

Governor's Conference on Energy and Environment

Meet the Funders Panel

Kentucky Infrastructure Authority

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Bipartisan Infrastructure Law (BIL)

- Signed by President Biden on November 15, 2021.
- Historic investment in key programs and initiatives to build safer, healthier, cleaner communities.
- Approximately \$630 million will flow to Kentucky through the existing CWSRF and DWSRF.



BIL Implementation Key Priorities

- Provide Flexibility to Meet Local Water Needs
- Increase Investment in Disadvantaged Communities
- Make Rapid Progress on Lead Service Line Replacement
- Address PFAS and Emerging Contaminants
- Support Resilience and One Water Innovation
- Support American Workers and Renew the Water Workforce
- Cultivate Domestic Manufacturing
- Fully Enforce Civil Rights
- Refine State SRFs to Build the Pipeline of Projects



Available SRF Funding for KY in the BIL (estimated)

Appropriation	FY2022 (\$)	FY2023 (\$) est.	FY2024 (\$) est.	FY2025 (\$) est.	FY2026 (\$) est.	Five Year Total (\$) est.
CWSRF General Supplemental	22,652,000	26,224,871	28,618,694	31,000,608	31,000,608	139,496,780
CWSRF Emerging Contaminants	1,190,000	2,677,500	2,677,500	2,677,500	2,677,500	11,900,000
DWSRF General Supplemental	29,649,000	34,325,498	37,458,752	40,576,418	40,576,418	182,586,087
DWSRF Emerging Contaminants	12,450,000	12,450,000	12,450,000	12,450,000	12,450,000	62,250,000
DWSRF Lead Service Line Replacement	46,717,000	46,717,000	46,717,000	46,717,000	46,717,000	233,585,000
Totals						629,817,867



What are the SRFs?

- The Clean Water State Revolving Fund (CWSRF) is a loan program that provides funding and financing to wastewater and storm water systems for a wide range of infrastructure projects.
- The Drinking Water State Revolving Fund (DWSRF) is a loan program that provides funding and financing to public water systems for wide range of drinking water infrastructure projects and activities.



CWSRF Funding in the BIL: Overview

- Most of this money may fund any project eligible under the CWSRF; some funding is targeted towards projects focused on “emerging contaminants.”
- BIL gave States the authority to waive repayment on some of this new funding (principal forgiveness).



CWSRF Funding in the BIL – Fiscal Year 2022

FFY 2022 Cap Grant CWSRF	Total Grant	State Match	Principal Forgiveness (estimated)
Base (Existing)	\$ 14,726,000	\$ 2,945,200	\$ 3,002,220
Supplemental (BIL)	\$ 22,652,000	\$ 2,265,200	\$ 11,099,480
Emerging Contaminants (BIL)	\$ 1,190,000	\$ -	\$ 1,118,600
Totals	\$ 38,568,000	\$ 5,210,400	\$ 15,220,300



Who is Eligible to Use the CWSRF?

- An eligible borrower is defined in KRS 224A.011.
- Some examples include:
 - Municipal corporations
 - Cities
 - Agencies
 - Commissions
 - Authorities
 - Districts

What Type of Projects Can Be Funded by the CWSRF?

- Construction of publicly owned treatment works
- Nonpoint source projects
- National estuary program projects
- Decentralized wastewater treatment systems (i.e., septic systems and tanks)
- Stormwater projects (gray and green infrastructure)
- Water conservation and efficiency
- Watershed pilot projects
- Energy efficiency projects
- Water reuse projects
- Security measures at POTWs
- Planning
- Technical assistance



CWSRF BIL Fund Eligibilities

Emerging Contaminant Funds

- **Eligible:** CWSRF-eligible projects that address substances and microorganisms, including manufactured or naturally occurring physical, chemical, biological, radiological, or nuclear materials, which are known or anticipated in the environment, that may pose newly identified or re-emerging risks to human health, aquatic life, or the environment.
- **Not Eligible:** Projects that address contaminants with water quality criteria established by EPA under CWA section 304(a), except for PFAS.



DWSRF Funding in the BIL: Overview

- Some of this money may fund any project eligible under the DWSRF; some funding is targeted towards projects focused on PFAS and “emerging contaminants;” some funding is targeted towards the identification and replacement of lead service lines.
- BIL gave States the authority to waive repayment on some of this new funding (principal forgiveness).



DWSRF Funding in the BIL – Fiscal Year 2022

FFY 2022 Cap Grant DWSRF	Total Grant	State Match	Principal Forgiveness
Base (Existing)	\$ 11,547,000	\$ 2,309,400	\$ 3,681,500
Supplemental (BIL)	\$ 29,649,000	\$ 2,964,900	\$ 10,024,327
Emerging Contaminants (BIL)	\$ 12,450,000	\$ -	\$ 8,590,500
Lead Service Line Replacement (BIL)	\$ 46,717,000	\$ -	\$ 15,795,018
Totals	\$ 100,363,000	\$ 5,274,300	\$ 38,091,345



Who is Eligible to Use the DWSRF?

- An eligible borrower is defined in KRS 224A.011.
- Some examples include:
 - Municipal corporations
 - Cities
 - Agencies
 - Commissions
 - Authorities
 - Associations
 - Districts

What Type of Projects Can Be Funded by the DWSRF?

- Drinking water treatment projects
- Drinking water transmission and distribution projects
- Drinking water source projects
- Storage projects
- Consolidation of water systems
- Creation of new systems
- Planning and design projects
- Technical Assistance

DWSRF BIL Fund Eligibilities

Emerging Contaminant/PFAS Funds

- Eligible: DWSRF-eligible projects for which the primary purpose is to address PFAS or contaminants on any of EPA's Contaminant Candidate Lists (CCL).
- Not Eligible: Projects for which the primary purpose is to address contaminant(s) with a National Primary Drinking Water Regulation (with PFAS exception).



DWSRF BIL Fund Eligibilities

Lead Service Line Replacement Funds

- Eligible: lead service line inventories; removal and replacement of lead service lines, galvanized service lines (currently or previously downstream of lead components), lead goosenecks, pigtails, and connectors; planning and design for those infrastructure projects.
 - Any project involving the replacement of a lead service line must replace the entire lead service line, not just a portion, unless a portion has already been replaced.



Increasing Investment in Disadvantaged Communities

- Use of Additional Subsidy (forgiveness of principal or grants)
 - 49% must go to disadvantaged communities/address affordability (DWSRF + CWSRF Supplemental, DWSRF Lead Service Line Funding)
 - At least 25% must go to disadvantaged communities or public water systems serving less than 25,000 people (DWSRF Emerging Contaminants)
- Disadvantaged Community Definition and Affordability Criteria
 - Each state is responsible for setting the definition of disadvantaged community definition and affordability criteria



KIA Loan Programs

- Clean Water State Revolving Fund (Fund A) - Federal
- Drinking Water State Revolving Fund (Fund F) - Federal



Current SRF Interest Rates

- Fund A (CWSRF) and Fund F (DWSRF)
 - Standard rate - 2.25%
 - Non-standard (a) rate - 1.25%
 - Non-standard (b) rate - 0.50%

Terms/Fees

- Standard term is 20 years
- 30 year terms available for disadvantaged communities
- Fund A - 0.20% admin fee
- Fund F - 0.25% admin fee
- 5% annual reserve funded over 20 years

Principal Forgiveness

- Additional subsidization provided in disadvantaged communities
- System area MHI equal to or lower than 80% of state MHI
- Affordability Index – Annual cost per 4,000 gallons/MHI
- 50% of loan up to \$1,000,000 max
- Awarded upon project completion, prior to repayment



Getting Started

- Contact ADD Water Management Coordinator
- Pre-Application Form
 - Budget
 - Project schedule
 - Funding sources
 - Mapping
 - Detailed project info
- WRIS Project Profile



How Do I Apply for SRF funding?

- Call for Projects (October through December each year)
- DOW Scores/Ranks Projects
- KIA priority list
- Loan Invitations
- Application Documents
- Credit Analysis
- Approvals
- Loan Agreement



What is Build America, Buy America Act (BABA)?

- Included in the BIL
- Signed November 15, 2021
- Effective date 180 days after enactment: May 14, 2022
- Expands existing American Iron and Steel (AIS) domestic preference requirements
- Waiver process is in development

BABA Covered Items

- Iron and steel + manufactured products + construction materials
- Items should only be classified into ONE of the three categories
- Applies to items consumed in, incorporated into or affixed to an infrastructure project (permanently incorporated)
 - Does not apply to items brought to and removed from the construction site prior to the completion of the infrastructure project (e.g., temporary scaffolding)
 - Does not apply to equipment and furnishings that are used at or within the finished infrastructure project (e.g., movable chairs, desks, portable computer equipment)

