water Association of Utah also has some tasks relating to direct interaction with the water systems and has been allocated \$65,000 in their contract for this specific purpose.

Wellhead Protection Sub-Category

DDW is requesting \$165,000 in funding for this category from the 2022 grant. DDW estimates carry forward funds of \$90,701 will be available in fiscal year 2023. Total available funds in FY 2023 should be about \$255,701. The budgeted expenses of \$192,800 for SFY 2022 will cover expenses for salary, benefits, office space, equipment, interactive map upgrades and an indirect allocation. One to two employees will oversee the implementation and maintenance of GIS activities and will

prepare ground water source protection plan updates for the water systems as review is required. This sub-category budget will continue to cover expenses to address a backlog of wellheads that need to be entered and/or updated. Maintenance of the source protection zone geo-database is an ongoing project as new water sources are developed and existing source protection zones are modified. An ongoing nitrate study is also being funded and conducted by the Division of Water Quality.

Attachments

Attorney General Enabling Legislation Opinion Letter for FY2022 base program

Organization Chart

Utah Administrative Code Rule R309-705

The Rule for Projects Receiving Assistance from the Federal DWSRF can be found at the website <https://rules.utah.gov/publicat/bulletin/2015/20150401/39211.htm>

Construction Loan Program information is available at the website <https://deq.utah.gov/drinking-water/drinking-water-construction-assistance-programs>